



STATE OF MICHIGAN PROCUREMENT

Department Technology, Management and Budget
Central Procurement Services
320 S Walnut Street Lansing, MI 48933
P.O. Box 30026, Lansing, MI 48909

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **250000001485**

between

THE STATE OF MICHIGAN

and

CONTRACTOR	Redwood Toxicology Laboratory
	3650 Westwind Blvd.
	Santa Rosa California 95403
	Brooke Clark
	800-255-2159 x 34424
	Brooke.Clark@abbott.com
	CV0062057

STATE	Program Manager	Andrew Fotenakes	MDOC
		517-335-1061	
		FotenakesA@michigan.gov	
	Contract Administrator	Nichole Harrell	DTMB
		517-449-9245	
		harrelln@michigan.gov	

CONTRACT SUMMARY

DESCRIPTION: Off-site reference laboratory urine and saliva screening and confirmation services for prisoners, parolees, and probationers (including the related collection materials) using urine and saliva drug testing for the Michigan Department of Corrections (MDOC).

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
12/1/2025	11/30/2028	5 - 1 Year	11/30/2028
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
☐ P-card ☐ Payment Request (PRC) ☐ Other			☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
No minimum delivery requirements.			
MISCELLANEOUS INFORMATION			
This Contract Agreement is awarded on the basis of the State's inquiry bearing the solicitation number RFP 250000002135. Orders for delivery will be issued directly by the Department, in accordance with Schedule A, Section 5.1. Authorizing Document.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			<u>\$1,663,578.00</u>

FOR THE CONTRACTOR:

Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Name and Title

DTMB Central Procurement Services

Agency

Date

STANDARD CONTRACT TERMS

This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and Redwood Toxicology Laboratory, Inc. (“**Contractor**”), a California C Corporation. This Contract is effective on December 1, 2025 (“**Effective Date**”), and unless terminated, will expire on November 30, 2028 (the “**Term**”).

This Contract may be renewed for up to five (5) additional one-year period(s). Renewal is at the sole discretion of the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via Contract Change Notice.

The parties agree as follows:

- 1. Duties of Contractor.** Contractor must perform the services and provide the deliverables (the “**Contract Activities**”) described in a Statement of Work, the initial Statement of Work is attached as Schedule A – Statement of Work. An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities unless otherwise specified in a Statement of Work.

Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State’s operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State’s quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (i) comply with all State physical and IT security policies and standards which will be made available upon request; and (j) provide the State priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

- 2. Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

If to State:	If to Contractor:
See Contract Administrator information shown below.	Kristin Champion 3650 Westwind Blvd. Santa Rosa, CA 95403 Kristin.Champion@abbott.com 707-570-4317

- 3. Contract Administrator.** The Contract Administrator, or the individual duly authorized for each party, is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a “**Contract Administrator**”):

State:	Contractor:
Nichole Harrell 320 S Walnut St. Lansing, MI 48933 Harrelln@michigan.gov 517-449-9245	Brooke Clark 3650 Westwind Blvd. Santa Rosa, CA 95403 Brooke.Clark@abbott.com 707-570-4424

- 4. Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a “**Program Manager**”):

MDOC:	Contractor:
Andrew Fotenakes 206 E Michigan Ave. Lansing, MI 48933-1431 Fotenakesa@michigan.gov 517-335-1061	Brooke Clark 3650 Westwind Blvd. Santa Rosa, CA 95403 Brooke.Clark@abbott.com 707-570-4424

- 5. Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in a Statement of Work) if, in the opinion of the State, it will ensure performance of the Contract.

- 6. Insurance Requirements. See Schedule C.**

- 7. Administrative Fee and Reporting.** Contractor must pay an administrative fee of 1% on all payments made to Contractor under the Contract including transactions with the State (including its departments, divisions, agencies, offices, and commissions), MiDEAL members, and other states (including governmental subdivisions and authorized entities). Administrative fee payments must be made online by check or credit card at:

<https://www.thepayplace.com/mi/dtmb/adminfee>

Contractor must submit an itemized purchasing activity report, which includes at a minimum, the name of the purchasing entity and the total dollar volume in sales. Reports should be mailed to MiDeal@michigan.gov.

The administrative fee and purchasing activity report are due within 30 calendar days from the last day of each calendar quarter.

- 8. Extended Purchasing Program.** This contract is extended to MiDEAL members. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at www.michigan.gov/mideal.

Upon written agreement between the State and Contractor, this contract may also be extended to: (a) other states (including governmental subdivisions and authorized entities) and (b) State of Michigan employees.

If extended, Contractor must supply all Contract Activities at the established Contract prices and terms. The State reserves the right to impose an administrative fee and negotiate additional discounts based on any increased volume generated by such extensions.

Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis.

- 9. Relationship of the Parties.** The relationship between the parties is that of independent contractors. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor. Neither party has authority to contract for nor bind the other party in any manner whatsoever.
- 10. Intellectual Property Rights.** State acknowledges and agrees that certain pre-existing patents, patent applications, trademarks, service marks, trade dress, copyrights, design rights, know-how, inventions, trade secrets, technologies, moral rights or other proprietary or intellectual property rights owned prior to execution of the Agreement or developed independently of the Agreement ("Pre-Existing Intellectual Property") are the separate property of Contractor, and shall remain solely owned by Contractor. Notwithstanding anything in this Agreement to the contrary, State will not acquire ownership of any Pre-Existing Intellectual Property, including any improvements to such Pre-Existing Intellectual Property unless it constitutes Work Product specifically created for the State's sole use. If a Statement of Work requires Contractor to create any intellectual property, Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Contract Activities and all associated intellectual property rights, if any. Such Contract Activities are works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Contract Activities and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Contract Activities, including all intellectual property rights therein.
- 11. Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor 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, Contractor must: (a) be the sole point

of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.

- 12. Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel providing services by providing a notice to Contractor. The State will not unreasonably request the removal of personnel.

13. Reserved.

- 14. Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.

- 15. Change of Control.** Contractor must notify the State, promptly of any public announcement or otherwise once legally permitted to do so, of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

- 16. Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in a Statement of Work.

- 17. Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in a Statement of Work. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with Section 24, Termination for Cause.

Within 10 business days from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost,

the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

- 18. Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in a Statement of Work. All containers and packaging become the State's exclusive property upon acceptance.
- 19. Risk of Loss and Title.** Until final acceptance, title and risk of loss or damage to Contract Activities remains with Contractor. Contractor is responsible for filing, processing, and collecting all damage claims. The State will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities, Contractor must remove them from the premises within 10 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. Rejected Contract Activities not removed by Contractor within 10 calendar days will be deemed abandoned by Contractor, and the State will have the right to dispose of it as its own property. Contractor must reimburse the State for costs and expenses incurred in storing or effecting removal or disposition of rejected Contract Activities.
- 20. Warranty Period.** The warranty period, if applicable, for Contract Activities is a fixed period commencing on the date specified in a Statement of Work. If the Contract Activities do not function as warranted during the warranty period, the State may return such non-conforming Contract Activities to the Contractor for a full refund.
- 21. Invoices and Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities provided as specified in a Statement of Work. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. Notwithstanding the foregoing, all fees are exclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a

reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/SIGMAVSS> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

22. Reserved.

23. Stop Work Order. The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or delivery order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.

24. Termination for Cause. (a) The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (i) endangers the value, integrity, or security of any facility, data, or personnel; (ii) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (iii) engages in any conduct that may expose the State to liability; (iv) breaches any of its material duties or obligations under this Contract; or (v) fails to cure a breach within the time stated by the State in a notice of breach, if in its sole discretion the State has chosen to provide a time to cure. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

(b) If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (i) cease performance immediately. Contractor must submit all invoices for Contract Activities accepted by the State within 30 days of the date of termination. Failure to submit an invoice within that timeframe will constitute a waiver by Contractor for any amounts due to Contractor for Contract Activities accepted by the State under this Contract or (ii) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, 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 Section 25, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract 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 Contractor for the State's reasonable costs in terminating this Contract. Contractor must promptly reimburse to the State any fees prepaid by the State prorated to the date of such

termination, including any prepaid fees. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

- 25. Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason or no reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately. Contractor must submit all invoices for Contract Activities accepted by the State within 30 days of the date of termination. Failure to submit an invoice within that timeframe will constitute a waiver by Contractor for any amounts due Contractor for Contract Activities accepted by the State under this Contract, or (b) continue to perform the Contract Activities in accordance with Section 26, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities to the extent the funds are available. The Contractor may terminate this Contract in whole or in part without penalty with ninety (90) days notification to the State
- 26. Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed **180** calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (d) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.
- 27. Return of State Property.** Upon termination or expiration of this Contract for any reason, Contractor must take reasonable effort to preserve, maintain, protect, or return to the State, upon written request, all materials, data, property, and confidential information provided directly or indirectly to the Contractor by any entity, agent, vendor, or employee of the State; provided, however, that the Contractor may retain one (1) copy of confidential information as provided in Section 32(e) for purpose of complying with obligations under this Contract or under applicable law, but shall not otherwise use or rely on such confidential information.
- 28. Indemnification.** Contractor 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 Contractor (or any of Contractor's employees, agents, subcontractors, 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 Contract; (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 Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor 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, at its own cost and expense, if the State deems necessary. Contractor will not, without the State's prior 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. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

29. Infringement Remedies. If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

30. Limitation of Liability and Disclaimer of Damages.

- a. **Disclaimer of Damages.** EXCEPT FOR DAMAGES OTHERWISE SPECIFIED IN THE CONTRACT, NEITHER PARTY WILL BE LIABLE, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR

OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION LOST PROFITS AND LOST BUSINESS OPPORTUNITIES.

b. Limitation of Liability.

State's Liability. IN NO EVENT WILL THE STATE'S AGGREGATE LIABILITY TO THE OTHER PARTY UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE AGGREGATE CONTRACT PRICE. As used in this clause, the term "Aggregate Contract Price" means the total price for the initial Term and all renewal terms of this Contract.

Contractor's Liability. IN NO EVENT WILL THE CONTRACTOR'S LIABILITY TO THE OTHER PARTY UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE AGGREGATE CONTRACT PRICE. As used in this clause, the term "Aggregate Contract Price" means the total price for the initial Term and all renewal terms of this Contract.

- c. **Exceptions.** Subsections (a) (Disclaimer of Damages) and (b) (Limitation of Liability) above, will not apply to: (i) Contractor's obligation to indemnify under Section 27 of this Contract; (ii) Contractor's obligations under Section 31 of this Contract (Loss or Compromise of State Data), (iii) any loss or claim to the extent the loss or claim is covered by a policy of insurance required by this Contract to be maintained, by Contractor; and (iv) damages arising from either party's recklessness, bad faith, or intentional misconduct.

