

SIGNATURE PAGE

THE PARTIES HERETO HAVE EXECUTED THIS CONTRACT

Each person signing this Contract represents and warrants that the signer is duly authorized to execute this Contract and to bind the Party authorizing such signature.

<p align="center">CONTRACTOR Premier Pharmaceuticals, LLC</p> <p>DocuSigned by: <i>Jacob Fuchs</i></p> <p>By: _____ 88DC06F7A340465...</p> <p>Date: <u>6/8/2022</u></p>	<p align="center">STATE OF COLORADO Jared S. Polis, Governor Department of Health Care Policy and Financing Kim Bimestefer, Executive Director</p> <p>DocuSigned by: <i>Kim Bimestefer</i></p> <p>By: _____ 8B6A84797EA8493...</p> <p>Date: <u>6/15/2022</u></p>
	<p align="center">LEGAL REVIEW Phil Weiser, Attorney General</p> <p>By: _____ N/A</p> <p>Date: _____</p>
<p align="center">In accordance with §24-30-202, C.R.S., this Contract is not valid until signed and dated below by the State Controller or an authorized delegate.</p> <p align="center">STATE CONTROLLER Robert Jaros, CPA, MBA, JD</p> <p>DocuSigned by: <i>Jerrold Cotosman</i></p> <p>By: _____ 76F69541272B43A...</p> <p align="center">6/15/2022</p> <p align="center">Effective Date: _____</p>	

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1. PARTIES

This Contract is entered into by and between the STATE OF COLORADO acting by and through the State agency named on the Cover Page for this Contract (the “State,” the “Department,” or “HCPF”) and Contractor named on the Cover Page for this Contract (the “Contractor”). Contractor and the State agree to the terms and conditions in this Contract.

2. TERM AND EFFECTIVE DATE

A. Effective Date

This Contract shall not be valid or enforceable until the Effective Date. The State shall not be bound by any provision of this Contract before the Effective Date and shall have no obligation to pay Contractor for any Work performed or expense incurred before the Effective Date or after the expiration or sooner termination of this Contract.

B. Initial Term

The Parties’ respective performances under this Contract shall commence on the Contract Performance Beginning Date shown on the Cover Page for this Contract and shall terminate on the Initial Contract Expiration Date shown on the Cover Page for this Contract (the “Initial Term”) unless sooner terminated or further extended in accordance with the terms of this Contract.

C. Extension Terms - State’s Option

The State, at its discretion, shall have the option to extend the performance under this Contract beyond the Initial Term for a period, or for successive periods, of one year or less at the same rates and under the same terms specified in the Contract (each such period an “Extension Term”). In order to exercise this option, the State shall provide written notice to Contractor in a form substantially equivalent to the Sample Option Letter attached to this contract. Except as stated in §2.D, the total duration of this Contract, including the exercise of any options to extend, shall not exceed five years from its Effective Date absent prior approval from the Chief Procurement Officer in accordance with the Colorado Procurement Code.

D. End of Term Extension

If this Contract approaches the end of its Initial Term, or any Extension Term then in place, the State, at its discretion, upon written notice to Contractor as provided in §14, may unilaterally extend such Initial Term or Extension Term for a period not to exceed two months (an “End of Term Extension”), regardless of whether additional Extension Terms are available or not. The provisions of this Contract in effect when such notice is given shall remain in effect during the End of Term Extension. The End of Term Extension shall automatically terminate upon execution of a replacement contract or modification extending the total term of this Contract.

E. Early Termination in the Public Interest

The State is entering into this Contract to serve the public interest of the State of Colorado as determined by its Governor, General Assembly, or Courts. If this Contract ceases to further the public interest of the State, the State, in its discretion, may terminate this Contract in whole or in part. A determination that this Contract should be terminated in the public interest shall not be equivalent to a State right to terminate for convenience. This subsection shall not apply to a termination of this Contract by the State for breach by Contractor, which shall be

governed by §12.

i. Method and Content

The State shall notify Contractor of such termination in accordance with §14. The notice shall specify the effective date of the termination and whether it affects all or a portion of this Contract, and shall include, to the extent practicable, the public interest justification for the termination.

