

State of Michigan
Department of Licensing and Regulatory Affairs
Cannabis Regulatory Agency

2023 Cannabis Market Taxation and Regulatory Compliance Analysis (CMTRCA) Grant Program

REQUEST FOR PROPOSALS

| ESTIMATED TIMELINE | |
|---------------------------|-------------------|
| Issue Date | December 27, 2022 |
| Inquiries Due | January 12, 2023 |
| Inquiries Response Posted | January 18, 2023 |
| Proposals Due | February 1, 2023 |
| Anticipated Start Date | March 1, 2023 |

PART I: GENERAL GRANT INFORMATION

I-A Statement of Purpose

Michigan Public Act 166 of 2022, Article 9, sec. 1002 requires “the cannabis regulatory agency must award a grant to conduct a pilot program in this state with the purpose of conducting an analysis of tax reporting, collection, and regulatory compliance within the Michigan cannabis market.”

The cannabis regulatory agency is also required to submit a report that includes “An assessment of the current state of tax reporting, collection, and compliance by individuals and entities involved in the cannabis market in this state; Identification of and relevant statistical information regarding unreported and underreported tax revenue from cannabis-related transactions in this state; A plan of action for capturing past and future unreported and underreported tax revenue in the cannabis market; Identification of areas within the cannabis market in this state that demonstrate suspected inversion and diversion activities and other regulatory noncompliance; A plan of action for targeting areas of suspected inversion and diversion activities and regulatory noncompliance for compliance and enforcement; Identification of tax revenue from cannabis-related transactions that were previously unreported or underreported; An estimate of the costs associated with the proposed action plans.”

The grant period is expected to begin March 1, 2023, and end September 30, 2023. The amount available for this Cannabis Market Taxation and Regulatory Compliance Analysis is up to \$500,000 consisting entirely of funds from the Marihuana Regulation Fund.

The grant(s) awarded from this solicitation will support actual expenditures incurred within the grant period that are supported by source documentation (further defined in II-G Accounting). This RFP provides interested parties with sufficient information to enable them to prepare and submit a proposal, budget, budget narrative, and timeline. Refer to Part V: Information Required from Applicant(s).

I-B Eligibility Requirements

To be eligible to receive a grant under this RFP, the applicant(s) must be able to demonstrate that they are capable of conducting an analysis of tax reporting, collection, and regulatory compliance within the Michigan cannabis market. By submitting a response to this RFP, bidders are agreeing that they are or will be registered as a vendor in SIGMA VSS (State Integrated Governmental Management Applications, Vendor Self-Service). The SIGMA Vendor Helpdesk can be reached at 888-734-9749 or by emailing SIGMA-Vendor@michigan.gov. Bidders must be registered in SIGMA prior to receiving a grant award.

I-C Issuing Office and Funding

Source for this RFP is issued by the Cannabis Regulatory Agency and is the point of contact for this RFP for purposes of grant administration. The contact person at the Cannabis Regulatory Agency is:

David Harns, Public Relations Manager
Cannabis Regulatory Agency
Telephone: 517-275-0604
Email: HarnsD1@michigan.gov

The Cannabis Market Taxation and Regulatory Compliance Analysis Grants will be funded from the Marihuana Regulation Fund.

I-D Grant Award

Grant award negotiations will be undertaken with the applicant(s) whose proposals show the organization to be responsible, highly qualified, and capable of performing the project within the established guidelines. It is anticipated that one grant will be awarded. The amount available is up to \$500,000.

The grant(s) that may be entered into will be based on the RFP evaluation and selection criteria provided in Part VI and the objectives of the Cannabis Regulatory Agency.

I-E Rejection of Proposals

The Cannabis Regulatory Agency reserves the right to reject any and all proposals received as a result of this RFP.

I-F Incurring Costs

LARA and the Cannabis Regulatory Agency are not liable for any costs incurred by an applicant(s) prior to signing of a Grant Agreement.

I-G Inquiries

Questions that arise as a result of this RFP must be submitted no later than 5:00 PM on January 12, 2023. Any questions submitted at or after 5:01 PM on January 12, 2023 will not be accepted. Inquiries may be submitted electronically via email to the Issuing Office at the Cannabis Regulatory Agency Grant Administrator at the email address listed in Section I-C, Issuing Office and Funding Source. All inquiries must reference "Cannabis Market Taxation and Regulatory Compliance Analysis."

Inquiries will be responded to and posted on the Cannabis Regulatory Agency website at www.michigan.gov/cra.

I-H Changes to the RFP

Written answers to questions that change or substantially clarify the RFP will be provided to all prospective applicant(s) on the Cannabis Regulatory Agency website at www.michigan.gov/cra.

I-I Proposal Submissions

To be considered for a grant award, a proposal must be received in the Issuing Office no later than 3:00 PM on February 1, 2023. Any proposals submitted at or after 3:01 PM on February 1, 2023 will not be accepted. Proposals must reference "Cannabis Market Taxation and Regulatory Compliance Analysis." Proposals must be submitted electronically to CRA-CMTRCA@michigan.gov. A confirmation will be sent by the Issuing Office within 24 hours of receipt. If a confirmation is not received, applicant(s) must contact the Grant Administrator identified in Section I-C, Issuing Office and Funding Source. Electronic submission of PDF documents cannot exceed 15 MB. **Mailed, hand delivered, and faxed proposals will not be accepted.**

To be considered, applicant(s) must submit a completed response to this RFP using the provided Response Document posted on the www.michigan.gov/cra website. The proposal must be signed by an official authorized to bind the applicant(s) to the provisions of this RFP. For this RFP, the proposal must remain valid for at least 90 days. **When submitting a proposal, applicants must submit their Response Document in PDF format. In addition, an applicant must submit their Proposed Budget and corresponding narrative as a separate PDF document.**

I-J Acceptance of Proposal Content

The contents of this RFP and the proposal of the selected applicant(s) may become grant obligations if a grant award ensues. Failure of the selected applicant(s) to accept these obligations may result in cancellation of the award and the return of any monies awarded.

I-K Economy of Preparation

Using the format provided in Part V: Information Required from Applicant(s), proposals should be prepared providing a straight-forward, concise description of the applicant(s)'s ability to meet the requirements of the RFP. Emphasis should be on completeness and clarity of content.

I-L Prime Applicant(s) Responsibilities

The selected applicant(s) will be required to assume responsibility for all services offered in their proposal whether or not they possess them within their organization. Further, the State will consider the selected applicant(s) to be the sole point of contact with regard to grant matters, including payment of any and all charges resulting from the grant.