31. Disclosure of Litigation, or Other Proceeding. Contractor must notify the State within 14 calendar days of receiving notice of the following:

- (a) Proceedings related to the subject matter of this Contract including:
 - i. criminal Proceedings;
 - ii. parole or probation Proceedings; or
 - iii. Proceedings involving any license that Contractor is required to possess in order to perform under the Contract.
- (b) Proceedings whether or not related to the subject matter of this Contract including:
 - i. Proceedings under the Sarbanes-Oxley Act;
 - ii. civil Proceedings involving a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or
 - iii. a governmental or public entity's claim or written allegation of fraud.

32. Reserved.

33. State Data.

- a. **Ownership.** The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data, user data, and any other data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract 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) protected health information ("**PHI**") collected, used, processed, stored, or generated as the result of the Contract Activities, if applicable, 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.
- b. **Contractor Use of State Data.** Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor 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 this Contract 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 Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; (c) keep and maintain State Data in the continental United States and (d) not use, sell, rent, transfer, distribute, commercially exploit, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. Contractor's misuse of State Data may violate state or federal laws, including but not limited to MCL 752.795.
- c. **Extraction of State Data.** Contractor must, within 5 business days 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 Contractor), an extract of the State Data in the format specified by the State, with format expectations reasonable in respect to Contractor's system capability.
- d. **Backup and Recovery of State Data.** Unless otherwise specified in a Statement of Work, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in a Statement of Work, Contractor must maintain a contemporaneous backup of State Data that can be recovered within 4 hours at any point in time.

- e. Loss or Compromise of Data.** In the event of any act, error or omission, negligence, misconduct, or breach on the part of Contractor 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 Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than 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) with approval and assistance from the State, 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 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) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; (g) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and (i) provide to the State a detailed plan within 10 calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum: name and contact information of Contractor'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 Contractor 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 Contractor. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, must be reviewed and approved by the State in writing prior to its dissemination. The parties agree that any damages relating to a breach of this **Section 33** are to be considered direct damages and not consequential damages.

- f. State's Governance, Risk and Compliance (GRC) platform.** Contractor is required to assist the State with its security accreditation process through the development, completion and ongoing updating of a system security plan using the State's automated GRC platform and implement any required safeguards or remediate any security vulnerabilities as identified by the results of the security accreditation process.
 - g. Third-Party Requests.** Contractor will promptly notify the State upon receipt of any third-party requests which in any way might reasonably require access to State Data. Contractor will notify the State Program Managers or their designees by email promptly following Contractor's receipt of the request. Contractor will not respond to subpoenas, service of process, FOIA requests, and other requests related to the State without first notifying the State; however, this will not prevent the Contractor from responding to court-ordered requests / subpoenas for drug test results and standard litigation packets.
- 34. 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.
- a. Meaning of Confidential Information.** For the purposes of this Contract, 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; or, (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 or is: (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 this Contract, 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 this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. 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 this Contract; (b) the disclosure is necessary or otherwise naturally occurs in

connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence.

- 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 promptly 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 this Contract 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 this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. Surrender of Confidential Information upon Termination.** Upon termination of this Contract or a Statement of Work, in whole or in part, each party shall use reasonable efforts within 5 calendar days, if reasonably possible, 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 Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should receiving party or the disclosing party determine that the return of any Confidential Information is not feasible, receiving party shall use reasonable efforts to destroy or deidentify the Confidential Information upon written request of the disclosing party to the receiving party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires. The receiving party is not required to destroy electronic copies of the confidential information stored in its electronic archive systems and may retain one (1) copy of such confidential information for sole purpose of complying with its obligations under this Contract or if required by under applicable law, but shall not otherwise use or rely on such confidential information for any purpose whatsoever other than retention and only for so long as the applicable law, including licensure requirements, requires the retention beyond the Term of this Contract. Once the timeframe for retention as required by law has expired, Contractor will promptly destroy such confidential information and promptly inform the State in writing of the destruction. The information retained during this extended retention period is subject to the terms of this contract, including but not limited to

confidentiality and data privacy, the terms of which will survive for as long as the confidential information is retained.

35. Data Privacy and Information Security.

- a. Undertaking by Contractor.** Without limiting Contractor's obligation of confidentiality as further described, Contractor 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 Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must comply with all applicable State IT policies and standards, which are available to Contractor upon request.
- b. Audit by Contractor.** No less than annually, Contractor 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 Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract, but in no event more than annually, such review to include the completion, within 45 calendar days of receipt of a written request, of an audit questionnaire provided by the State regarding Contractor's data privacy and information security program. On-site audits are not permitted.
- d. Audit Findings.** Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program. State will allow for a reasonable period to cure.
- e. State's Right to Termination for Deficiencies.** The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

36. Reserved.

37. Reserved.

38. Records Maintenance, Inspection, Examination, and Audit. Pursuant to MCL 18.1470, the State or its designee may audit Contractor to verify compliance with this Contract. Contractor must comply with all applicable record retention requirements set forth in MCL 18.1470 et seq.

- 39. Representations and Warranties.** Contractor represents and warrants that (a) Services will be performed in a competent, professional and workmanlike manner using reasonable care and diligence in accordance with accepted industry standard; and (b) products delivered to carrier for shipment to Customer, or delivered directly to Customer, will for the shelf life of such product: (1) materially conform to published specifications set forth in the applicable package insert(s) for such product; (2) not be adulterated or misbranded within the meaning of the U.S. Food, Drug and Cosmetic Act; and (3) be of good quality and free from defects in materials and workmanship

Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; (h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (i) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 24, Termination for Cause.

- 40. Conflicts and Ethics.** The Contractor represents that each employee of Contractor and its affiliates is expected to abide by Contractor's Code of Business Conduct ("Code") which includes provisions dealing with Compliance with the Law, Conflict of Interest, Confidential Information, Gifts and Entertainment, Equal Employment Opportunity and Medicare/Medicaid Fraud and Abuse Laws including the False Claims Act, and can be viewed <https://www.abbott.com/investors/governance/code-of-business-conduct.html>. Contractor upholds the Code's high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (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 Contractor, any consideration contingent upon the award of the Contract. Contractor shall promptly notify the State of any violation or potential violation of these standards to the extent it becomes aware. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

41. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
42. **Reserved.**
43. **Reserved.**
44. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and [Executive Directive 2019-09](#). Contractor and its subcontractors agree not to discriminate against an employee or applicant 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.
45. **Unfair Labor Practice.** Under MCL 423.324, the State may void this Contract if the name of the Contractor, or the name of a subcontractor, manufacturer, or supplier of the Contractor, subsequently appears on the Unfair Labor Practice register compiled under MCL 423.322.
46. **Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in the Michigan Court of Claims. Contractor waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint an agent in Michigan to receive service of process.
47. **Non-Exclusivity.** Nothing contained in this Contract is intended nor is to be construed as creating any requirements contract with Contractor, nor does it provide Contractor with a right of first refusal for any future work. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
48. **Force Majeure.** Neither party will be in breach of this Contract 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. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.
49. **Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract 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 Contract.

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

51. Schedules. All Schedules and Exhibits that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

Document Title	Document Description
Schedule A	Statement of Work for Off-site reference laboratory urine and saliva screening and confirmation services for prisoners, parolees, and probationers using urine and saliva drug testing for the Michigan Department of Corrections (MDOC)
Schedule A – Appendix A	MDOC Correctional Facilities Map
Schedule B	Pricing for Off-site reference laboratory urine and saliva screening and confirmation services for prisoners, parolees, and probationers using urine and saliva drug testing for the Michigan Department of Corrections (MDOC)
Schedule C	Insurance Requirements
Schedule D	Data Security Requirements

52. Entire Agreement and Order of Precedence. This Contract, which includes Statement of Work, and schedules and exhibits, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Statement of Work; (b) second, Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS

PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES, OR DOCUMENTATION HEREUNDER, EVEN IF ATTACHED TO THE STATE'S DELIVERY OR PURCHASE ORDER, WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE OR ANY AUTHORIZED USER FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE AND THE AUTHORIZED USER, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

- 53. Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
- 54. Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
- 55. Survival.** Any right, obligation or condition that, by its express terms or nature and context is intended to survive, will survive the termination or expiration of this Contract; such rights, obligations, or conditions include, but are not limited to, those related to transition responsibilities; indemnification; disclaimer of damages and limitations of liability; State Data; non-disclosure of Confidential Information; representations and warranties; insurance and bankruptcy.
- 56. Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**"). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

SCHEDULE A – STATEMENT OF WORK

Contract No. 250000001485

Off-site reference laboratory urine and saliva screening and confirmation services for prisoners, parolees, and probationers (including the related collection materials) using urine and saliva drug testing for the Michigan Department of Corrections (MDOC)

BACKGROUND

The Michigan Department of Corrections (MDOC) Substance Use Treatment Services (SUTS) is located within the Bureau of Healthcare and is responsible for all substance abuse testing and treatment programs for approximately 106,000 prisoners, parolees and probationers under its jurisdiction. In the instance of a positive result from an on-site test kit, MDOC staff or their designee may send the sample to an off-site laboratory for screening and confirmation services.

SCOPE

The following services are included in this Contract for off-site laboratory urine and saliva screening and confirmation services for MDOC:

1. Confirmation testing of provided urine and saliva instant drug test samples;
2. Provide collection kits and return packaging material;
3. Provide arbitration or litigation support, including qualified expert witness court testimony of test results, if needed, at no additional cost;
4. Assignment of a Dedicated Account Representative;
5. Training, Training Materials, and/or information;
6. Provide applicable reports;
7. The awarded Contractor may not bid on or provide the on-site drug test kits utilized by the MDOC.
8. The MDOC reserves the right to modify the drugs and/or compounds that the Contractor must test and confirm for the MDOC, with sufficient advance notice to and acceptance by Contractor .

1. Requirements

The Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work.

1.1. General Requirements for Urine and Saliva Testing

- a. State of Michigan personnel and/or their designees are responsible for the following tasks:
 1. Scheduling of drug testing

2. Collection of samples
 3. Forwarding the sample to the reference laboratory
 4. Authorizing Contractor access to File Transfer Services
 5. Data push
- b. The Contractor must provide:
1. A collection device for urine or saliva samples being sent out for off-site reference laboratory screening, such as collection cup or device, and the container used to store the sample for shipping purposes. If acceptable to the laboratory, the original on-site drug test urine kit may be sent directly to the laboratory without transfer into a separate collection cup. Oral fluid specimens must be collected in a fresh oral fluid collection device provided by the Contractor.
 2. A chain of custody form with account details specific to MDOC testing, for both urine and saliva testing.
 3. Prepaid return mailers with packaging for urine and saliva collection kits
 4. Laboratory testing services to complete off-site drug screenings using urine or saliva.
 5. Upon request, the Contractor must supply collection kits and return packaging materials directly to residential treatment centers, so that a parolee may be drug tested at that site. The residential treatment center would return the collection kit directly to the Contractor's reference laboratory.
 - i. The Contractor must return test results to MDOC via fax and/or electronic upload to MDOC's current data management system.
 - ii. **The State does not seek to purchase or develop a data system but requires the Contractor to develop an integrated data system to allow timely data entry of drug and alcohol test results within existing departmental databases – OMNI or any future offender management system – See Appendix A, System Information.**
- c. On an annual basis, the SUTS Program Manager and up to one other person may make an on-site visit to the Contractor's location for the purposes of reviewing progress and providing necessary guidance to the Contractor in resolving problems which may have arisen, and for an on-site inspection of the Contractor's operation and premises. SUTS Program Manager will provide the Contractor with a minimum of three weeks' notice prior to anticipated date of site visit. All costs related to these visits must be arranged within reason and will be the responsibility of the Contractor. Contractor may require verification of each person's ability to attend and that specific policies and procedures are followed or agreed to, the content of which will be discussed prior to arranging the visit.
- d. The Contractor must interact with residential treatment centers that deal with parolees in community as needed.