ii. Obligations and Rights

Upon receipt of a termination notice for termination in the public interest, Contractor shall be subject to the rights and obligations set forth in §12.

iii. Payments

If the State terminates this Contract in the public interest, the State shall pay Contractor an amount equal to the percentage of the total reimbursement payable under this Contract that corresponds to the percentage of Work satisfactorily completed and accepted, as determined by the State, less payments previously made. Additionally, if this Contract is less than 60% completed, as determined by the State, the State may reimburse Contractor for a portion of actual out-of-pocket expenses, not otherwise reimbursed under this Contract, incurred by Contractor that are directly attributable to the uncompleted portion of Contractor's obligations, provided that the sum of any and all reimbursement shall not exceed the maximum amount payable to Contractor hereunder.

3. DEFINITIONS

The following terms shall be construed and interpreted as follows:

- A. "**Breach of Contract**" means the failure of a Party to perform any of its obligations in accordance with this Contract, in whole or in part or in a timely or satisfactory manner. The institution of proceedings under any bankruptcy, insolvency, reorganization or similar law, by or against Contractor, or the appointment of a receiver or similar officer for Contractor or any of its property, which is not vacated or fully stayed within 30 days after the institution of such proceeding, shall also constitute a breach. If Contractor is debarred or suspended under §24-109-105, C.R.S. at any time during the term of this Contract, then such debarment or suspension shall constitute a breach.
- B. "**Business Day**" means any day other than Saturday, Sunday, or a Legal Holiday as listed in C.R.S. §24-11-101(1).
- C. "**Chief Procurement Officer**" means the individual to whom the Executive Director has delegated his or her authority, pursuant to C.R.S. §24-102-202(6), to procure or supervise the procurement of all supplies and services needed by the state.
- D. "**Contract**" means this agreement, including all attached Exhibits, all documents incorporated by reference, all referenced statutes, rules and cited authorities, and any future modifications thereto.
- E. "**Contract Funds**" means the funds that have been appropriated, designated, encumbered, or otherwise made available for payment by the State under this Contract.
- F. "**Contractor Pre-Existing Material**" means material, code, methodology, concepts, process, systems, technique, trade or service marks, copyrights, or other intellectual property

developed, licensed or otherwise acquired by Contractor prior to the Effective Date of this Contract and independent of any services rendered under any other contract with the State.

- G. “**Colorado Open Records Act (CORA)**” means C.R.S. §24-72-200.1, *et. seq.*
- H. “**Criminal Justice Information (CJI)**” means criminal justice information collected by criminal justice agencies needed for the performance of their authorized functions, including, without limitation, all information defined as criminal justice information by the U.S. Department of Justice, Federal Bureau of Investigation, Criminal Justice Information Services Security Policy, as amended and all Criminal Justice Records as defined under C.R.S. §24-72-302.
- I. “**Effective Date**” means the date on which this Contract is approved and signed by the Colorado State Controller or designee, as shown on the Cover Page for this Contract. If this Contract is for a Major Information Technology Project, as defined in §24-37.5-102(2.6), C.R.S., then the Effective Date of this Contract shall be the later of the date on which this Contract is approved and signed by the State’s Chief Information Officer or authorized delegate or the date on which this Contract is approved and signed by the State Controller or authorized delegate, as shown on the Cover Page for this Contract.
- J. “**End of Term Extension**” means the time period defined in §2.D
- K. “**Exhibits**” means the exhibits and attachments included with this Contract as shown on the Cover Page for this Contract.
- L. “**Extension Term**” means the time period defined in §2.C
- M. “**Goods**” means any movable material acquired, produced, or delivered by Contractor as set forth in this Contract and shall include any movable material acquired, produced, or delivered by Contractor in connection with the Services.
- N. “**Incident**” means any accidental or deliberate event that results in or constitutes an imminent threat of the unauthorized access, loss, disclosure, modification, disruption, or destruction of any communications or information resources of the State, which are included as part of the Work, as described in C.R.S. §24-37.5-401, *et. seq.* Incidents include, without limitation, (i) successful attempts to gain unauthorized access to a State system or State Information regardless of where such information is located; (ii) unwanted disruption or denial of service; (iii) the unauthorized use of a State system for the processing or storage of data; or (iv) changes to State system hardware, firmware, or software characteristics without the State’s knowledge, instruction, or consent.
- O. “**Initial Term**” means the time period defined in §2.B
- P. “**Party**” means the State or Contractor, and “**Parties**” means both the State and Contractor.
- Q. “**Payment Card Information (PCI)**” means payment card information including any data related to credit card holders’ names, credit card numbers, or the other credit card information as may be protected by state or federal law.
- R. “**Personal Health Information (PHI)**” means any protected health information, including, without limitation any information whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the

individual. PHI includes, but is not limited to, any information defined as Individually Identifiable Health Information by the federal Health Insurance Portability and Accountability Act.