I-M Grant Payment Schedule

Payment for any grant entered into as a result of this RFP will be made according to the following schedule:

Actual expenditures, up to 80% of the grant funds, will be reimbursed monthly upon submission of a Grantee request indicating grant funds received to date, project expenditures to date (supported with computer printouts of accounts, general ledger sheets, balance sheets, etc.), and objectives completed to date. Backup documentation such as computer printouts of accounts, ledger sheets, check copies, etc. shall be maintained for audit purposes in order to comply with this Agreement. The expenditure of state funds shall be reported by line item and compared to the approved budget.

The payment of the final 20% of the grant amount shall be made after completion of the project and after the Grant Administrator has received and approved a final report. The final payment is also contingent upon the submission of a final invoice that includes expenditures of grant funds reported by line item and compared to the approved Budget.

Public Act 279 of 1984, MCL 17.52, states that the State will take all steps necessary to assure that payment for goods or services is mailed within 45 days after receipt of the goods or services, a complete invoice for goods or services, or a complete contract for goods or services, whichever is later.

I-N News Releases

News releases pertaining to this RFP or the service, study, or project to which it relates will not be made without prior approval and coordination with the Cannabis Regulatory Agency.

I-O Disclosure of Proposal Contents

The information in all proposals and any grant resulting from the RFP are subject to disclosure under the Michigan Freedom of Information Act, 1976 PA 442, as amended, MCL 15.231, et seq.

I-P Copyrighted Materials

The selected applicant(s) will agree to grant to the State a nonexclusive, irrevocable license to reproduce, translate, publish, use, and dispose of all copyrightable material developed as a result of the project.

PART II: GENERAL PROVISIONS

II-A Project Changes

Grantee *must* obtain prior written approval for project changes from the Grant Administrator.

II-B Delegation

Grantee may not delegate any of its obligations under the Grant without the prior written approval of the State. Grantee must notify the State at least 90 calendar days before the proposed delegation, and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Grantee must: (a) be the sole point of contact regarding all contractual project matters, including payment and charges for all Grant Activities; (b) make all payments to the subgrantee; and (c) incorporate the terms and conditions contained in this Grant in any subgrant with a subgrantee. Grantee remains responsible for the completion of the Grant Activities, compliance with the terms of this Grant, and the acts and omissions of the subgrantee. The State, in its sole discretion, may require the replacement of any subgrantee.

II-C Program Income

To the extent that it can be determined that interest was earned on advances of funds, such interest will be remitted to the Grantor. All other program income will either be added to the project budget and used to further eligible program objectives or deducted from the total program budget for the purpose of determining the amount of reimbursable costs. The final determination will be made by the Grant Administrator.

II-D Share-in-Savings

The Grantor expects to share in any cost savings realized by the Grantee. Therefore, final Grantee reimbursement will be based on actual expenditures. Exceptions to this requirement must be approved in writing by the Grant Administrator.

II-E Order of Spending

At this time, there is no required order of spending.

II-F Purchase of Equipment

The purchase of equipment not specifically listed in your approved budget must have prior written approval of the Grant Administrator. Equipment is defined as non-expendable personal property having a useful life of more than one year. Such equipment will be retained by the Grantee unless otherwise specified at the time of approval.

II-G Accounting

The Grantee will adhere to the Generally Accepted Accounting Principles and will maintain records which will allow, at a minimum, for the comparison of actual outlays with budgeted amounts. The Grantee's overall financial management system must ensure effective control over and accountability for all funds received. Accounting records must be supported by source documentation including, but not limited to, balance sheets, general ledgers, time sheets and invoices. The expenditure of state funds will be reported by line item and compared to the Budget.

II-H Records Maintenance, Inspection, Examination, and Audit

The State or its designee may audit Grantee to verify compliance with this Grant. Grantee must retain, and provide to the State or its designee upon request, all financial and accounting records related to the Grant through the term of the Grant and for 4 years after the latter of termination, expiration, or final payment under this Grant or any extension ("Audit Period"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Grantee must retain the records until all issues are resolved.

Within 24 hours of providing notice, the State and its authorized representatives or designees have the right to enter and inspect a selected applicant(s)'s premises or any other places where grant activities are being performed, and examine selected applicant(s)'s books and records; and copy and audit all records related to the Grant Agreement anytime during the period of the grant and for a period of four (4) years after the latter of termination, expiration, or final payment under the Grant Agreement or any extension. Selected applicant(s) must cooperate and provide reasonable assistance. If an audit, litigation, or other action involving the records is initiated before the end of the audit period, selected applicant(s) must retain the records until all audit and monitoring issues are resolved. Any disqualified costs identified as a result of the monitoring review or audit will be refunded within 30 days.

This section applies to selected applicant(s), any parent, affiliate, or subsidiary organization of selected applicant(s), and any subcontractor that performs grant activities in connection with this Grant Agreement.

If the selected applicant(s) is a governmental or nonprofit organization and expends the minimum level specified in OMB Uniform Guidance (\$750,000 as of December 26, 2013) or more in total federal funds in its fiscal year, then Grantee is required to submit an Audit Report to the Federal Audit Clearinghouse (FAC) as required in 200.36. Any questioned costs identified must be refunded within 30 days.

The Cannabis Regulatory Agency will perform a close-out audit of all selected applicant(s) at the end of the grant period. Any disqualified costs identified must be refunded within 30 days.

II-I Competitive Bidding

The Grantee agrees that all procurement transactions involving the use of state funds will be conducted in a manner that provides maximum open and free competition. When competitive selection is not feasible or practical, the Grantee agrees to obtain the written approval of the Grant Administrator before making a sole source selection. Sole source contracts should be negotiated to the extent that such negotiation is possible.

II-J Liability

The State is not liable for any costs incurred by the Grantee before the start date or after the end date of this Agreement. Liability of the State is limited to the terms and conditions of this Agreement and the grant amount.

II-K Intellectual Property

Unless otherwise required by law, all intellectual property developed using funds from this Agreement, including copyright, patent, trademark and trade secret, will belong to the Grantee.

II-L Safety

The Grantee, and all subgrantees are responsible for ensuring that all precautions are exercised at all times for the protection of persons and property. Safety provisions of all Applicable Laws and building and construction codes will be observed. The Grantee, and every subgrantee are responsible for compliance with all federal, state and local laws and regulations in any manner affecting the work or performance of this Agreement and will at all times carefully observe and comply with all rules, ordinances, and regulations. The Grantee, and all subgrantees will secure all necessary certificates and permits from municipal or other public authorities as may be required in connection with the performance of this Agreement.