- e. The Contractor must interact or have discussions with hearing officers during the MDOC prisoner misconduct or parole violation process as needed.
- f. The Contractor may be required to visit correctional facilities, parole/probation office locations and community-based treatment provider locations to meet with MDOC staff, provide training, guidance and service.
- g. The Contractor must make all necessary arrangements for the pick-up and transport of the urine or saliva sample from the test site to the lab.
- h. The Contractor pick-up must be same day or next business day after request. See Appendix B for MDOC correctional facilities map.
- i. The Contractor must perform initial screens and/or confirmatory tests for the drugs and/or metabolites specified in this request on the same laboratory premises with no transport of specimens to another location.

All tests, with the exception of LSD confirmation, will be performed at the following location:

Redwood Toxicology Laboratory

3650 Westwind Blvd.

Santa Rosa, CA 95403

For more specialized testing services, to include hallucinogens and New Psychoactive Substance (NPS), the Contractor offers the following co-located laboratory:

Ascertain Forensics

3650 Westwind Blvd.

Santa Rosa, CA 95403

- j. The Contractor must ensure all licenses required by State and local jurisdictions to operate a toxicology laboratory for detection of the drugs specified previously have been acquired and all regulations complied with.
- k. The Contractor must submit documentation of U.S. Department of Health and Human Services (HHS) CLIA certification, including the two most recent proficiency test (PT) certificates, annually throughout the contract term.
- l. The Contractor must participate in the Health and Human Services CLIA certification program, maintain HHS certification, and participate in other certification and quality assurance programs acceptable to the Program Manager.
- m. The Contractor must have the capability of transmitting results of drug tests in the following way:
 - 1. Via facsimile (FAX) to each drug testing location or its supervising area office. In some cases, facsimile results are required to go to two sites: both the collection site and the supervising offices.
 - 2. Via transfer of data sets or files utilizing File Transfer Services to MDOC.

The State does not seek to purchase or develop a data system but shall require the vendor to develop an integrated data system to the departments already established system of electronic record keeping. The system interface must allow for timely data entry of drug and alcohol test results within departmental databases. Please refer to Appendix A OMNI Information System Requirements for additional information.

- n. The Contractor must provide written process to set and establish Turn-around Times (from date of specimen receipt to date of result reporting). Confirmation results will be provided within 48 hours for standard urine (whether negative or positive) and within 72 hours for standard oral fluid (whether negative or positive). Specialty tests in both matrices may take additional time. The results will list the confirmation cutoff level that was used. If negative it will indicate "Negative," and for positive results it will indicate "Positive" and some, but not all drugs, will include the concentration level.
- o. The Contractor must provide litigation support and expert witness, to include telephonic and web-based testimony, at no additional cost when necessary. The Contractor will provide in-person testimony up to three (3) times per year at no charge; if the need exceeds three (3) in-person cases of testimony, the Contractor reserves the right to negotiate reimbursement charges.
- p. The Contractor's chain-of-custody process for all lab testing from arrival to confirmation of test results through Redwood Toxicology Laboratory's CLIA lab is as follows:

Diagram 1:

Specimen Workflow

Accessioning			Screening		
					
Receiving	Loading Open Specimen bags Verify COC Organize for Accessioning	Keying Accession into LIS	Aliquot Transfer into tubes 1 aliquot per sample	Analysis Beckman AU5800	Certification Review Results Release/Report Positives to Confirmation or Storage
Confirmation					
					
Aliquot Transfer into tubes 1 aliquot/Test	Extraction Hamilton Automated or Manual	Analysis LC/MS/MS GC/MS GC-FID	1st Review Transcription	Data Entry Automated or Manual	Certification Review Results Release/Report

- q. The Contractor must maintain an up to date list of location(s) where laboratory testing will be performed.
- r. The Contractor must ensure the laboratory tracks exactly where each specimen is located from the time it entered the laboratory until it is stored.

- s. The Contractor must ensure only authorized personnel has access to stored specimens.
- t. The Contractor must ensure positive specimens are stored frozen and in a secure place, and the Contractor must be able to identify each person who has access to them.
- u. The Contractor must ensure records and actual testing data are securely stored and can only be accessed by Contractor's designated personnel.
- v. The Contractor must ensure it has a process for accession (assigning unique identifying number) for test samples.
- w. The Contractor must ensure the integrity of the specimen is maintained by labeling specimen and aliquot containers. The original specimen container must never leave the secured or limited-access part of the laboratory.
- x. Contractor must obtain new aliquot for confirmatory testing.

1.2. Requirements for Urine Testing

The Contractor's laboratory must analyze all urine specimens submitted for the presence of the drugs, when requested (Panels listed below). These tests for these drugs must include confirmation by a second, independent methodology prior to being reported as positive at the levels indicated below.

a. Required Urine Panels

Table 1: Urine Panel A (Used by Prisons) Ordered routinely by these locations.

Drug or Drug Class	Screening Method	Screening Level	Confirmation Method	Confirmation Level
Alcohol - Ethanol - Glucose	Enzyme Immunoassay (EIA) - Ethanol Enzymatic Assay (EA) - Glucose	40 mg/dL 50 mg/dL	Gas Chromatography-Flame Ionization Detection (GC-FID)	20 mg/dL
Buprenorphine Suboxone	EIA	5 ng/mL	Liquid Chromatography-Tandem Mass Spectrometry (LC-MS/MS)	0.5ng/mL
Cannabinoids THC Metabolite	EIA	50 ng/mL	LC-MS/MS	15 ng/mL
Cocaine Benzoylcegonine	EIA	150 ng/mL	LC-MS/MS	100 ng/mL

Opiates - Codeine - Hydromorphone - Morphine - Hydrocodone	EIA	300 ng/mL	LC-MS/MS	100 ng/mL
Methadone	EIA	150 ng/mL	LC-MS/MS	100 ng/mL
Methamphetamine	EIA	500 ng/mL	LC-MS/MS	250 ng/mL
Synthetic Cannabinoids	EIA	10 ng/mL	LC-MS/MS	5 ng/mL

- i. The MDOC is also interested in the Contractor developing new capabilities for testing and confirmation as drugs evolve. The Contractor must update and/or collaborate with the MDOC Program Manager or designee on technical developments that may enhance the MDOC's ability to test for new drug and compounds.

Table 2: Urine Panel B (Used by Parole and Probation) Ordered routinely by these locations.

Drug or Drug Class	Screening Method	Screening Level	Confirmation Method	Confirmation Level
Cannabinoids THC Metabolite	EIA	50 ng/mL	LC-MS/MS	15 ng/mL
Cocaine Benzoylcegonine	EIA	150 ng/mL	LC-MS/MS	100 ng/mL
Opiates - Codeine - Hydromorphone - Morphine - Hydrocodone	EIA	300 ng/mL	LC-MS/MS	100 ng/mL
Methadone	EIA	150 ng/mL	LC-MS/MS	100 ng/mL

Table 3: Urine Panel C (Optional for use by Prisons, Parole and Probation) Ordered based on suspicion.

Drug or Drug Class	Screening Method	Screening Level	Confirmation Method	Confirmation Level
Amphetamines - Amphetamine - Methamphetamine	EIA	500 ng/mL	LC-MS/MS	250ng/mL
Barbiturates - Amobarbital - Butalbital - Pentobarbital	EIA	200 ng/mL	LC-MS/MS	200 ng/mL 200 ng/mL 200 ng/mL

Drug or Drug Class	Screening Method	Screening Level	Confirmation Method	Confirmation Level
- Phenobarbital - Secobarbital - Butabarbital		600 ng/mL(Phenobarbital only)		200 ng/mL 200ng/mL 200 ng/mL
Benzodiazepines - Triazolam (Halcion®) - Hydroxyethylflurazepam (Dalmane®) - Oxazepam (Valium®) - Librium®, Tranxene® - Temazepam® - Alprazolam Metabolite (Xanax®) - Lorazepam - Clonazepam - Flunitrazepam - Midazolam	EIA	200 ng/mL	LC-MS/MS	50 ng/mL
Propoxyphene	EIA	300 ng/mL	LC-MS/MS	200 ng/mL

Table 4: Urine Special Request Tests (Optional use by all locations) Ordered based on suspicion.

Drug or Drug Class	Screening Method	Screening Level	Confirmation Method	Confirmation Level
MDMA - Ecstasy	EIA	500 ng/mL	LC-MS/MS	250 ng/mL
LSD	EIA	0.5 ng/mL	LC-MS/MS	10 ng/mL
Oxycodone	EIA	100 ng/mL	LC-MS/MS	50 ng/mL
PCP	EIA	25 ng/mL	LC-MS/MS	25 ng/mL
Ethyl Glucuronide/Ethyl Sulfate (alcohol metabolite)	EIA	500 ng/mL	LC-MS/MS	100 ng/mL (EtG) 25 ng/mL (EtS)
Fentanyl	EIA	1 or 2 ng/mL (location may choose cutoff)	LC-MS/MS	0.5 ng/mL (except norfentanyl at 5 ng/mL)
Gabapentin - Gabapentin - Pregabalin	EIA	750 ng/mL	LC-MS/MS	250 ng/mL
Ketamine	EIA	100 ng/mL	LC-MS/MS	5 ng/mL
Mitragynine (Kratom)	EIA	50 ng/mL	LC-MS/MS	1 ng/mL

Tramadol	EIA	200 ng/mL	LC-MS/MS	100 ng/mL
Xylazine	EIA	10 ng/mL	LC-MS/MS	5 ng/mL

- b. Contractor must ensure screening and confirmation levels remain as stated above. To make a revision, Contractor must submit a written proposal to the Program Manager and obtain written approval prior to any making any change.