- S. **“Personally Identifiable Information (PII)”** means personally identifiable information including, without limitation, any information maintained by the State about an individual that can be used to distinguish or trace an individual’s identity, such as name, social security number, date and place of birth, mother’s maiden name, or biometric records; and any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information. PII includes, but is not limited to, all information defined as personally identifiable information in C.R.S. §24-72-501.
- T. **“Services”** means the services to be performed by Contractor as set forth in this Contract and shall include any services to be rendered by Contractor in connection with the Goods.
- U. **“State Confidential Information”** means any and all State Records not subject to disclosure under CORA. State Confidential Information shall include, but is not limited to, PII, PHI, PCI, Tax Information, CJI, and State personnel records not subject to disclosure under CORA. State Confidential Information shall not include information or data concerning individuals that is not deemed confidential but nevertheless belongs to the State, which has been communicated, furnished, or disclosed by the State to Contractor which (i) is subject to disclosure pursuant to CORA; (ii) is already known to Contractor without restrictions at the time of its disclosure to Contractor; (iii) is or subsequently becomes publicly available without breach of any obligation owed by Contractor to the State; (iv) is disclosed to Contractor, without confidentiality obligations, by a third party who has the right to disclose such information; or (v) was independently developed without reliance on any State Confidential Information.
- V. **“State Fiscal Rules”** means the fiscal rules promulgated by the Colorado State Controller pursuant to C.R.S. §24-30-202(13)(a).
- W. **“State Fiscal Year”** means a 12-month period beginning on July 1 of each calendar year and ending on June 30 of the following calendar year. If a single calendar year follows the term, then it means the State Fiscal Year ending in that calendar year.
- X. **“State Records”** means any and all State data, information, and records, regardless of physical form, including, but not limited to, information subject to disclosure under CORA.
- Y. **“Subcontractor”** means third parties, if any, engaged by Contractor to aid in performance of the Work.
- Z. **“Tax Information”** means federal and State of Colorado tax information including, without limitation, federal and State tax returns, return information, and such other tax-related information as may be protected by federal and State law and regulation. Tax Information includes, but is not limited to, all information defined as federal tax information in Internal Revenue Service Publication 1075.
- AA. **“Work”** means the Goods delivered and Services performed pursuant to this Contract.
- BB. **“Work Product”** means the tangible and intangible results of the Work, whether finished or unfinished, including drafts. Work Product includes, but is not limited to, documents, text, software (including source code), research, reports, proposals, specifications, plans, notes, studies, data, images, photographs, negatives, pictures, drawings, designs, models, surveys, maps, materials, ideas, concepts, know-how, and any other results of the Work. “Work

Product” does not include any material that was developed prior to the Effective Date that is used, without modification, in the performance of the Work.

Any other term used in this Contract that is defined in an Exhibit shall be construed and interpreted as defined in that Exhibit, including the terminology in Exhibit C.

4. STATEMENT OF WORK

Contractor shall complete the Work as described in this Contract and in accordance with the provisions of Exhibit A, and Exhibit D. The State shall have no liability to compensate Contractor for the delivery of any goods or the performance of any services that are not specifically set forth in this Contract.

The State, at its discretion, shall have the option to increase or decrease the statewide quantity of Goods and Services based upon rates established in this Contract, and increase the maximum amount payable accordingly. In order to exercise this option, the State shall provide written notice to Contractor in a form substantially equivalent to the Sample Option Letter attached to this contract. Delivery of Goods and performance of Services shall continue at the same rates and terms as described in this Contract.