II-M General Indemnification

Grantee must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Grantee (or any of Grantee's employees, agents, subgrantees, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in

this Grant; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Grantee (or any of Grantee's employees, agents, subgrantees, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Grantee (or any of Grantee's employees, agents, subgrantees, or by anyone else for whose acts any of them may be liable).

The State will notify Grantee in writing if indemnification is sought; however, failure to do so will not relieve Grantee, except to the extent that Grantee is materially prejudiced. Grantee must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Grantee will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.

II-N Termination

The State may terminate the Grant Agreement without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents, and employees for any of the following reasons:

(1) Termination for Cause:

The State may terminate this Grant for cause, in whole or in part, if Grantee, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference to specific breaches being material breaches within this Grant will not be construed to mean that other breaches are not material.

If the State terminates this Grant under this Section, the State will issue a termination notice specifying whether Grantee must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Grantee was not in breach of the Grant, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Subsection B, Termination for Convenience.

The State will only pay for amounts due to Grantee for Grant Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Grantee for the State's reasonable costs in terminating this Grant. The Grantee must pay all reasonable costs incurred by the State in terminating this Grant for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Grant Activities from other sources.

(2) Termination for Convenience

The State may immediately terminate this Grant in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. If the State terminates this Grant for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Grant Responsibilities.

(3) Non-Appropriation

Selected applicant(s) acknowledges that continuation of the Grant Agreement is subject to appropriation or availability of funds for the Grant Agreement. If funds to enable the State to

effect continued payment under the Grant Agreement are not appropriated or otherwise made available (including the federal government suspending or halting the program or issuing directives preventing the State from continuing the program), the State will have the right to terminate the Grant Agreement, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to selected applicant(s).

The State will give selected applicant(s) at least thirty (30) days advance written notice of termination for non-appropriation or unavailability (or such time as is available if the State receives notice of the final decision less than thirty (30) days before the funding cutoff). In the event of a termination under this section, the selected applicant(s) will, unless otherwise directed by the State in writing, immediately take all reasonable steps to terminate its operations and to avoid and/or minimize further expenditures under the Grant Agreement.

(4) Criminal Conviction

The State may terminate the Grant Agreement immediately and without further liability or penalty in the event selected applicant(s), an officer of selected applicant(s), or an owner of a 25% or greater share of selected applicant(s) is convicted of a criminal offense incident to the application for, or performance of, a State, public or private contract or subcontract or grant; convicted of a criminal offense, including any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon selected applicant(s)'s business integrity.

(5) Approvals Rescinded

The State may terminate the Grant Agreement without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. Termination may be in whole or in part and may be immediate as of the date of the written notice to selected applicant(s) or may be effective as of the date stated in such written notice.

(6) Transition Responsibilities

Upon termination or expiration of the Grant Agreement for any reason, selected applicant(s) must, for a period of time specified by the State (not to exceed 90 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the grant activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such grant activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the grant activities at the rates established in the Grant Agreement; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable grant activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to selected applicant(s) by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under the Grant Agreement as of the Grant Agreement termination date; and (e) preparing an accurate accounting from which the State and selected applicant(s) may reconcile all outstanding accounts (collectively, "Transition Responsibilities"). The Grant Agreement will automatically be extended through the end of the transition period.

II-O Conflicts and Ethics

Grantee will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Grant; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Grant; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Grantee, any consideration contingent upon the award of the Grant. Grantee must immediately notify the State of any violation or potential violation of these standards. This Section applies to Grantee, any parent, affiliate, or subsidiary organization of Grantee, and any subgrantee that performs Grant Activities in connection with this Grant.

II-P Non-Discrimination

Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and [Executive Directive 2019-09](#), Grantee and its subgrantees agree not to discriminate against an employee or applicant(s) for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.

II-Q Unfair Labor Practices

Under MCL 423.324, the State may void any Grant with a Grantee or subgrantee who appears on the Unfair Labor Practice register compiled under MCL 423.322.

II-R Force Majeur

Neither party will be in breach of this Grant because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Grantee will not be relieved of a breach or delay caused by its subgrantees. If immediate performance is necessary to ensure public health and safety, the State may immediately Grant with a third party.

II-S Media Releases

News releases (including promotional literature and commercial advertisements) pertaining to the Grant or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.

II-T Website Incorporation

The State is not bound by any content on Grantee's website unless expressly incorporated directly into this Grant.

II-U Certification Regarding Debarment

The Grantee certifies, by signature to this Agreement, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this Agreement by any federal or State department or agency. If the Grantee is unable to certify to any portion of this statement, the Grantee will attach an explanation to this Agreement.

II-V Illegal Influence

The Grantee certifies, to the best of his or her knowledge and belief that:

- A. No federal appropriated funds have been paid nor will be paid, by or on behalf of the Grantee, to any person for influencing or attempting to influence an officer or employee of any agency, a

member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan or cooperative agreement.

- B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this grant, the Grantee will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- C. The Grantee will require that the language of this certification be included in the award documents for all grants or subcontracts and that all subrecipients will certify and disclose accordingly.

The State has relied upon this certification as a material representation. Submission of this certification is a prerequisite for entering into this Agreement imposed by 31 USC § 1352. Any person who fails to file the required certification will be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The Grantee certifies, to the best of his or her knowledge and belief that no state funds have been paid nor will be paid, by or on behalf of the Grantee, to any person for influencing or attempting to influence an officer or employee of any State agency, a member of the Legislature, or an employee of a member of the Legislature in connection with the awarding of any state contract, the making of any state grant, the making of any state loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any state contract, grant, loan or cooperative agreement.

II-W Governing Law

The Grant Agreement is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of the Grant Agreement are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from the Grant Agreement must be resolved in Michigan Court of Claims. Selected applicant(s) consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or forum non conveniens. Selected applicant(s) must appoint agents in Michigan to receive service of process.

II-X Compliance with Laws

Grantee must comply with all federal, state and local laws, rules and regulations.

II-Y Disclosure of Litigation, or Other Proceeding

Grantee must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "Proceeding") involving Grantee, a subgrantee, or an officer or director of Grantee or subgrantee, that arises during the term of the Grant, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Grantee's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Grantee is required to possess in order to perform under this Grant.

II-Z Assignment

Grantee may not assign this Grant to any other party without the prior approval of the State. Upon notice to Grantee, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Grant to any other party. If the State determines that a novation of the Grant to a third party is necessary, Grantee will agree to the novation, provide all necessary documentation and signatures, and continue to perform, with the third party, its obligations under the Grant.