1.3. Requirements for Saliva Testing

Contractor must ensure its saliva testing methodology meets, or exceeds, the following standards:

Table 5: Cutoffs Table (Oral Fluid)

Assay Screen	Screen Cutoff ng/mL	Confirms for:	GC/MS or LC/MS Cutoff (ng/mL)
Amphetamine/ Methamphetamine	50 ng/mL	Amphetamine	15 ng/mL
		Methamphetamine	15 ng/mL
		MDMA - Ecstasy	15 ng/mL
		MDEA	15 ng/mL
		MDA	15 ng/mL
Barbiturates	50 ng/mL	Amobarbital	N/A
		Butobarbital	N/A
		Butalbital	25 ng/mL
		Pentobarbital	25 ng/mL
		Phenobarbital	25 ng/mL
		Secobarbital	25 ng/mL
Benzodiazepines	20 ng/mL	Alprazolam	0.5 ng/mL
		Chlordiazepoxide	0.5 ng/mL
		Clonazepam	0.5 ng/mL
		Diazepam	0.5 ng/mL
		Flunitrazepam	0.5 ng/mL
		Flurazepam	0.5 ng/mL

Assay Screen	Screen Cutoff ng/mL	Confirms for:	GC/MS or LC/MS Cutoff (ng/mL)
		Lorazepam	0.5 ng/mL
		Midazolam	0.5 ng/mL
		Nordiazepam	0.5 ng/mL
		Oxazepam	0.5 ng/mL
		Temazepam	0.5 ng/mL
		Triazolam	0.5 ng/mL
Buprenorphine	5 ng/mL	Buprenorphine	1 ng/mL
		Norbuprenorphine	5 ng/mL
Cannabinoids	4 ng/mL	THC	1 ng/mL
Cocaine • Benzoyllecgonine	20 ng/mL	Benzoyllecgonine	4 ng/mL
		Cocaine	4 ng/mL
Fentanyl	5 ng/mL	Fentanyl	1 ng/ml
		Acetylfentanyl	1 ng/mL
		Acrylfentanyl	1 ng/mL
		Butyrylfentanyl	1 ng/mL
		Furanylfentanyl	1 ng/mL
Methadone	50 ng/mL	Methadone	10 ng/mL
Opiates • Morphine	40 ng/mL	Morphine	8 ng/mL
		6-Acetylmorphine	4 ng/mL
		Oxycontin	8 ng/mL
		Hydrocodone	8 ng/mL
		Hydromorphone	8 ng/mL
		Codeine	8 ng/mL
Oxycodone	40 ng/mL	Oxycodone	8 ng/mL

Assay Screen	Screen Cutoff ng/mL	Confirms for:	GC/MS or LC/MS Cutoff (ng/mL)
		Oxymorphone	8 ng/mL
Phencyclidine	10 ng/mL	Phencyclidine (PCP)	5 ng/mL
Synthetic Cannabinoids	N/A	19 analytes	0.25 ng/mL
Novel Synthetic Cannabinoids	N/A	5-fluoro-ADB MDMB-4en-PINACA	1 ng/mL 1 ng/mL
Tramadol	50 ng/mL	Tramadol	10 ng/mL
Alcohol (Ethanol)	0.025 gm/dL	Ethanol	0.025 ng/mL

*Estimates only. Detection time will depend on the dose and the frequency of use and other factors, with high doses and high frequency of use leading to longer detection times.

- Contractor must maintain a Quality Control / Quality Assurance process consistent with industry practices and standards in alignment with its licensure and certification.
- Contractor must provide copies of the FDA 510k clearance documents for EIA reagents where applicable, when requested.
- Contractor must provide a brief written procedure/process for MDOC staff to follow for packaging and shipping saliva specimens to the lab:

The Contractor provides self-guided training materials and webinar options for training MDOC staff of the proper packaging and shipping of specimens to the laboratory. Topics covered in this training include:

- Materials Needed
 - Specimen Collection Process
 - Specimen Labeling
 - Completing the Test Requisition Form
 - Affixing the Security Seal/Label on the Specimen
 - Obtaining Donor Signature
 - Obtaining Collector Signature
 - Choosing Test Requests
 - Preparing Specimens for Shipment (Internal Specimen Packaging and FedEx Shipment Packaging)
- Contractor will provide specimen pickup through FedEx courier service with overnight service delivery to the laboratory. Supply orders will include pre-paid shipping labels and packaging materials for shipment. These will be provided to all MDOC locations.
 - Next day air service of inbound specimens sent to the Contractor's laboratory for testing is provided at no charge when five (5) or more urine and/or oral fluids specimens are sent in

each FedEx overnight shipment. Any combination of urine and/or oral fluids devices may be shipped together via FedEx overnight service.

- f. Contractor will provide results reports electronically via their ToxAccess web-based platform. Results can also be provided by fax.

1.4. Offender Management Information Network (OMNI) Information System Requirements (or any future offender management system)

- a. **Contractor is not responsible for development of an interface with OMNI, but will cooperate in the development of a results interface with the new offender management system once in place. In the interim, MDOC will utilize the Contractor's information management system for viewing and downloading results.**

b. Overview:

The mandate of Michigan Department of Corrections is to provide for the administration of individuals having contact with the department. This includes the tracking and recording of details required for institutional report preparation and community supervision. In addition, the department must carry out ever increasing statistical reporting functions for many State and Federal agencies. OMNI is designed to help accomplish this mandate.

The Michigan Department of Corrections operates a client server computer system in all of its field offices. Each field office, comprising a local area network (LAN), is connected to a statewide area network (WAN). This architecture provides the Department with the opportunity to document offender data in a statewide central database that is accessed through the Offender Management Network Information (OMNI) application.

As of today, field agents within each office have been provided a desktop workstation from which to update and inquire on offender data. All essential case management activities are completed in the OMNI application from the agent's desktop. In addition to documenting case supervision activity in OMNI, non-agent staff enters supporting offender data in the system as well. All data entered through OMNI at the desktop travels across the state's network and is stored on a central computer in Lansing.

c. System Requirements for Contractor:

OMNI operates within a File Transfer Services (formerly named Data Exchange Gateway (DEG)). The highest level is like a FTP server hosted on a Tandem System. Some of its features are a store and forward mailbox. The FTP file, which contains certain drug test result information, is sent to a mailbox on the File Transfer Services and auto delivered daily to the OMNI "Sybase" Client Server.

There are a variety of services that the File Transfer Services provide such as FTP, SSL, FTP and web page access (https:). Arrangements will have to be made to accommodate business partners on an individual basis to accommodate Departmental needs within State Standards.

Contractor will be required to work with staff from the Michigan Department of Information Technology to further refine, test and implement this file format.

d. OMNI Drug Test Fields

Each offender profile contains the following 4 drug test (tab) fields within their profile record. Offender (parolee/prisoner/probationer) profiles contain a wide range of information, of which drug test data is a small part. Currently all instant drug test results for parole/probation and prison locations are manually entered into OMNI. All reference laboratory test results (instant test results sent for confirmation results) are downloaded as described above and eventually transferred into OMNI.

OMNI contains the following four tabs:

1. Substance Abuse Test
2. Prescription Drug
3. Test Result
4. Drugs Tested

2. Training and Reports

2.1. Training and Training Materials

- a. The Contractor must provide on-site training to MDOC personnel within the first two months of the Contract, in order to enable sites to routinely request tests and ensure that results are successfully submitted electronically to the MDOC computer systems and that field staff, (prisons, parole and probation locations across the state) are trained and supplied with collection devices, chain of custody forms, pick up supplies, and any other contract related materials.
- b. The Contractor's training plan will include:
 1. A written Issue Management Plan
 - a. Key stakeholders and contact info
 - b. General process plan for issue management and escalations related to type of issue
 - c. Brief discussion of Abbott's data security policies/disaster recovery capacity
 - d. Identification of available backup procedures (e.g. paper test request forms when internet is down)
 - e. Contact info for our dedicated Interface Specialist regarding any OMNI interface issues
 2. Training on use of the ToxAccess System, including the following topics:
 - a. Administrative setup and functions for administrative users
 - b. How to load or add donors into the system
 - c. Donor groups and randomized testing setup (optional)

- d. How to perform an electronic test requisition (test order) using ToxAccess' desktop collections feature
- e. How to perform an electronic test requisition (test order) using ToxAccess' mobile solution (optional)
- f. Locating results in the ToxAccess system
- 3. Training on use of Contractor's supplies for specimen collection, labeling, and shipping:
 - a. Run through of available panels/test codes
 - b. 90mL urine bottle labeling
 - c. Quantisal oral fluid device labeling
 - d. Packaging devices using double-pouched adhesive-seal bag
 - e. Use of FedEx shipping materials
 - f. FedEx scheduling and pickup process
- 4. Identification of teams or personnel to contact for various needs (e.g. toxicology support services, orders team, account manager)
- c. The Contractor must submit a written start-up-plan within three weeks of contract effective date unless otherwise noted by MDOC. The plan shall include, but is not limited to, the following: customization of forms (as available/agreed-upon by both parties), state-wide training program, shipment dates of supplies to state-wide locations.
- d. The Contractor must provide documentation and training materials at no cost to MDOC.

2.2. Reports

The Contractor must submit, to the Program Manager, the following written reports:

- a. Individual Test Reports
 - 1. Email notification of results to facility, with secure login access to pdf file electronically
 - 2. Forward results electronically into State system (once interface is developed)
- b. Required Reports
 - 1. Monthly Progress/Activity Report
 - i. To be submitted by the fifteenth of the following month
 - ii. Submitted electronically to the Program Manager
 - iii. Include the following:
 - 1. Number of tests ordered broken down by facility
 - 2. Number of positive tests by drug
 - 2. Annual Summary

- i. Same information as monthly report, but for the span of the year.
- c. Additional Reports
The Contractor must provide upon request by DTMB, MDOC, or the Program Manager additional statistical reports regarding overall contract summary data (i.e. positives by type and facility, number of tests by facility, etc.).
- d. Reports must be provided at no cost to the State.

3. Staffing

3.1. Contractor Representative

The Contractor must appoint a primary Contractor Representative, along with an alternate Contractor Representative, specifically assigned to State of Michigan accounts, who will respond to State inquiries regarding the Contract Activities, answer questions related to ordering and delivery, etc. (the “Contractor Representative”).

Primary Contractor Representative Contact Information

Brooke Clark, Account Manager
(800) 255-2159 x 34424
Brooke.Clark@abbott.com

Alternate Contractor Representative Contact Information

Debbie Knapp, Sales Manager
(800) 255-2159 x 34426
Debbie.Knapp@abbott.com

3.2. Key Personnel

The Contractor must appoint individuals who will be directly responsible for the day-to-day operations of the Contract (“Key Personnel”). At a minimum Key Personnel must include Contractor Representative, Account Executive and/or Manager, Customer Interface Manager and Lead Toxicologist. The Contractor will also provide an Alternate Contractor Representative who will serve as backup to avoid any gaps in account management, should a Contractor Representative or Account Executive/Manager be unavailable or removed from their roles. Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.