5. PAYMENTS TO CONTRACTOR

A. Maximum Amount

Payments to Contractor are limited to the unpaid, obligated balance of the Contract Funds. The State shall not pay Contractor any amount under this Contract that exceeds the Contract Maximum for that State Fiscal Year shown on the Cover Page for this Contract.

B. Payment Procedures

i. Invoices and Payment

- a. The State shall pay Contractor in the amounts and in accordance with the schedule and other conditions set forth in Exhibit A, Statement of Work and Exhibit B, Rates.
- b. Contractor shall initiate payment requests by invoice to the State, in a form and manner approved by the State.
- c. The State shall pay each invoice within 45 days following the State’s receipt of that invoice, so long as the amount invoiced correctly represents Work completed by Contractor and previously accepted by the State during the term that the invoice covers. If the State determines that the amount of any invoice is not correct, then Contractor shall make all changes necessary to correct that invoice.
- d. The acceptance of an invoice shall not constitute acceptance of any Work performed or deliverables provided under this Contract.

ii. Interest

Amounts not paid by the State within 45 days of the State’s acceptance of the invoice shall bear interest on the unpaid balance beginning on the 45th day at the rate of one percent per month, as required by C.R.S. §24-30-202(24)(a), until paid in full; provided, however, that interest shall not accrue on unpaid amounts that the State disputes in writing. Contractor shall invoice the State separately for accrued interest on delinquent amounts, and the invoice shall reference the delinquent payment, the number of day’s interest to be paid and the interest rate.

iii. Payment Disputes

If Contractor disputes any calculation, determination or amount of any payment, Contractor shall notify the State in writing of its dispute within 30 days following the earlier to occur of Contractor's receipt of the payment or notification of the determination or calculation of the payment by the State. The State will review the information presented by Contractor and may make changes to its determination based on this review. The calculation, determination or payment amount that results from the State's review shall not be subject to additional dispute under this subsection. No payment subject to a dispute under this subsection shall be due until after the State has concluded its review, and the State shall not pay any interest on any amount during the period it is subject to dispute under this subsection.

iv. Available Funds-Contingency-Termination

The State is prohibited by law from making commitments beyond the term of the current State Fiscal Year. Payment to Contractor beyond the current State Fiscal Year is contingent on the appropriation and continuing availability of Contract Funds in any subsequent year (as provided in the Colorado Special Provisions). If federal funds or funds from any other non-State funds constitute all or some of the Contract Funds, the State's obligation to pay Contractor shall be contingent upon such non-State funding continuing to be made available for payment. Payments to be made pursuant to this Contract shall be made only from Contract Funds, and the State's liability for such payments shall be limited to the amount remaining of such Contract Funds. If State, federal or other funds are not appropriated, or otherwise become unavailable to fund this Contract, the State may, upon written notice, terminate this Contract, in whole or in part, without incurring further liability. The State shall, however, remain obligated to pay for Services and Goods that are delivered and accepted prior to the effective date of notice of termination, and this termination shall otherwise be treated as if this Contract were terminated in the public interest as described in §2.E.

6. REPORTING - NOTIFICATION

A. Litigation Reporting

If Contractor is served with a pleading or other document in connection with an action before a court or other administrative decision-making body, and such pleading or document relates to this Contract or may affect Contractor's ability to perform its obligations under this Contract, Contractor shall, within 10 days after being served, notify the State of such action and deliver copies of such pleading or document to the State's principal representative identified on the Cover Page of this Contract.

B. Performance Outside the State of Colorado or the United States, C.R.S. §24-102-206.

To the extent not previously disclosed in accordance with §24-102-206, C.R.S., Contractor shall provide written notice to the State, in accordance with §14 and in a form designated by the State, within 20 days following the earlier to occur of Contractor's decision to perform Services outside of the State of Colorado or the United States, or its execution of an agreement with a Subcontractor to perform, Services outside the State of Colorado or the United States. Such notice shall specify the type of Services to be performed outside the State of Colorado or the United States and the reason why it is necessary or advantageous to perform such Services at such location or locations, and such notice shall be a public record. Knowing failure by Contractor to provide notice to the State under this section shall constitute

a breach of this Contract. This section shall not apply if the Contract Funds include any federal funds.