II-AA Entire Grant and Modification

This Grant is the entire agreement and replaces all previous agreements between the parties for the Grant Activities. This Grant may not be amended except by signed agreement between the parties.

II-BB Grantee Relationship

Grantee assumes all rights, obligations and liabilities set forth in this Grant. Grantee, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Grant. Grantee, and not the State, is responsible for the payment of wages, benefits and taxes of Grantee's employees and any subgrantees. Prior performance does not modify Grantee's status as an independent Grantee.

II-CC Dispute Resolution

The parties will endeavor to resolve any Grant dispute in accordance with this provision. The dispute will be referred to the parties' respective Grant Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely, or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Grant.

II-DD Severability

If any part of this Grant is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Grant and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Grant will continue in full force and effect.

II-EE Waiver

Failure to enforce any provision of this Grant will not constitute a waiver.

II-FF Confidentiality

State Data

- (a) Ownership. The State's data ("State Data," which will be treated by selected applicant(s) as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the grant activities; (b) personally identifiable information ("PII") collected, used, processed, stored, or generated as the result of the grant activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) personal health information ("PHI") collected, used, processed, stored, or generated as

the result of the grant activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This section survives the termination of the Grant Agreement.

- (b) Selected Applicant(s) Use of State Data. Selected applicant(s) is provided a limited license to State Data for the sole and exclusive purpose of providing the grant activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the grant activities. Selected applicant(s) must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in the Grant Agreement and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the grant activities, such use and disclosure being in accordance with the Grant Agreement, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for selected applicant(s)'s own purposes or for the benefit of anyone other than the State without the State's prior written consent. This section survives the termination of the Grant Agreement.
- (c) Extraction of State Data. Selected applicant(s) must, within one (1) business day of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to selected applicant(s)), an extract of the State Data in the format specified by the State.
- (d) Backup and Recovery of State Data. Selected applicant(s) is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Selected applicant(s) must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.
- (e) Loss of Data. In the event of any act, error or omission, negligence, misconduct, or breach that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by selected applicant(s) that relate to the protection of the security, confidentiality, or integrity of State Data, selected applicant(s) must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within 5 calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) without limiting selected applicant(s)'s obligations of indemnification as further described in the Grant Agreement, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (g) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and, (h) provide to the State a detailed plan within 10 calendar days of the occurrence describing the measures selected applicant(s) will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, and contain, at a minimum: name and contact information of selected applicant(s)'s representative; a description of the nature of the loss; a list of the types

of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps selected applicant(s) has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by selected applicant(s). This section survives the termination of the Grant Agreement.

Non-Disclosure of Confidential Information

The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this section survive the termination of the Grant Agreement.

- (a) **Meaning of Confidential Information.** For the purposes of the Grant Agreement, the term “Confidential Information” means all information and documentation of a party that: (a) has been marked “confidential” or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked “confidential” or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked “confidential” or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term “Confidential Information” does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party’s proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of the Grant Agreement, in all cases and for all matters, State Data is deemed to be Confidential Information.
- (b) **Obligation of Confidentiality.** The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with the Grant Agreement or to use such Confidential Information for any purposes whatsoever other than the performance of the Grant Agreement. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under the Grant Agreement; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) selected applicant(s) obligates the subcontractor in a written contract to maintain the State’s Confidential Information in confidence. At the State’s request, any employee of selected applicant(s) or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this section.
- (c) **Cooperation to Prevent Disclosure of Confidential Information.** Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of the Grant Agreement and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
- (d) **Remedies for Breach of Obligation of Confidentiality.** Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the

foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of the Grant Agreement or any Statement of Work corresponding to the breach or threatened breach.

- (e) Surrender of Confidential Information upon Termination. Upon termination of the Grant Agreement or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that selected applicant(s) must return State Data to the State following the timeframe and procedure described further in the Grant Agreement. Should selected applicant(s) or the State determine that the return of any non-State Data Confidential Information is not feasible, such party must destroy the non-State Data Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party.

Data Privacy and Information Security

- (a) Undertaking by Selected Applicant(s). Without limiting selected applicant(s)'s obligation of confidentiality as further described, selected applicant(s) is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of selected applicant(s), if any, comply with all of the foregoing. In no case will the safeguards of selected applicant(s)'s data privacy and information security program be less stringent than the safeguards used by the State, and selected applicant(s) must at all times comply with all applicable State IT policies and standards, which are available to selected applicant(s) upon request.
- (b) Audit by Selected Applicant(s). No less than annually, selected applicant(s) must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.
- (c) Right of Audit by the State. Without limiting any other audit rights of the State, the State has the right to review selected applicant(s)'s data privacy and information security program prior to the commencement of grant activities and from time to time during the term of the Grant Agreement. During the providing of the grant activities, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of selected applicant(s)'s data privacy and information security program. In lieu of an on-site audit, upon request by the State, selected applicant(s) agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding selected applicant(s)'s data privacy and information security program.
- (d) Audit Findings. Selected applicant(s) must implement any required safeguards as identified by the State or by any audit of selected applicant(s)'s data privacy and information security program.
- (e) State's Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate the Grant Agreement or a Statement of Work without limitation and without liability if the State determines that selected applicant(s) fails or has failed to meet its obligations under this section.

II-GG Background Checks

Upon request, selected applicant(s) must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Selected applicant(s) is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.

II-HH Subcontracting

Selected applicant(s) may not delegate any of its obligations under the Grant Agreement without the prior written approval of the State. Selected applicant(s) must notify the State at least 90 calendar days before the proposed delegation and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, selected applicant(s) must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all grant activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in the Grant Agreement in any subcontract with a subcontractor. Selected applicant(s) remains responsible for the completion of the grant activities, compliance with the terms of the Grant Agreement, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.

II-II No State Employees or Legislators

No member of the Legislature or Judiciary of the State of Michigan or any individual employed by the State will be permitted to share in the Grant Agreement, or any benefit that arises from the Grant Agreement.

II-JJ E-Verify Certification

Section 291 of the fiscal year 2013 Omnibus Budget, PA 200 of 2012, requires verification that all new employees of the selected applicant(s) and all new employees of any approved subcontractor, working under the Grant Agreement, are legally present to work in the United States. The selected applicant(s) must perform this verification using the E-verify system (<http://www.uscis.gov/portal/site/uscis>). The selected applicant(s)'s signature on the Grant Agreement is the selected applicant(s)'s certification that verification has and will be performed. The selected applicant(s)'s signature also certifies that the selected applicant(s) is not an Iran linked business as defined in MCL 129.312.