The State has the right to recommend or make requests for change in writing regarding the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State Project Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. In the event that the MDOC raises a concern with the

performance of any Key Personnel, the Contractor will address and resolve the concern within 36 hours.

Contractor will not remove any Key Personnel from their assigned roles on this Contract without prior written notification to the State. The Contractor's removal of Key Personnel without notification of the State is an unauthorized removal ("Unauthorized Removal"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment.

Contractor Key Personnel Contact Information:

Brooke Clark, Account Manager
Brooke.Clark@abbott.com

Debbie Knapp, Sales/Customer Service Manager
Debbie.Knapp@abbott.com

Tejus Govindjie, Customer Interface Manager
Tejus.Govindjie@abbott.com

Brent Dawson, Lead Forensic Toxicologist
Brent.Dawson@abbott.com

3.3. Customer Service Contact Information

The Contractor must specify its telephone number for the State to contact the Contractor Representative. The Contractor Representative must be available for calls during the hours of 9:00 am to 7:00 pm EST, Monday through Friday.

Customer Service Contact Information:

(800) 255-2159

Direct Extension for Contractor Representatives x 34470 (Greg) x 34424 (Brooke) x34426 (Debbie)

3.4. Technical Support

The Contractor must specify its toll-free number for the State to contact the Contractor for technical support. The Contractor must be available for calls and service during the hours of 9:00 am to 7:00 pm EST.

Technical Support Contact Information:

(800) 255-2159

3.5. Meetings

The Contractor must attend the following meetings upon request:

- Kick-off meeting with MDOC within 2 weeks of the Contract start date, unless otherwise specified.

- As requested by the State Program Administrator/Coordinator for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

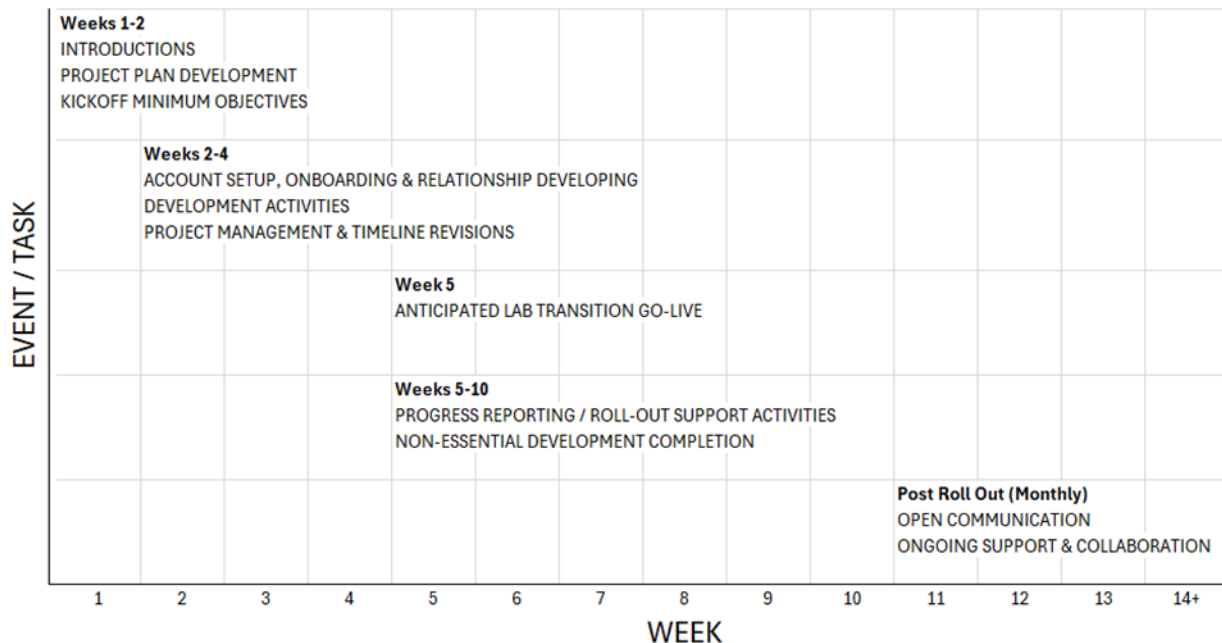
The State may request other meetings, as it deems appropriate.

3.6. Disclosure of Subcontractors

The Contractor will not be utilizing subcontractors.

4. Project Management

The Contractor shall carry out this project under the direction and control of the agency Program Manager.



5. Pricing

5.1. Price Term

Pricing is firm for the initial three-year contract period ("Pricing Period"). The first pricing period begins on the Effective Date. Adjustments may be requested in writing by either party and will take effect no earlier than the next Pricing Period. Pricing will be reviewed on an annual basis after the initial Pricing Period.

5.2. Price Changes

Adjustments will be based on changes in actual Contractor costs. Any request must be supported by written evidence documenting the change in costs. The State may consider sources, such as the Consumer Price Index; Producer Price Index; other pricing indices as needed; economic and industry data; manufacturer or supplier letters noting the increase in pricing; and any other data the State deems relevant.

Following the presentation of supporting documentation, both parties will have 30 days to review the information and prepare a written response. If the review reveals no need for modifications, pricing will remain unchanged unless mutually agreed to by the parties. If the review reveals that changes are needed, both parties will negotiate such changes, for no longer than 30 days, unless extended by mutual agreement.

The Contractor remains responsible for Contract Activities at the current price for all orders received before the mutual execution of a Change Notice indicating the start date of the new Pricing Period.

5.3. Tax Excluded From Price

- A. Sales Tax: For purchases made directly by the State, the State is exempt from State and Local Sales Tax. Prices must not include the taxes. Exemption Certificates for State Sales Tax will be furnished upon request.
- B. Federal Excise Tax: The State may be exempt from Federal Excise Tax, or the taxes may be reimbursable, if articles purchased under any resulting Contract are used for the State's exclusive use. Certificates showing exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices must not include the Federal Excise Tax.

6. Ordering

6.1. Authorizing Document

The State will issue a written Delivery Order (DO).

7. Acceptance

7.1. Acceptance

The State will use the following criteria to determine acceptance of the Contract Activities:

- A. For every three or five panel test, for every sample, either Panel A and/or B, MDOC will:
 - 1. Verify the Contractor completed the correct panel
 - 2. Verify that there are no errors in the Contractor's fax or electronic version of the test results
 - 3. Verify that the number of tests submitted match the number of faxed test results, and invoice
- B. Invoices will be short paid for test results that have not arrived, or for test results under correction at the time of payment.
- C. The State will notify the Contractor of any errors within five business days. The Contractor will have three business days to make the necessary revisions.

8. Invoice and Payment

8.1. Invoice Requirements

All invoices submitted to the State must include (a) date; (b) delivery order; (c) vendor generated invoice number; (d) quantity; (e) description of the Contract activities, including the MDOC facility location; (f) summary detail report, to include test report date, donor ID, panel/test, etc.; (g) unit price; (h) shipping cost (if any); and (i) total price. Overtime, holiday pay, and travel expenses will not be paid.

8.2. Payment Methods

The State will make payment for Contract Activities via Electronic Funds Transfer.

9. MDOC Specific Requirements

9.1. MDOC Vendor Rules and Regulations

The Contractor will require all its employees working inside an MDOC correctional facility to read and sign the MDOC Vendor Rules and Regulations (which is hosted electronically on the MDOC's contractor training platform) upon award of Contract. The purpose of the MDOC Vendor Rules and Regulations is to provide the Contractor with general information regarding basic requirements of working within the MDOC, provide notice of work rules, and consequences of rule violations. The awarded Contractor must provide copies of each signed Employee Acknowledgement to the MDOC Program Manager at the completion of the employee's orientation.

9.2. MDOC Americans with Disabilities Act

The Contractor must comply with the Americans with Disabilities Act (ADA) and the Rehabilitation Act and must notify the designated MDOC Program Manager or designee within 24 hours of any request for reasonable accommodation for a client.

The Contractor must comply and must notify the designated MDOC PMCD Contract Manager or designee within 24 hours of any request for reasonable accommodation made by Contractor's staff, including temporary and subcontractor staff.

Please Note: All reasonable accommodation aids, services and equipment needed for Contractor's staff, including temporary and subcontractor staff, is to be provided by the Contractor.

9.3. MDOC Procurement, Monitoring and Compliance Division

- A. The Procurement, Monitoring, and Compliance Division (PMCD) provides oversight of MDOC contracts and ensures contractors are delivering services according to contract requirements. The Contract Manager or assigned Contract Monitor will serve as the lead for all contract related issues. They will ensure the contractual requirements are being met through monitoring activities such as: scheduling kick off meetings, developing monitoring plans, managing service level agreements and transition timelines, and partnering with the MDOC program manager to ensure deliverables are met.
- B. Should any issue(s) arise with a contractor's performance, PMCD is engaged to document the issue(s) and may pursue a model of progressive discipline that leverages tools such as

meetings, Corrective Action Plan Requests, and Vendor Performance letters. When a Corrective Action Plan Request is issued, the State requires that the Contractor confirm receipt and submit their Plan of Action within the timeframe outlined in the request. The State also requires that the Contractor must cure, at no additional cost to the State, any deficiency identified in a Corrective Action Plan Request. The Plan of Action must include a solution that resolves the issue so that it does not reoccur.

- C. PMCD utilizes a progressive correction process for unsatisfactory vendor performance. PMCD reserves the right to utilize any of its contract compliance tools to address contract deficiency(cies) whether progressive or not. PMCD will utilize corrective action tools according to the significance of the contract deficiency.

9.4. MDOC Specific Security

The Contractor staff working on MDOC correctional facility premises will be subject to the following security procedures:

- A. No active warrants or pending charges.
- B. MDOC reserves the right to approve or request to remove Contractor from providing services on this Contract. See section 3.2 above for details.
- C. May not be under Federal, State or local jurisdiction as a prisoner. Must be off of Federal, State or local jurisdiction for five years from the date of discharge. Felony ex-prisoners will not be considered as contracted staff until they have been discharged from all sentences, including parole and probation, and are approved by the Deputy Director of the Correctional Facilities Administration (CFA). MDOC reserves the right to approve or decline applicants who have been involved in the criminal justice system depending on the circumstances.
- D. Not under investigation or under disciplinary action of the Michigan Department of Licensing and Regulatory Affairs.
- E. Has not engaged in sexual abuse in a prison, jail, lockup, community confinement facility, juvenile facility or other institution as defined in 42 U.S.C. 1997.
- F. Has not been convicted of engaging in, attempting to engage in or conspiracy to engage in sexual activity facilitated by force, overt or implied threats of force or coercion, or if the victim did not consent or was unable to consent or refuse.
- G. Has not been civilly or administratively adjudicated to have engaged in the activity described in Letter F above.
- H. The MDOC may investigate the Contractor personnel before they may have access to MDOC facilities and systems. The scope of the background check is at the discretion of the MDOC, and the results will be used to determine Contractor personnel eligibility for working within MDOC facilities and systems. The investigations will include Michigan State Police Background checks (ICHAT) and the Law Enforcement Information Network (LEIN)

and may include the National Crime Information Center (NCIC) Fingerprints. Proposed Contractor personnel may be required to complete and submit a RL-8 Fingerprint Card for the NCIC Fingerprint Check. Any request for background checks will be initiated by the MDOC and will be reasonably related to the type of work requested.