7. CONTRACTOR RECORDS

A. Maintenance

Contractor shall maintain a file of all documents, records, communications, notes and other materials relating to the Work (the "Contractor Records"). Contractor Records shall include all documents, records, communications, notes and other materials maintained by Contractor that relate to any Work performed by Subcontractors, and Contractor shall maintain all records related to the Work performed by Subcontractors required to ensure proper performance of that Work. Contractor shall maintain Contractor Records until the last to occur of: **(i)** the date three years after the date this Contract expires or is terminated, **(ii)** final payment under this Contract is made, **(iii)** the resolution of any pending Contract matters, or **(iv)** if an audit is occurring, or Contractor has received notice that an audit is pending, the date such audit is completed and its findings have been resolved (the "Record Retention Period").

B. Inspection

Contractor shall permit the State to audit, inspect, examine, excerpt, copy and transcribe Contractor Records during the Record Retention Period. Contractor shall make Contractor Records available during normal business hours at Contractor's office or place of business, or at other mutually agreed upon times or locations, upon no fewer than two Business Days' notice from the State, unless the State determines that a shorter period of notice, or no notice, is necessary to protect the interests of the State.

C. Monitoring

The State, in its discretion, may monitor Contractor's performance of its obligations under this Contract using procedures as determined by the State. The State shall monitor Contractor's performance in a manner that does not unduly interfere with Contractor's performance of the Work.

D. Final Audit Report

Contractor shall promptly submit to the State a copy of any final audit report of an audit performed on Contractor's records that relates to or affects this Contract or the Work, whether the audit is conducted by Contractor or a third party.

8. CONFIDENTIAL INFORMATION-STATE RECORDS

A. Confidentiality

Contractor shall keep confidential, and cause all Subcontractors to keep confidential, all State Records, unless those State Records are publicly available. Contractor shall not, without prior written approval of the State, use, publish, copy, disclose to any third party, or permit the use by any third party of any State Records, except as otherwise stated in this Contract, permitted by law or approved in Writing by the State. Contractor shall provide for the security of all State Confidential Information in accordance with all policies promulgated by the Colorado Office of Information Security and all applicable laws, rules, policies, publications, and guidelines. If Contractor or any of its Subcontractors will or may receive the following types of data, Contractor or its Subcontractors shall provide for the security of such data according to the following: **(i)** the most recently promulgated IRS Publication 1075 for all Tax

Information and in accordance with the Safeguarding Requirements for Federal Tax Information attached to this Contract as an Exhibit, if applicable, **(ii)** the most recently updated PCI Data Security Standard from the PCI Security Standards Council for all PCI, **(iii)** the most recently issued version of the U.S. Department of Justice, Federal Bureau of Investigation, Criminal Justice Information Services Security Policy for all CJI, and **(iv)** the federal Health Insurance Portability and Accountability Act for all PHI and the HIPAA Business Associate Agreement attached to this Contract, if applicable. Contractor shall immediately forward any request or demand for State Records to the State's principal representative.

B. Other Entity Access and Nondisclosure Agreements

Contractor may provide State Records to its agents, employees, assigns and Subcontractors as necessary to perform the Work, but shall restrict access to State Confidential Information to those agents, employees, assigns and Subcontractors who require access to perform their obligations under this Contract. Contractor shall ensure all such agents, employees, assigns, and Subcontractors sign agreements containing nondisclosure provisions at least as protective as those in this Contract, and that the nondisclosure provisions are in force at all times the agent, employee, assign or Subcontractor has access to any State Confidential Information. Contractor shall provide copies of those signed nondisclosure provisions to the State upon execution of the nondisclosure provisions.

C. Use, Security, and Retention

Contractor shall use, hold and maintain State Confidential Information in compliance with any and all applicable laws and regulations in facilities located within the United States, and shall maintain a secure environment that ensures confidentiality of all State Confidential Information wherever located. Contractor shall provide the State with access, subject to Contractor's reasonable security requirements, for purposes of inspecting and monitoring access and use of State Confidential Information and evaluating security control effectiveness. Upon the expiration or termination of this Contract, Contractor shall return State Records provided to Contractor or destroy such State Records and certify to the State that it has done so, as directed by the State. If Contractor is prevented by law or regulation from returning or destroying State Confidential Information, Contractor warrants it will guarantee the confidentiality of, and cease to use, such State Confidential Information.