II-KK Survival

The provisions of the Grant Agreement that impose continuing obligations, including warranties and representations, termination, transition, indemnification, and confidentiality, will survive the expiration or termination of the Grant Agreement.

II-LL Independent Contractor

Selected applicant(s) is an independent contractor and assumes all rights, obligations and liabilities set forth in the Grant Agreement. Selected applicant(s), its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of the Grant Agreement.

Selected applicant(s), and not the State, is responsible for the payment of wages, benefits and taxes of selected applicant(s)'s employees and any subcontractors. Prior performance does not modify selected applicant(s)'s status as an independent contractor.

II-MM Conflicts

In the event of a conflict between the terms of the Grant Agreement and any federal or State laws or regulations, the federal or State laws or regulations will supersede any contrary term contained in the Grant Agreement.

PART III: WORK STATEMENT

III-A Purpose

The purpose of this Request for Proposals (RFP) is to obtain proposals from parties interested in preparing an analysis of tax collection and reporting and regulatory compliance within Michigan’s marijuana market and making recommendations for improving compliance.

III-B Problem Statement

The goal of the Cannabis Market Taxation and Regulatory Compliance Analysis is to determine certain information about Michigan’s marijuana market, consumer behavior, tax collection and reporting, and the prevalence of illicit product in the regulated market and to prepare a plan of action to improve tax collection and reporting and regulatory compliance.

III-C Objectives/Tasks

The objectives and tasks of this RFP are outlined below. Applicants will use the bidder response boxes to indicate how they will comply with each task.

1. The bidder must gather information about the size of Michigan’s marijuana market
 - a. Determine the current size of Michigan’s marijuana markets. That includes the size of the adult-use (AU), medical, patient/caregiver, and illicit markets. The illicit market includes sales outside the regulated AU market, regulated medical market, and the patient/caregiver market, as well as sales within those markets that are in violation of applicable statute or rules.
 - b. Determine the expected size of Michigan’s marijuana market in five years if no policy changes are made. That includes the size of the adult-use, medical, patient/caregiver, and illicit markets.

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| <input type="checkbox"/> | I have reviewed the above requirement and agree with no exception. |
| <input type="checkbox"/> | I have reviewed the above requirement and have noted all exception(s) below. |
| List all exception(s): | |
| Bidder must describe how they plan to comply with the above task(s): | |

2. The bidder must gather information about marijuana consumers and the factors motivating them to participate in Michigan’s marijuana markets
 - a. Determine the characteristics unique to the consumers of each market type (AU, medical, patient/caregiver, illicit) and what motivates consumers of each market to be in that market.
 - b. Determine which consumers are most likely to move from the untaxed illicit market or patient/caregiver market to the taxed regulated AU or medical market and what factors would motivate consumers to move to the taxed regulated AU or medical market.
 - c. Determine whether the answers to the above questions are consistent across the state, or whether they vary based on geography (Metro Detroit, Upper Peninsula, etc.) or proximity to a licensed marijuana retail business.

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| <input type="checkbox"/> | I have reviewed the above requirement and agree with no exception. |
| <input type="checkbox"/> | I have reviewed the above requirement and have noted all exception(s) below. |

List all exception(s):

Bidder must describe how they plan to comply with the above task(s):

3. The bidder must perform an analysis of tax collection and reporting within Michigan's marijuana market
- a. Determine how much tax revenue has been collected from AU sales and how much tax revenue should have been collected from AU sales based on the number of sales.
 - b. Determine how much tax revenue has been collected from medical sales and how much tax revenue should have been collected from medical sales based on the number of sales.
 - c. Determine the causes of any differences between tax revenue that has been collected and tax revenue that should have been collected for each market.
 - d. Determine how much tax revenue has been lost due to illicit market sales.
 - e. Determine the total expected tax revenue over the next five years based on the expected size of Michigan's marijuana market over the next five years.

I have reviewed the above requirement and agree with no exception.

I have reviewed the above requirement and have noted all exception(s) below.

List all exception(s):

Bidder must describe how they plan to comply with the above task(s):

4. The bidder must identify areas within the cannabis market in this state that demonstrate suspected inversion and diversion activities and other regulatory noncompliance
- a. Determine how much marijuana product in the regulated AU and medical markets has come from illicit sources. Illicit sources include sources of marijuana, or methods of producing or transferring marijuana from a source, that are not permitted under statute or rule.
 - b. Determine the most common sources of the illicit product in the regulated marijuana market and the most common methods for moving illicit product into the regulated market. Illicit product includes marijuana or marijuana products, or methods of producing or transferring marijuana products, that are not permitted under statute or rule.

I have reviewed the above requirement and agree with no exception.

I have reviewed the above requirement and have noted all exception(s) below.

List all exception(s):

Bidder must describe how they plan to comply with the above task(s):

5. The bidder must prepare a plan of action for capturing past and future unreported and underreported tax revenue in the cannabis market and for targeting areas of suspected inversion and diversion activities and regulatory noncompliance for compliance and enforcement.
 - a. Prepare recommendations for capturing past and future uncollected, unreported, and underreported tax revenue in the cannabis market.
 - b. Prepare recommendations for targeting areas of suspected illicit activities and regulatory noncompliance for the purpose of improving compliance and enforcement efforts.
 - c. Determine the estimated costs of implementing the proposed plan of action

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| <input type="checkbox"/> | I have reviewed the above requirement and agree with no exception. |
| <input type="checkbox"/> | I have reviewed the above requirement and have noted all exception(s) below. |
| List all exception(s): | |
| Bidder must describe how they plan to comply with the above task(s): | |

PART IV: PROJECT CONTROL AND REPORTS

IV-A Project Control

The selected applicant(s) will carry out the project under the review of the Grant Administrator. The Grant Administrator will have final authority over the Grant Agreement.

Along with continuous liaison with the selected applicant(s), the Grant Administrator will meet as needed with the selected applicant(s)'s contact person for the purpose of reviewing progress and providing necessary guidance to the selected applicant(s) in solving problems that arise.

Prior to executing any changes to the scope of the project and/or budget, the selected applicant(s) must inform the Grant Administrator in writing outlining the proposed changes.

Changes to the Grant Agreement, including the budget, can only be made during the term of the grant.

IV-B Monitoring and Reporting Program Performance

The selected applicant(s) will be required to assume responsibility for monitoring and reporting. The selected applicant(s) will monitor performance to assure that time schedules are met and projected work by time period is accomplished.