- I. All delivery drivers, Contractor's staff and technicians that are entering an MDOC facility must be LEIN cleared by MDOC at least 72 hours prior to facility entry. The Contractor's personnel must be LEIN cleared and received written approval from the MDOC's Contract Manager initially and annually by MDOC prior to any work with MDOC prisoners. The Contractor should attempt to get any and all staff/inspectors that potentially could go into a secure facility during the life of the contract pre-cleared through LEIN before a need is recognized. Should an emergency arise, MDOC may be able to LEIN clear individuals less than 72 hours if approved by the Contract Manager.
- J. The Contractor's personnel must request LEIN clearance in writing. The completed LEIN Information Form must be sent to and approved by MDOC prior to Contractor's personnel working with MDOC prisoners and annually following approval. There is no cost associated with the LEIN. The LEIN form will be provided to the Contractor as needed. LEIN forms should be submitted to MDOC for review by submission to MDOC-IntegratedCare-LEINS@michigan.gov.
- K. The Contractor must document if a contractor's personnel assigned to the Contract in an on-premises position is related to or acquainted with a prisoner incarcerated and under the jurisdiction of the MDOC. For Contractor's personnel who are related to or acquainted with a prisoner, the Contractor's staff member must complete the Offender Contract Disclosure for Contractors form and submit it to the MDOC Program Manager or designee. The Contractor must ensure its personnel complete the form and notify the MDOC Program Manager of any changes throughout the contract term.
- L. The Contractor's personnel may be required to enter State facilities. The State may require the Contractor's personnel to wear State-issued identification badges.
- M. All vehicles entering a correctional facility must be inspected before entry of the secure perimeter.
- N. The Contractor's personnel must anticipate delays when visiting any correctional facility due to issues within the facility.
- O. The Contractor's personnel must comply with the State's security and acceptable use policies for State IT equipment and resources. Contractor personnel must also agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. The Contractor must present these documents to prospective Contractor personnel before the Contractor presents the individual to the State as a proposed resource. Contractor personnel must comply with all physical security procedures in place within the facilities where they are working.

- P. The MDOC reserves the right to deny access to any correctional facility to anyone who fails to comply with any applicable State, Federal or local law, ordinance or regulation or whose presence may compromise the security of the facility, its members or staff. Weapons, alcoholic beverages, poison, and prescription drugs and controlled substances without written certification of needs from a licensed physician (does not include medical supplies for the facility), cellular devices, cameras, and audio or visual recording devices are prohibited from being brought into all MDOC correctional facilities. Tobacco products and smoking also are prohibited both inside a correctional facility and on facility grounds except as specifically authorized by MDOC policy. Wardens may prohibit other items from being brought into their respective correctional facilities. Smoking is prohibited.
- Q. Security is the facility's first priority, and the Contractor and Contractor Personnel must be responsive and respectful of these needs.
- R. The Contractor, and Contractor's personnel must comply with and cooperate with all correctional facility rules, procedures and processes as well as State and federal laws. Contractor's personnel must ensure that they are complying with all facility rules and regulations including, but not limited to, dress code and items allowed to be possessed.
- S. The Contractor's personnel must follow the facility entry, exit, manifest process, to include the following:
 - 1. The Contractor personnel will receive an orientation and training by the MDOC on security, procedures, etc., inside the correctional facility. The Contractor must maintain a copy of the Contractor personnel's training certificates in the appropriate file for auditing purposes.
 - 2. The Contractor personnel must follow all MDOC rules, procedures and security processes at all times.
 - 3. The Contractor must ensure that all Contractor personnel working in a correctional facility are familiar and in compliance with the necessary routines and increased awareness of working inside a facility. Working inside the facility requires that the Contractor personnel develop positive and cooperative relationships with MDOC facility staff.
 - 4. The Contractor personnel must report any concerns, issues, or rule violations to the MDOC facility staff immediately.
 - 5. The Contractor personnel must use the MDOC facility staff as a resource for questions and guidance working with prisoners and inside a correctional facility.
 - 6. The Contractor personnel must defer to MDOC correctional facility staff for directions. The Contractor personnel must remember they are a guest in the facility and that security is the first priority of the facility.
 - 7. The Contractor personnel may be required to make deliveries to or enter State facilities. The Contractor must: (a) explain how it intends to ensure the security of

State facilities, (b) whether it uses uniforms and ID badges, etc., (c) identify the company that will perform background checks, and (d) the scope of the background checks.

9.5. MDOC Training

- A. Contractor, as applicable and named in this contract, providing services under the MDOC contract are required to complete MDOC training prior to providing services or entering into MDOC facilities. The training assigned will be specific to Contractor worksite, level of offender contact, and the services provided under the Contract. Contact the MDOC Contract Manager or designee with any questions concerning MDOC training.
- B. Contractor must complete MDOC provided training annually before the end of training year. (The State's training year is October 1st through September 30th.)
- C. Contractor must annually review and accept the MDOC Vendor Rules and Regulations document as one of the training requirements. (See Section 9.1.-Vendor Rules and Regulations)
- D. Any contractor staff who do not complete training by the annual September 30th training deadline may have their permission to provide contract deliverables revoked, as determined by the Program Manager or designee.

9.6. MDOC Specific Service-Level Agreements (SLAs)

- A. The Contractor will be held accountable to meet the requirements and the service level requirements established in this Contract.
- B. The State reserves the right to reconsider or amend SLA amounts for split awards should they occur.

Service Level Agreements for this Contract will be as follows:

MDOC SLA Metric 1. Responsiveness to Corrective Action Plan Requests	
Definition and Purpose	The State requires that the contractor must confirm receipt and submit their plan of action in response to any Corrective Action Plan Request within the timeframe outlined in the request. If the MDOC Contract Manager or Contract Monitor provides a written pre-approval of an alternate submission date, the Service Credit may not apply. Please refer to Section 9.3. – MDOC PROCUREMENT, MONITORING, AND COMPLIANCE DIVISION.
Data Sources	1. Corrective Action Plan Request. 2. Corrective Action Plan confirmation of receipt. 3. Corrective Action Plan response/Plan of Action. 4. Written pre-approval of an alternative submission date/mutually agreed upon timeframe.

MDOC SLA Metric 1. Responsiveness to Corrective Action Plan Requests	
	5. Internal MDOC correspondence with Program Area staff. 6. Additional correspondence with Contractor.
Methodology	Reconcile and review Data Sources 1 through 6 as needed.
Acceptable Standard	The Acceptable Standard is 100% compliance.
Amount for Failing to Meet the Service Level Agreements	\$100.00 may be assessed for each business day that the Contractor fails to submit their plan of action by the deadline stated in the Corrective Action Plan Request. Extenuating circumstances will be reviewed by the MDOC Contract Manager before any Service Credits are assessed. At the discretion of the State, these credits may be applied toward any payable due to the Contractor or be payable directly to the State of Michigan. Payments made directly to the State of Michigan shall be completed within 10 calendar days upon demand.

MDOC Metric 2. Recurring or Unresolved Corrective Action Plan Requests	
Definition and Purpose	The State requires that the Contractor must cure, at no additional cost to the State, any deficiency identified in a Corrective Action Plan Request. The Plan of Action must include a solution that resolves the issue so that it does not reoccur. Please refer to Section 9.3. – MDOC PROCUREMENT, MONITORING, AND COMPLIANCE DIVISION.
Data Sources	1. Corrective Action Plan Request. 2. Corrective Action Plan Response/Plan of Action. 3. Corrective Action Plan Implementation Documentation. 4. Documentation of non-compliant contract activities. 5. Notification to the Contractor of non-compliant contract activities. 6. Internal MDOC correspondence with Program Area staff. 7. Additional correspondence with Contractor.
Methodology	Reconcile and review Data Sources 1-7 to determine if there are recurring or unresolved contract deficiencies.
Acceptable Standard	The Acceptable Standard is 100% compliance. Recurring or unresolved contract deficiencies are unacceptable.

MDOC Metric 2. Recurring or Unresolved Corrective Action Plan Requests	
Amount for Failing to Meet the Service Level Agreements	The following credits per occurrence will be assessed for any identified contract deficiency addressed in a Corrective Action Plan that is recurring or unresolved. Occurrence 1 Amount: \$250.00 Additional service credits may be assessed for each additional occurrence: Occurrence 2 Amount: \$500.00 Occurrence 3 Amount: \$750.00 Extenuating circumstances will be reviewed by the MDOC Contract Manager before any Service Credits are assessed. At the discretion of the State, these credits may be applied toward any payable due to the Contractor or be payable directly to the State of Michigan. Payments made directly to the State of Michigan shall be completed within 10 calendar days upon demand.

SCHEDULE A – APPENDIX A – CORRECTIONAL FACILITIES MAP

Michigan Department of Corrections (MDOC)

Correctional Facilities Map

(see following page)

Michigan Department of Corrections Correctional Facilities Map

As of February 26, 2025



* Includes reception centers

SCHEDULE B - PRICING

Contract No. 250000001485

Off-site reference laboratory urine and saliva screening and confirmation services for prisoners, parolees, and probationers (including the related collection materials) using urine and saliva drug testing for the Michigan Department of Corrections (MDOC)

1. Price includes all costs, including but not limited to:
 - a. transfer of specimens to the lab, (providing Michigan locations with pre-paid shipping and air-bills, packages/envelops, labels and pick-up or process for shipping/mailling specimens to the lab).
 - b. providing Michigan locations with customized Chain of Custody Forms
 - c. result reporting, litigation support, and expert witness services.
 - d. confirmation of a Drug Class. For methamphetamine requests the lab will confirm for all the substances/metabolites within that drug class and bill one price.
 - e. any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).
2. The State does not commit to procuring any amounts. Additionally, the State reserves the right to switch panel drugs; and to add drugs, to meet the State of Michigan's future needs as well as the need of MiDeal members, other states or their political subdivisions.