D. Incident Notice and Remediation

If Contractor becomes aware of any Incident, it shall notify the State immediately and cooperate with the State regarding recovery, remediation, and the necessity to involve law enforcement, as determined by the State. Unless Contractor can establish that none of Contractor or any of its agents, employees, assigns or Subcontractors are the cause or source of the Incident, Contractor shall be responsible for the cost of notifying each person who may have been impacted by the Incident. After an Incident, Contractor shall take steps to reduce the risk of incurring a similar type of Incident in the future as directed by the State, which may include, but is not limited to, developing and implementing a remediation plan that is approved by the State at no additional cost to the State. The State may, in its sole discretion and at Contractor's sole expense, require Contractor to engage the services of an independent, qualified, State-approved third party to conduct a security audit. Contractor shall provide the State with results of such audit and evidence of Contractor's planned remediation in response to any negative findings.

E. Data Protection and Handling

Contractor shall ensure that all State Records and Work Product in the possession of Contractor or any Subcontractors are protected and handled in accordance with the requirements of this Contract, including the requirements of any Exhibits hereto, at all times.

F. Safeguarding PII

If Contractor or any of its Subcontractors will or may receive PII under this Contract, Contractor shall provide for the security of such PII, in a manner and form acceptable to the State, including, without limitation, State non-disclosure requirements, use of appropriate technology, security practices, computer access security, data access security, data storage encryption, data transmission encryption, security inspections, and audits. Contractor shall be a "Third-Party Service Provider" as defined in §24-73-103(1)(i), C.R.S. and shall maintain security procedures and practices consistent with §§24-73-101 *et seq.*, C.R.S.

9. CONFLICTS OF INTEREST

A. Actual Conflicts of Interest

Contractor shall not engage in any business or activities or maintain any relationships that conflict in any way with the full performance of the obligations of Contractor under this Contract. Such a conflict of interest would arise when a Contractor's or Subcontractor's employee, officer or agent were to offer or provide any tangible personal benefit to an employee of the State, or any member of his or her immediate family or his or her partner, related to the award of, entry into or management or oversight of this Contract.

B. Apparent Conflicts of Interest

Contractor acknowledges that, with respect to this Contract, even the appearance of a conflict of interest shall be harmful to the State's interests. Absent the State's prior written approval, Contractor shall refrain from any practices, activities or relationships that reasonably appear to be in conflict with the full performance of Contractor's obligations under this Contract.

C. Disclosure to the State

If a conflict or the appearance of a conflict arises, or if Contractor is uncertain whether a conflict or the appearance of a conflict has arisen, Contractor shall submit to the State a disclosure statement setting forth the relevant details for the State's consideration. Failure to promptly submit a disclosure statement or to follow the State's direction in regard to the actual or apparent conflict constitutes a breach of this Contract.

10. INSURANCE

Contractor shall obtain and maintain, and ensure that each Subcontractor shall obtain and maintain, insurance as specified in this section at all times during the term of this Contract. All insurance policies required by this Contract shall be issued by insurance companies as approved by the State.

A. Workers' Compensation

Workers' compensation insurance as required by state statute, and employers' liability insurance covering all Contractor or Subcontractor employees acting within the course and scope of their employment.

B. General Liability

Commercial general liability insurance covering premises operations, fire damage, independent contractors, products and completed operations, blanket contractual liability, personal injury, and advertising liability with minimum limits as follows:

- i. \$1,000,000 each occurrence;
- ii. \$1,000,000 general aggregate;
- iii. \$1,000,000 products and completed operations aggregate; and
- iv. \$50,000 any one fire.

C. Automobile Liability

Automobile liability insurance covering any auto (including owned, hired and non-owned autos) with a minimum limit of \$1,000,000 each accident combined single limit.

D. Protected Information

Liability insurance covering all loss of State Confidential Information, such as PII, PHI, PCI, Tax Information, and CJL, and claims based on alleged violations of privacy rights through improper use or disclosure of protected information with minimum limits as follows:

- i. \$1,000,000 each occurrence; and
- ii. \$2,000,000 general aggregate.