Monthly Financial Status Reports. The selected applicant(s) will submit signed and dated monthly financial status reports (FSR) to the Grant Administrator indicating the amount of funds expended in each line item category of the budget. Monthly FSRs must include source documentation that supports all reported expenditures including, but not limited to, general ledgers, time sheets, payroll registers, invoices, check copies and bank statements, or cancelled checks. Expenses will be verified based on actual expenditures incurred within the grant period that are supported by source documentation, not budgeted amounts. Grantee will provide a monthly summary on the following:

- **Project Milestones** – Percent (%) completion of the project objectives
- **Project Progress** – Brief outline of the work accomplished during the reporting period and the work to be completed during the subsequent reporting period(s).
- **Noteworthy Accomplishments** – Identify and describe any milestones reached or noteworthy accomplishments completed during the period.

- **Delays** – Brief description of problems or delays, real or anticipated, which should be brought to the attention of the Grant Administrator.
- **Attachments and Other Materials** – Provide project materials developed and implemented during the reporting period (e.g. newspaper articles, newspaper advertisements, forms, brochures, announcements, studies, reports, analyses, audits, etc.).

Final Project Report. The selected applicant(s) must submit a final project report. The final project report will include the following information at a minimum:

- **Project Identification** – Name of selected applicant(s), grant number, and dates of current reporting period.
- **Project Milestones** – Percent (%) completion of the project objectives and description of the same.
- **Project Implementation** – Outline of the work accomplished during the grant term.
- **Program Metrics** – Evaluate the success of the program based on grantee-defined success metrics.
- **Noteworthy Accomplishments** – Accomplishments and problems experienced while carrying out project activities.
- **Coordinated Efforts** – Coordinated efforts with other organizations to complete the project.
- **Project Impacts** – Impacts, anticipated and unanticipated, experienced as a result of project implementation.
- **Financial Summary** – Summary of financial expenditures of grant funds; include the basis or reason for any discrepancies.
- **Evaluation** – Evaluate the success of the program. The program should be evaluated against the selected applicant(s)'s work plan and objectives. Selected applicant(s) should provide an honest and objective assessment of the successes and failures of the project. The evaluation should have both quantitative and qualitative components.

PART V: INFORMATION REQUIRED FROM APPLICANT(S)

Applicant(s) must submit one proposal. Electronically submitted proposals must have a scanned signature or e-signature and cannot exceed 15 MB.

Applicant(s) must provide responses to each section below. Be as descriptive as possible and answer each question in its entirety; some questions have multiple components. In your responses, provide a straight-forward, concise description of the applicant(s)'s ability to meet the requirements of the RFP. Questions that do not apply should be answered "N/A."

V-A Identification of Organization

State the full name and address of the organization, the organization's federal identification number, the organization's telephone and fax numbers, and what percentage of the organization is located in Michigan.

Bidder Response:

V-B Authorized Negotiator

State the name of one (1) contact person and his/her telephone number, fax number, and electronic mail address. The contact person must be authorized to be the negotiator for the proposed Grant Agreement with the State.

Bidder Response:

V-C Method for Addressing the Problem

State in succinct terms the applicant(s)'s proposed method for addressing the problem presented in Section III-B, Problem Statement. Describe any significant obstacles the applicant(s) has had coordinating and managing clinical trial research.

Bidder Response:

V-D Management Summary

- (1) Describe management procedures that will be used by the organization to complete the proposed project.
- (2) Describe the organization’s quality control measures, including measures for ensuring compliance as well as eligibility determination. In your description, include information regarding separation of duties.
- (3) Selected applicant(s) must provide fiscal control and financial accounting procedures that will assure that grant funds will be accounted for and properly dispersed in a way that will allow the Issuing Office to clearly review and verify all grant related expenditures. Describe the organization’s internal control policy:
 - Identify the type of accounting system/software the organization will use to account for grant funds,
 - Identify how duties will be separated,
 - Describe how the organization will account for grant funds, i.e., will grant funds be placed in a separate bank account, will the grant funds be assigned a unique code(s) within the organization’s overall accounting system. Ensure funds are maintained in a non-interest-bearing account.
 - Indicate whether internal and external audits of the organization’s operations are performed on an annual basis. Selected applicant(s) must provide a copy of the organization’s most recent audited financial statement as well as a copy of the organization’s most recent single audit as required by OMB Circular 200.36
- (4) Describe your agency’s data security plan.

Bidder Response:

V-E Work Plan

Provide a clear and concise work plan based on the requirements outlined in Part III Work Statement.

Bidder Response:

V-F Current and Prior Experience and Funding Disclosure

Current and prior experience in performing market and data analysis is important to the selection process. Each applicant(s) must provide a copy of the organization's most recent audited financial statement and single audit (if applicable). The audited financial statement and single audit must be sent under separate cover.

Proposals submitted by applicant(s) should include:

- (1) A description of the organization's experience in conducting the type of work proposed. Include current activities and activities for the previous ten years. Include project results.
- (2) If applicant(s) received a similar grant award from the State of Michigan in prior years for the type of project proposed, provide a summary of project accomplishments. Include a plan for addressing and resolving past problems.
- (3) Current funding source(s) and the level of funding for the current year and the previous ten years.

Bidder Response:

V-G Personnel

Selected applicant(s) must be able to staff a project team that clearly possesses skill and experience in coordinating clinical trials. In the narrative, identify the authorized contact person and key personnel to be involved with this project by name and title and provide a brief summary of their experience, qualifications, and the work to be performed.

If other organizations will be playing a role in the proposed project, provide sufficient background information that will give the Issuing Office a reasonable understanding of each organization's qualifications.

Include a detailed organizational chart including names, titles, and geographic location of all individuals that will contribute to the project.

Attach a copy of your confidentiality agreement and provide a list of personnel and the date that the confidentiality agreement was signed.

Bidder Response:

Budget

To enable the Issuing Office to evaluate all project costs, applicant(s) will submit a proposed budget and corresponding budget narrative. Please see attachment A for the required budget format. The budget and narrative must include only Cannabis Market Taxation and Regulatory Compliance Analysis grant funds in the budget; do not include matching, leveraged, cost share or any other type of supplemental funds. The budget narrative must identify the budget line item and number, provide a detailed description for each line, and include individual unit prices.

Selected applicant(s) will be required to provide supporting documentation for all grant expenditures incurred during the term of the grant. Accounting records must be supported by source documentation including, but not limited to, general ledgers, time sheets, payroll registers, invoices, check copies and bank statements, or cancelled checks. Expenses will be verified based on actual expenditures incurred within the grant period that are supported by source documentation, not budgeted amounts.