Pricing Schedule

1. Urine Laboratory Services

a. Urine Lab Tests – Standard Drugs

Standard drugs include: Alcohol (Ethanol), Amphetamines/Methamphetamines, Barbiturates, Benzodiazepines, Buprenorphine, Cocaine, Ecstasy (MDMA), Ethyl Glucuronide (EtG), Fentanyl, Heroin (6-MAM), Marijuana (THC), Meperidine, Methadone, Opiates, Oxycodone, PCP, Propoxyphene, Tramadol. May substitute drug with adulteration test such as Creatinine, Oxidants, pH, or Specific Gravity. Creatinine is automatically included as a drug on every urine panel.

TEST CODE	DRUG(S)	SERVICE DESCRIPTION	PRICE PER PANEL
TBD	8	Urine Panel A – Screen with Automatic Confirmation of Positives Price per test shall include: - Initial screening and confirmation testing for screened “positives”. - Adulteration testing - Shipping, supplies and materials, COC forms, etc.	\$16.75
TBD	5	Urine Panel B - Screen with Automatic Confirmation of Positives Price per test shall include: - Initial screening and confirmation testing for screened “positives”. - Adulteration testing - Shipping, supplies and materials, COC form, etc.	\$14.50
TBD	5	Urine Panel C Price per test shall include: - Initial screening and confirmation testing for screened “positives”. - Adulteration testing - Shipping, supplies and materials, COC form, etc.	\$14.50
Various	1	Urine Special Requests Single Drugs MDMA, Oxycodone, PCP, EtG, Fentanyl (standard), and Tramadol only Price per test shall include: - Initial screening and confirmation testing for screened “positives”. - Adulteration testing	\$15.50

		Shipping, supplies and materials, COC form, etc.	
1163	1	LSD – Screen Only	\$7.75
F3032U	1	LSD – Confirmation Only	\$125.00
Various	1	Single Drug Standard Urine Lab Panel – Confirmation Only Price per test shall include: - Adulteration testing - Shipping, supplies and materials, COC form, etc.	\$15.50
Various	1	Gabapentin, Ketamine, Kratom, or Xylazine Confirmation – cost per drug	\$16.25
TBD	3	Adulteration Add-On (pH, Specific Gravity, Oxidants) – add to panel	\$1.75

b. Urine Lab Tests – Specialty Panels

TEST CODE	DRUG(S)	DESCRIPTION	PRICE PER SPECIMEN
5966	2	Expanded Cannabinoids – includes both Delta-8 and Delta-9	\$18.00
1273	1	Cotinine (Nicotine) Screen with Automatic Confirmation of Positives	\$16.00
P80	21	Designer Stimulants (Bath Salts) – Expanded Panel	\$40.00
5554	29	Fentanyl – Premium Panel	\$25.00
5503	1	GHB	\$35.00
5550	41	Steroid Testing	\$65.00
8474	39	Synthetic Marijuana (K2 / Spice) – Premium Panel	\$35.00
5483	1	Tianeptine	\$35.00

2. Oral Fluid Laboratory Services

a. Oral Fluid Lab Tests – Standard Drugs

Standard drugs include: Alcohol (Ethanol), Amphetamines/Methamphetamines (includes MDMA), Barbiturates, Benzodiazepines, Buprenorphine, Cocaine, Fentanyl, Marijuana (THC), Methadone, Opiates, Oxycodone, PCP, Tramadol.

Drug or Substance Class	Confirms For	PRICE PER SPECIMEN
Amphetamine	Amphetamine	\$16.50
Methamphetamine	Amphetamine Methamphetamine MDMA – Ecstasy MDA	\$16.50
Barbiturates	Amobarbital Butobarbital Butalbital Pentobarbital Phenobarbital Secobarbital	\$16.50
Benzodiazepines	Propose	\$16.50
Cannabinoids	THC	\$16.50
Cocaine • Benzoyllecgonine	Benzoyllecgonine	\$16.50
	Cocaine	\$16.50
Methadone • Methadone	Methadone	\$16.50
Opiates • Morphine	Morphine Codeine 6-Acetylmorphine Oxycontin Hydrocodone Hydromorphone	\$16.50
Phencyclidine (PCP)	Phencyclidine (PCP)	\$16.50
Alcohol	Alcohol (Ethanol)	\$16.50

b. Oral Fluid Lab Tests – Specialty Drugs

TEST CODE	DRUG(S)	DESCRIPTION	PRICE PER SPECIMEN
F25	19	Synthetic Cannabinoids (K2 / Spice) Oral Fluid Confirmation Panel	\$20.00
F22	2	Novel Synthetic Cannabinoids Oral Fluid Confirmation Panel	\$25.00
F26	1	Cotinine (Nicotine) Oral Fluid Confirmation	\$25.00
F27	1	Ketamine Oral Fluid Confirmation	\$27.00

3. Laboratory Supplementary Services

a. Court Support / Expert Witness Services

TEST CODE	DESCRIPTION	PRICE PER OCCURENCE
AFFD	Affidavits	No Additional Charge
INTP	Interpretations	No Additional Charge
CORT	Telephonic or Webinar Court Testimony	No Additional Charge
	In-Person Court Testimony	Up to 3 at No Additional Charge

b. Problematic Specimen and Additional Service Charges

TEST CODE	DESCRIPTION	PRICE PER OCCURENCE
QNS	Insufficient Volume	\$ -
PROB	Chain of Custody (COC) and/or Specimen Label Errors	\$ -
	Product and / or Supply Shipping Errors due to Incorrect Address Provided	\$25.00
ADS	Accidental Delivery Specimen – Specimen Sent to RTL in Error	\$100.00
PULL	Specimen Retrieval from Storage for Follow-Up Testing	\$ -
FEDEX	Short Shipment – Less than Five (5) Specimens	No Additional Charge

SCHEDULE C - INSURANCE REQUIREMENTS

Contract No. 250000001485

**Off-site reference laboratory urine and saliva screening and confirmation services for
Michigan Department of Corrections (MDOC)**

- 1. General Requirements.** Contractor, at its sole expense, must maintain the insurance coverage as specified herein for the duration of the Term. Minimum limits may be satisfied by any combination of primary liability, umbrella or excess liability, and self-insurance coverage. To the extent damages are covered by any required insurance, Contractor waives all rights against the State for such damages. Failure to maintain required insurance does not limit this waiver.
- 2. Qualification of Insurers.** Except for self-insured coverage, all policies must be written by an insurer with an A.M. Best rating of A- VII or higher unless otherwise approved by DTMB Enterprise Risk Management.
- 3. Primary and Non-Contributory Coverage.** All policies for which the State of Michigan is required to be included as an additional insured must be on a primary and non-contributory basis.
- 4. Claims-Made Coverage.** If any required policies provide claims-made coverage, Contractor must:
 - a. Maintain coverage and provide evidence of coverage for at least 3 years after the later of the expiration or termination of the Contract or the completion of all its duties under the Contract;
 - b. Purchase extended reporting coverage for a minimum of 3 years after completion of work if coverage is cancelled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Effective Date of this Contract.
- 5. Proof of Insurance.**
 - a. Insurance certificates showing evidence of coverage as required herein must be submitted to DTMB-RiskManagement@michigan.gov within 10 days of the contract execution date.
 - b. Renewal insurance certificates must be provided on annual basis or as otherwise commensurate with the effective dates of coverage for any insurance required herein.
 - c. Insurance certificates must be in the form of a standard ACORD Insurance Certificate unless otherwise approved by DTMB Enterprise Risk Management.
 - d. All insurance certificates must clearly identify the Contract Number (e.g., notated under the Description of Operations on an ACORD form).

- e. In the event any required coverage is cancelled or not renewed, Contractor must provide written notice to DTMB Enterprise Risk Management no later than 5 business days following such cancellation or nonrenewal.

6. Subcontractors. Contractor is responsible for ensuring its subcontractors, if any, carry and maintain insurance coverage as applicable to the subcontracted service(s).

7. Limits of Coverage & Specific Endorsements.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
Minimum Limits: \$1,000,000 Each Occurrence \$1,000,000 Personal & Advertising Injury \$2,000,000 Products/Completed Operations \$2,000,000 General Aggregate	Contractor must have their policy endorsed to include "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 20 10 11 85, or both CG 20 10 12 19 and CG 20 37 12 19.
Automobile Liability Insurance	
Minimum Limits: \$1,000,000 Per Accident	Contractor must have their policy: (1) endorsed to include "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.
Workers' Compensation Insurance	
Minimum Limits: Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
Minimum Limits: \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease	
Privacy and Security Liability (Cyber Liability) Insurance	
Minimum Limits: \$5,000,000 Each Claim \$5,000,000 Annual Aggregate	Contractor must have their policy cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
Professional Liability (Errors and Omissions) Insurance	
Minimum Limits: \$3,000,000 Each Claim \$3,000,000 Annual Aggregate	

Required Limits	Additional Requirements

- a. **Non-Waiver.** This Section 6 is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract, including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State.
8. **Notice of Non-Compliance.** Contractor consents to receiving electronic communications from a third-party service provider, Origami Risk, for the exclusive purpose of notifying Contractor of non-compliance with the requirements set forth in this Schedule C.
9. **Non-Waiver.** This Schedule C is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract, including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State.

SCHEDULE D – DATA SECURITY REQUIREMENTS

1. Definitions. For purposes of this Schedule, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Schedule** shall have the respective meanings given to them in the Contract.

“**Contractor Security Officer**” has the meaning set forth in **Section 2** of this Schedule.

“**FedRAMP**” means the Federal Risk and Authorization Management Program, which is a federally approved risk management program that provides a standardized approach for assessing and monitoring the security of cloud products and services.

“**FISMA**” means The Federal Information Security Modernization Act of 2014 (Pub.L. No. 113-283 (Dec. 18, 2014.).

“**Hosting Provider**” means any Permitted Subcontractor that is providing any or all of the Hosted Services and/or Operating Environment under this Contract.

“**NIST**” means the National Institute of Standards and Technology.

“**PCI**” means the Payment Card Industry.

“**PSP**” or “**PSPs**” means the State’s IT Policies, Standards and Procedures.

“**SSAE**” means Statement on Standards for Attestation Engagements.

“**Security Accreditation Process**” has the meaning set forth in **Section 6** of this Schedule

2. Security Officer. Contractor will appoint a Contractor employee to respond to the State’s inquiries regarding the security of the Solution who has sufficient knowledge of the security of the Solution and the authority to act on behalf of Contractor in matters pertaining thereto (“**Contractor Security Officer**”).

3. Contractor Responsibilities. Contractor 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 any State Data in Contractor’s or its subcontractor’s possession; and
- (e) ensure that all Contractor Personnel comply with the foregoing.

The State has established Information Technology (IT) PSPs to protect IT resources under the authority outlined in the overarching State 1305.00 Enterprise IT Policy. In no case will the

safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable public and non-public State IT policies and standards, of which the publicly available ones are at <https://www.michigan.gov/dtmb/policies/it-policies>.

This responsibility also extends to all service providers and subcontractors with access to State Data or an ability to impact the Solution. Contractor responsibilities are determined from the PSPs based on the services being provided to the State, the type of IT solution, and the applicable laws and regulations.