E. Professional Liability Insurance

Professional liability insurance covering any damages caused by an error, omission or any negligent act with minimum limits as follows:

- i. \$1,000,000 each occurrence; and
- ii. \$1,000,000 general aggregate.

F. Crime Insurance

Crime insurance including employee dishonesty coverage with minimum limits as follows:

- i. \$1,000,000 each occurrence; and
- ii. \$1,000,000 general aggregate.

G. Additional Insured

The State shall be named as additional insured on all commercial general liability policies (leases and construction contracts require additional insured coverage for completed operations) required of Contractor and Subcontractors.

H. Primacy of Coverage

Coverage required of Contractor and each Subcontractor shall be primary over any insurance or self-insurance program carried by Contractor or the State.

I. Cancellation

The above insurance policies shall include provisions preventing cancellation or non-renewal, except for cancellation based on non-payment of premiums, without at least 30 days' prior notice to Contractor and Contractor shall forward such notice to the State in accordance with **§14** within seven days of Contractor's receipt of such notice.

J. Subrogation Waiver

All insurance policies secured or maintained by Contractor or its Subcontractors in relation to this Contract shall include clauses stating that each carrier shall waive all rights of recovery under subrogation or otherwise against Contractor or the State, its agencies, institutions,

organizations, officers, agents, employees, and volunteers.

K. Certificates

Contractor shall provide to the State certificates evidencing Contractor's insurance coverage required in this Contract within seven Business Days following the Effective Date. Contractor shall provide to the State certificates evidencing Subcontractor insurance coverage required under this Contract within seven Business Days following the Effective Date, except that, if Contractor's subcontract is not in effect as of the Effective Date, Contractor shall provide to the State certificates showing Subcontractor insurance coverage required under this Contract within seven Business Days following Contractor's execution of the subcontract. No later than 15 days before the expiration date of Contractor's or any Subcontractor's coverage, Contractor shall deliver to the State certificates of insurance evidencing renewals of coverage. At any other time during the term of this Contract, upon request by the State, Contractor shall, within seven Business Days following the request by the State, supply to the State evidence satisfactory to the State of compliance with the provisions of this section. Contractor shall provide all certificates electronically to the Department's designated insurance certificate submission site, unless the Department has specifically directed otherwise.

11. BREACH OF CONTRACT

In the event of a Breach of Contract, the aggrieved Party shall give written notice of breach to the other Party. If the notified Party does not cure the Breach of Contract, at its sole expense, within 30 days after the delivery of written notice, the Party may exercise any of the remedies as described in §12 for that Party. Notwithstanding any provision of this Contract to the contrary, the State, in its discretion, need not provide notice or a cure period and may immediately terminate this Contract in whole or in part or institute any other remedy in this Contract in order to protect the public interest of the State; or if Contractor is debarred or suspended under §24-109-105, C.R.S., the State, in its discretion, need not provide notice or cure period and may terminate this Contract in whole or in part or institute any other remedy in this Contract as of the date that the debarment or suspension takes effect.

12. REMEDIES

A. State's Remedies

If Contractor is in breach under any provision of this Contract and fails to cure such breach, the State, following the notice and cure period set forth in §11, shall have all of the remedies listed in this section, in addition to all other remedies set forth in this Contract or at law. The State may exercise any or all of the remedies available to it, in its discretion, concurrently or consecutively.

i. Termination for Breach

In the event of Contractor's uncured breach, the State may terminate this entire Contract or any part of this Contract. Contractor shall continue performance of this Contract to the extent not terminated, if any.

a. Obligations and Rights

To the extent specified in any termination notice, Contractor shall not incur further obligations or render further performance past the effective date of such notice, and shall terminate outstanding orders and subcontracts with third parties. However, Contractor shall complete and deliver to the State all Work not cancelled by the termination notice and may incur obligations as necessary to do

so within this Contract's terms. At the request of the State, Contractor shall assign to the State all of Contractor's rights, title, and interest in and to such terminated orders or subcontracts. Upon termination, Contractor shall take timely, reasonable and necessary action to protect and preserve property in the possession of Contractor but in which the State has an interest. At the State's request, Contractor shall return materials owned by the State in Contractor's possession at the time of any termination. Contractor shall deliver all completed Work Product and all Work Product that was in the process of completion to the State at the State's request.