- (1) **Budget Changes** – Any changes to the budget must be pre-approved by the Grant Administrator. Changes in the budget of less than 5% of the total line-item amount do not require a formal amendment; however, a revised budget should be submitted to the Grant Administrator for approval. The allowable transfer should be calculated as less than 5% of the total line item that the funds are being transferred from.

Cumulative changes in the budget equal to or greater than 5% of the total line-item amount may be permitted only upon prior review and written approval by the Grant Administrator. A formal grant amendment must be signed by both the grantor and grantee.

- (2) **Disallowed Costs** – Disallowed costs include but are not limited to the following: sick pay, vacation pay, holiday pay, bonuses, overtime, tuition reimbursement/remission, vehicle allowance, seminars, conferences, meetings, subscriptions, dues, and memberships.
- (3) **Administrative Costs** – Administrative costs cover expenses related to general administrative functions and coordination of functions and oversight related to Cannabis Market Taxation and Regulatory Compliance Analysis administrative functions. Administrative costs should include costs of goods and services required for administrative functions of the program; travel costs incurred for official business in carrying out administrative activities or the overall management of the Cannabis Market Taxation and Regulatory Compliance Analysis; costs of information systems related to administrative functions; and contractual services related to sub-recipients or vendors that are solely for the performance of administrative functions. Total administrative and indirect costs must be identified, labeled clearly, and may not exceed 10% of the overall grant.
- (4) **Budget Requirements** – the proposed budget will display three (3) headings identified as the following: Line Item, Budget Category, and Total. The budget line items that need to be included, at a minimum, are listed below. The budget should reflect the best estimate of actual costs using whole numbers. Refrain from using decimals or formulas. Refer to the budget example provided in Attachment D.

- **Personnel** – In the budget, include the name, job title, and salary for each staff position to be paid for by the grant. Time sheets and payroll registers must be submitted for each staff position, and hours worked must be grant related. Fringe benefits may not exceed 35% of each employee's salary. Fringe benefits will be reimbursed based on actual expenditures per employee up to 35%, not on budgeted amounts. Allowable benefits include: health, dental, and optical insurance, employer-paid Social Security and Medicare tax, Michigan and Federal unemployment tax, and other miscellaneous fringe benefits (life insurance, long- and short-term disability insurance, worker's compensation, and retirement program contributions up to 4%). Applicant(s) must provide details on the organization's method of calculating fringe benefit expenses that will be charged to the grant including whether fringe benefits are calculated on an annualized basis or based on the length of the grant term.

The budget narrative must include the number of weeks the individual will work on the grant; number of hours per week a full time employee of the organization is expected to work; a description of the work to be performed by each individual; the estimated hours to be worked; actual pay rate; the fringe benefit percentage being charged to the grant for each employee; the percentage of the employee's time allocated to the grant; whether each employee is salaried-exempt, salaried-non-exempt or hourly; and any other applicable information related to the individual's duties and responsibilities in connection with this grant.

Individuals that are not on selected applicant(s)'s payroll, e.g., independent contractors, individuals receiving a Form 1099, temporary workers, etc., must be placed under the Contractual Services budget category. Only employees on the selected applicant(s)'s payroll should be included in the Personnel budget category.

- **Supplies, Materials, & Equipment:** specify item(s) and cost. The budget narrative should include the anticipated cost of each item, a detailed explanation of the item's purpose, and how it relates to the project being funded. Be as detailed as possible.
- **Contractual Services:** these services must be competitively bid. Individuals that are not on selected applicant(s)'s payroll, e.g., independent contractors, individuals receiving a Form 1099, temporary workers, etc., must be placed under Contractual Services. When competitive selection is not feasible or practical, the selected applicant(s) agrees to obtain the written approval of the Grant Administrator before making a sole source selection. Selected applicant(s) must provide a copy of contracts, memoranda of understanding or agreements signed by selected applicant(s) and contractors.

Selected applicant(s) assumes responsibility to select subcontractors on a competitive basis. A minimum of three (3) bids must be solicited and proposals must include, at a minimum: (1) name of selected applicant(s), grant number, and grant period; and (2) the type, number, and description of projects as described in the proposal.

Selected applicant(s) must provide the Grant Administrator with the solicitation, list of vendor responses (including amounts), and name of the selected vendor. Selected applicant(s) must maintain bids on file at their place of business according to Section II-B, Records Maintenance, Inspection, Examination, Audit and Monitoring. The Grant Administrator will reserve the right to request a copy of all bids for services that are competitively bid.

Selected applicant(s) must award the project to the lowest bid unless the Grant Administrator has given prior written approval for selection of a higher bid. Selected applicant(s) must provide a written justification for the selection of a higher bid. When awarding subcontracts, the selected applicant(s) must ensure that preference is given to products manufactured in or services offered by Michigan-based firms.

- **Travel:** in the budget include the name, job title and official workstation for each staff member that will be traveling. Selected applicant(s) must follow the State of Michigan Standardized Travel Regulations (www.michigan.gov/dtmb/0,5552,7-150-9141_13132---.00.html). The State will reimburse for mileage, lodging, and meals, refer to the current State travel rates. Meals and lodging must be supported by itemized, legible receipts and reasons for travel. Itemized meal receipts must include a list of each item purchased; receipts for payments made by credit card that are not itemized will not be accepted.

Mileage must be supported by travel log(s) with beginning and ending addresses, mileage total, and reason for travel. Grantees will be provided a travel log example. Out-of-state travel must be directly related to the grant project and approved by the Grant Administrator prior to travel. Travel expenses listed in the travel budget category are strictly for individuals listed on the budget under Personnel. Per Diem payments and alcoholic beverage reimbursements are not allowed.

- **Other Expenses:** This category is solely for use by organizations charging a per-case fee for work performed by subunits or internal agencies within the organization that do not require a competitive bid, i.e. contract, memorandum of understanding or any other type of signed agreement.
- **Indirect Costs:** Indirect costs are costs not directly or specifically related to the grant program. Indirect costs are costs of administering the organization and must be spread over a number of products, services, or grant programs proportionately. Examples include office supplies and equipment, utilities, rent, maintenance and repair, insurance, accounting and bookkeeping services, and legal services. Non-cash expenses like depreciation, amortization, and depletion are not allowable indirect costs under this grant. Total administrative and indirect costs must be identified, labeled clearly, and may not exceed 10% of the overall grant.

Selected applicant(s) will be reimbursed for its proportional share of indirect costs. This means the Cannabis Regulatory Agency should be allocated a portion of the selected applicant(s)'s indirect costs and not 100% of the organization's total indirect cost.