4. Acceptable Use Standard. To the extent that Contractor has access to the State's IT environment, Contractor must comply with the State's Acceptable Use Standard, see <https://www.michigan.gov/dtmb/-/media/Project/Websites/dtmb/Law-and-Policies/IT-Policy/13400013002-Acceptable-Use-of-Information-Technology-Standard.pdf>. All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Standard before accessing State systems or Data. The State reserves the right to terminate Contractor's and/or subcontractor(s) or any Contractor Personnel's access to State Systems if the State determines a violation has occurred.

5. Protection of State's Information. Throughout the Term and at all times in connection with its actual or required performance of the Services, Contractor will:

5.1 If Hosted Services are provided by a Hosting Provider, ensure each Hosting Provider maintains FedRAMP authorization for all Hosted Services environments throughout the Term, and in the event a Hosting Provider is unable to maintain FedRAMP authorization, the State, at its sole discretion, may either a) require the Contractor to move the Software and State Data to an alternative Hosting Provider selected and approved by the State at Contractor's sole cost and expense without any increase in Fees, or b) immediately terminate this Contract for cause;

5.2 for Hosted Services provided by the Contractor, maintain either a FedRAMP authorization or an annual SSAE 18 SOC 2 Type II audit based on State required NIST Special Publication 800-53 MOD Controls using identified controls and minimum values as established in applicable State PSPs;

5.3 ensure that the Software and State Data is securely stored, hosted, supported, administered, Accessed, and backed up in the United States or its territories. The use of Offshore Resources is not permitted;

5.4 ensure that any Customization development work is performed in the United States;

5.5 ensure the data center(s) in which Software and State Data resides minimally meets Uptime Institute Tier 3 standards (<https://www.uptimeinstitute.com/>), or its equivalent;

5.6 maintain and enforce an information security program including safety and physical and technical security policies and procedures with respect to its Processing of the State Data that complies with the requirements of the State's data security policies as set forth in this

Contract, and must, at a minimum, remain compliant with FISMA and NIST Special Publication 800-53 MOD Controls using identified controls and minimum values as established in applicable State PSPs;

5.7 Throughout the Term, Contractor must not provide any part of the Solution from the list of excluded parties in the [System for Award Management \(SAM\)](#) for entities excluded from receiving federal government awards for "covered telecommunications equipment or services.

5.8 provide technical and organizational safeguards against accidental, unlawful or unauthorized access to or use, destruction, loss, alteration, disclosure, encryption, transfer, commingling or processing of such information that ensure a level of security appropriate to the risks presented by the Processing of State Data and the nature of such State Data, consistent with best industry practice and applicable standards (including, but not limited to, compliance with FISMA, NIST, CMS, IRS, FBI, SSA, HIPAA, FERPA and PCI requirements as applicable);

5.9 take all reasonable measures to:

- (a) secure and defend all locations, equipment, systems and other materials and facilities employed in connection with the Solution against "malicious actors" and others who may seek, without authorization, to destroy, disrupt, damage, encrypt, modify, copy, access or otherwise use Hosted Services or the information found therein; and

- (b) prevent (i) the State and its Authorized Users from having access to the data of other customers or such other customer's users of the Solution; (ii) State Data from being commingled with or contaminated by the data of other customers or their users of the Solution; and (iii) unauthorized access to any of the State Data;

5.10 ensure that State Data is encrypted in transit and at rest using FIPS validated AES encryption modules and a key size of 128 bits or higher;

5.11 ensure the Hosted Services support Identity Federation/Single Sign-on (SSO) capabilities using Security Assertion Markup Language (SAML), OpenID Connect (OIDC) or comparable State approved mechanisms;

5.12 ensure the Hosted Services implements NIST compliant multi-factor authentication for privileged/administrative and other identified access.

5.13 Contractor must permanently sanitize or destroy the State's information, including State Data, from all media both digital and nondigital including backups using National Security Agency ("NSA") and/or National Institute of Standards and Technology ("NIST") (NIST Guide for Media Sanitization 800-88) data sanitization methods or as otherwise instructed by the State. Contractor must sanitize information system media, both digital and non-digital, prior to disposal, release out of its control, or release for reuse as specified above.

The State agrees not to provide Contractor with information that is not required in order to perform the services under this contract—i.e. information required to be entered on a test request form or as identified in the ToxAccess platform to assist with program management. Contractor will not be responsible for any other information, including PII or PHI, received that is outside of this scope of work.

6. Security Accreditation Process. Throughout the Term, Contractor will assist the State, at no additional cost, with its **Security Accreditation Process**, which includes the development, completion and on-going maintenance of a system security plan (SSP) using the State's automated governance, risk and compliance (GRC) platform, which requires Contractor to submit evidence, upon request from the State, in order to validate Contractor's security controls within two weeks of the State's request. On an annual basis, or as otherwise required by the State such as for significant changes, re-assessment of the system's controls will be required to receive and maintain authority to operate (ATO). All identified risks from the SSP will be remediated through a Plan of Action and Milestones (POAM) process with remediation time frames and required evidence based on the risk level of the identified risk. For all findings associated with the Contractor's solution, at no additional cost, Contractor will be required to create or assist with the creation of State approved POAMs, perform related remediation activities, and provide evidence of compliance. The State will make any decisions on acceptable risk, Contractor may request risk acceptance, supported by compensating controls, however only the State may formally accept risk. Failure to comply with this section will be deemed a material breach of the Contract.

7. Unauthorized Access. Contractor may not access, and must not permit any access to, State Systems, in whole or in part, whether through the Hosted Services or otherwise, without the State's express prior written authorization. Such authorization may be revoked by the State in writing at any time in its sole discretion. Any access to State Systems must be solely in accordance with the Contract and this Schedule, and in no case exceed the scope of the State's authorization pursuant to this Section. All State-authorized connectivity or attempted connectivity to State Systems shall be only through the State's security gateways and firewalls and in compliance with the State's security policies set forth in the Contract as the same may be supplemented or amended by the State and provided to Contractor from time to time.

8. Security Audits.

8.1 During the Term, Contractor will maintain complete and accurate records of its data protection practices, IT security controls, and the security logs relating to State Data, including but not limited to any backup, disaster recovery or other policies, practices or procedures relating to the State Data and any other information relevant to its compliance with this Contract.

8.2 Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Services and from time to time during the term of this Contract. The State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. If the State chooses to perform an on-site audit,

Contractor will, make all such records, appropriate personnel and relevant materials available during normal business hours for inspection and audit by the State or an independent data security expert that is reasonably acceptable to Contractor, provided that the State: (i) gives Contractor at least 5 Business Days prior notice of any such audit; (ii) undertakes such audit no more than once per calendar year, except for good cause shown; and (iii) conducts or causes to be conducted such audit in a manner designed to minimize disruption of Contractor's normal business operations and that complies with the terms and conditions of all data confidentiality, ownership, privacy, security and restricted use provisions of the Contract. The State may, but is not obligated to, perform such security audits, which shall, at the State's option and request, include penetration and security tests, of any and all Hosted Services and their housing facilities and operating environments.

8.3 During the Term, Contractor will, when requested by the State, provide a copy of Contractor's and Hosting Provider's (if applicable) FedRAMP System Security Plan(s) or SOC 2 Type 2 report(s) to the State within two weeks of the State's request. The System Security Plan and SSAE audit reports will be recognized as Contractor's Confidential Information.

8.4 With respect to State Data, Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.

8.5 The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this **Section 8**.

9. Application Scanning. During the Term, Contractor must, at its sole cost and expense, scan all Contractor provided applications, and must analyze, remediate and validate all vulnerabilities identified by the scans as required by the State Web Application Security Standard and other applicable PSPs.

Contractor's application scanning and remediation must include each of the following types of scans and activities:

9.1 Dynamic Application Security Testing (DAST) – Authenticated interactive scanning of application for vulnerabilities, analysis, remediation, and validation (may include Interactive Application Security Testing (IAST)).

(a) Contractor must either a) grant the State the right to dynamically scan a deployed version of the Software; or

(b) in lieu of the State performing the scan, Contractor must dynamically scan a deployed version of the Software using a State approved application scanning tool, and provide the State with a vulnerabilities assessment after Contractor has completed such scan. These scans and assessments

(i) must be completed and provided to the State quarterly (dates to be provided by the State) and for each major release; and

(ii) scans must be completed in a non-production environment with verifiable matching source code and supporting infrastructure configurations or the actual production environment.

9.2 Static Application Security Testing (SAST) - Scanning source code for vulnerabilities, analysis, remediation, and validation.

(a) For Contractor provided applications, Contractor, at its sole expense, must provide resources to complete static application source code scanning, including the analysis, remediation and validation of vulnerabilities identified by application source code scans. These scans must be completed for all source code initially, for all updated source code, and for all source code for each major release quarterly or more frequently if regulatory frameworks require and Contractor must provide the State with a vulnerability assessment after Contractor has completed the required scans.

9.3 Software Composition Analysis (SCA) – Third-Party and/or Open Source Scanning for vulnerabilities, analysis, remediation, and validation.

(a) For Software that includes third-party and open source software, all included third-party and open source software must be documented and the source supplier must be monitored by the Contractor for notification of identified vulnerabilities and remediation. SCA scans may be included as part of SAST and DAST scanning or employ the use of an SCA tool to meet the scanning requirements. These scans must be completed for all third-party and open source software initially, for all updated third-party and open source software, and for all third party and open source software in each major release and Contractor must provide the State with a vulnerability assessment after Contractor has completed the required scans if not provided as part of SAST and/or DAST reporting.

9.4 In addition, application scanning and remediation may include the following types of scans and activities if required by regulatory or industry requirements, data classification or otherwise identified by the State.

(a) If provided as part of the solution, all native mobile application software must meet these scanning requirements including any interaction with an application programming interface (API).

(b) Penetration Testing – Simulated attack on the application and infrastructure to identify security weaknesses.

10. Infrastructure Scanning.

10.1 Contractor must ensure their infrastructure and applications are scanned using an approved scanning tool (Qualys, Tenable, or other PCI Approved Vulnerability Scanning

Tool) at least monthly and provide the scan's assessments to the State in a format that is specified by the State and used to track the remediation. Contractor will ensure the remediation of issues identified in the scan according to the remediation time requirements documented in the State's PSPs.

11. Nonexclusive Remedy for Security Breach.

11.1 Any failure of the Solution to meet the applicable requirements of this Schedule with respect to the security of any State Data or other Confidential Information of the State, including any related backup, disaster recovery or other policies, practices or procedures, is a material breach of the Contract for which the State, at its option, may terminate the Contract immediately upon written notice to Contractor without any notice or cure period, and Contractor must promptly reimburse to the State any Fees prepaid by the State prorated to the date of such termination.