Indirect costs should be displayed on the face of the budget on a single line item and the indirect rate should be rounded to six (6) decimal places. The budget narrative should contain a list of indirect costs, how the selected applicant(s) determined its indirect costs, and the percentage rate calculation for reimbursable indirect costs. Selected applicant(s) is not required to provide documentation supporting indirect costs; however, documentation verifying the costs must be retained by the selected applicant(s).

- (5) To ensure efficient review and approval of grant expenditures, selected applicant(s) will be provided additional guidelines to assist with calculating and determining accurate and appropriate grant expenditures.
- (6) Each budget category should have a subtotal displaying the total anticipated amount to be expended, and the budget should include a subtotal for total direct project costs and a sum of total project costs.
- (7) After grants are approved by the Cannabis Regulatory Agency, modifications of proposals and budgets may be necessary. If the Cannabis Regulatory Agency does not approve the total amount requested in the original proposal, selected applicant(s) will be required to submit a revised proposal, budget, and budget narrative for the purpose of entering into a Grant Agreement. New line items to the revised budget are not allowed.
- (8) Selected applicant(s) assumes the responsibility of ensuring all unexpended grant funds are returned to the State of Michigan at the end of the grant period. Failure to do so may render selected applicant(s) ineligible for future grant awards and/or subject to legal action.
- (9) Selected applicant(s) may not commingle grant award funds with current or future grant awards. All funding sources must be managed and accounted for separately.

Bidder Response:

The Bidder's budget and budget narrative must be submitted as a separate PDF document.

PART VI: EVALUATION AND SELECTION CRITERIA

VI-A Criteria and Scoring

All proposals received will be subject to an evaluation by the Joint Evaluation Committee appointed by the Cannabis Regulatory Agency. The evaluation will be conducted to select organizations to perform the proposed grant project within the established timeline.

All proposals will receive an initial screening to ensure that the eligibility criteria are met. Proposals failing to meet the eligibility requirements described in Section I-B will be rejected automatically. Proposals meeting the eligibility requirements will be evaluated based on the following factors:

- Prior experience collecting and analyzing data of this nature. (15 points)
- Demonstrated ability of the organization to provide data that enhances the understanding of the cannabis market by the Cannabis Regulatory Agency and the public. (15 points)
- Work plan (30 points)
- Management summary and financial stability of the organization (20 points)
- Budget and budget narrative (15 points)
- Demonstration of prior experience working with Michigan government agencies. (5 points)

The total maximum number of points that an application can receive equals 100 points. Only those applications receiving a score of 80 points or more will be considered for award.

ATTACHMENT-Sample Budget-Attachment A

Submission Date: _____

Selected Applicant's Name: _____

**The Bidder's budget and budget narrative must be submitted
as a separate PDF document.**

Below is a sample budget in the required format for this RFP and the resulting grant agreement(s). All numbers are fictitious and must be removed and replaced with actual proposed budget amounts prior to submission of the proposal.

| Line Item | Budget Category | TOTAL |
|-----------|--|-----------------|
| 1 | Administrative Expenses | |
| 2 | Administrative Personnel (Grant Administration Staff) | |
| 3 | <i>Salary</i> | |
| 4 | Employee 1 (Job Title) | \$25,552 |
| 5 | TBD 1 (Job Title) | \$35,879 |
| 6 | Total Salary | \$61,431 |
| 7 | <i>Fringe Benefits</i> | |
| 8 | Employee 1 (Job Title) | \$8,943 |
| 9 | TBD 1 (Job Title) | \$12,558 |
| 10 | Total Fringe Benefits | \$21,501 |
| 11 | Total Administrative Personnel | \$82,932 |
| 12 | Administrative Supplies, Materials, and Equipment | |
| 13 | General Office Supplies | \$1,000 |
| 14 | Total Administrative Supplies, Materials, & Equipment | \$1,000 |
| 15 | Administrative Contractual Services | |
| 16 | Does not apply | \$ - |
| 17 | Total Administrative Contractual Services | \$ - |
| 18 | Administrative Travel (Grant Administration Staff) | |
| 19 | Mileage | \$200 |
| 20 | Meals | \$200 |
| 21 | Lodging | \$ - |
| 22 | Total Administrative Travel | \$400 |
| 23 | Total Administrative Expenses | \$84,332 |
| 24 | Grant Program Expenses | |
| 25 | Grant Program Staff | |
| 26 | <i>Salary</i> | |
| 27 | Employee 2 (Job Title) | \$22,563 |
| 28 | Employee 3 (Job Title) | \$24,522 |
| 29 | Total Salary | \$47,085 |
| 30 | <i>Fringe Benefits</i> | |
| 31 | Employee 2 (Job Title) | \$7,897 |

| | | |
|----|---|--------------------|
| 32 | Employee 3 (Job Title) | \$8,583 |
| 33 | Total Fringe Benefits | \$16,480 |
| 34 | Total Program Staff | \$63,565 |
| 35 | Grant Personnel Program Staff | |
| 36 | <i>Salary</i> | |
| 37 | TBD 2 (Job Title) | \$20,155 |
| 38 | TBD 3 (Job Title) | \$38,643 |
| 39 | Total Salary | \$58,798 |
| 40 | <i>Fringe Benefits</i> | |
| 41 | TBD 2 (Job Title) | \$7,054 |
| 42 | TBD 3 (Job Title) | \$13,525 |
| 43 | Total Fringe Benefits | \$20,579 |
| 44 | Total Personnel Program Staff | \$79,377 |
| 45 | Supplies, Materials, & Equipment | |
| 46 | Does not apply | \$ - |
| 47 | Total Supplies, Materials, & Equipment | \$ - |
| 48 | Grant Contractual Services | |
| 49 | Vendor 1 | \$56,782 |
| 50 | Vendor 2 | \$42,063 |
| 51 | Independent Contractor 1 | \$15,682 |
| 52 | Independent Contractor 2 | \$15,838 |
| 53 | TBD 4 (Job Title) | \$32,289 |
| 54 | TBD 5 (Job Title) | \$36,928 |
| 55 | Total Contractual Services | \$199,582 |
| 56 | Travel (GRANT Staff) | |
| 57 | Mileage | \$100 |
| 58 | Meals | \$50 |
| 59 | Lodging | \$ - |
| 60 | Total Travel | \$150 |
| 61 | Other | |
| 62 | Does not apply | \$ - |
| 63 | Total Other | \$ - |
| 68 | Total Program Expenses | \$3,742,674 |
| 69 | Total Direct Cost | \$3,827,006 |
| 70 | <i>Indirect Cost (0.019083)</i> | \$73,031 |
| 71 | TOTAL PROJECT COST | \$3,900,037 |