b. Payments

Notwithstanding anything to the contrary, the State shall only pay Contractor for accepted Work received as of the date of termination. If, after termination by the State, the State agrees that Contractor was not in breach or that Contractor's action or inaction was excusable, such termination shall be treated as a termination in the public interest, and the rights and obligations of the Parties shall be as if this Contract had been terminated in the public interest under **§2.E**.

c. Damages and Withholding

Notwithstanding any other remedial action by the State, Contractor shall remain liable to the State for any damages sustained by the State in connection with any breach by Contractor, and the State may withhold payment to Contractor for the purpose of mitigating the State's damages until such time as the exact amount of damages due to the State from Contractor is determined. The State may withhold any amount that may be due Contractor as the State deems necessary to protect the State against loss including, without limitation, loss as a result of outstanding liens and excess costs incurred by the State in procuring from third parties replacement Work as cover.

ii. Remedies Not Involving Termination

The State, in its discretion, may exercise one or more of the following additional remedies:

a. Suspend Performance

Suspend Contractor's performance with respect to all or any portion of the Work pending corrective action as specified by the State without entitling Contractor to an adjustment in price or cost or an adjustment in the performance schedule. Contractor shall promptly cease performing Work and incurring costs in accordance with the State's directive, and the State shall not be liable for costs incurred by Contractor after the suspension of performance.

b. Withhold Payment

Withhold payment to Contractor until Contractor corrects its Work.

c. Deny Payment

Deny payment for Work not performed, or that due to Contractor's actions or inactions, cannot be performed or if they were performed are reasonably of no value to the state; provided, that any denial of payment shall be equal to the value of the obligations not performed.

d. Removal

Demand immediate removal of any of Contractor's employees, agents, or Subcontractors from the Work whom the State deems incompetent, careless, insubordinate, unsuitable, or otherwise unacceptable or whose continued relation to this Contract is deemed by the State to be contrary to the public interest or the State's best interest.

e. Intellectual Property

If any Work infringes, or if the State in its sole discretion determines that any Work is likely to infringe, a patent, copyright, trademark, trade secret or other intellectual property right, Contractor shall, as approved by the State (i) secure that right to use such Work for the State and Contractor; (ii) replace the Work with noninfringing Work or modify the Work so that it becomes noninfringing; or, (iii) remove any infringing Work and refund the amount paid for such Work to the State.

B. Contractor's Remedies

If the State is in breach of any provision of this Contract and does not cure such breach, Contractor, following the notice and cure period in §11 and the dispute resolution process in §13 shall have all remedies available at law and equity.

13. DISPUTE RESOLUTION

A. Initial Resolution

Except as herein specifically provided otherwise, disputes concerning the performance of this Contract which cannot be resolved by the designated Contract representatives shall be referred in writing to a senior departmental management staff member designated by the State and a senior manager designated by Contractor for resolution.

B. Resolution of Controversies

If the initial resolution described in §13.A fails to resolve the dispute within 10 Business Days, Contractor shall submit any alleged breach of this Contract by the State to the Department's Procurement Official as described in C.R.S. §24-101-301(30), for resolution in accordance with the provisions of C.R.S. §§24-106-109, 24-109-101.1, 24-109-101.5, 24-109-106, 24-109-107, 24-109-201 through 24-109-206, and 24-109-501 through 24-109-505 (the "Resolution Statutes"), except that if Contractor wishes to challenge any decision rendered by the Procurement Official, Contractor's challenge shall be an appeal to the executive director of the Department of Personnel and Administration, or their delegate, under the Resolution Statutes before Contractor pursues any further action as permitted by such statutes. Except as otherwise stated in this Section, all requirements of the Resolution Statutes shall apply including, without limitation, time limitations.

14. NOTICES AND REPRESENTATIVES

Each individual identified as a Principal Representative on the Cover Page for this Contract shall be the principal representative of the designating Party. All notices required or permitted to be given under this Contract shall be in writing, and shall be delivered (A) by hand with receipt required, (B) by certified or registered mail to such Party's principal representative at the address set forth on the Cover Page of this Contract or (C) as an email with read receipt requested to the principal representative at the email address, if any, set forth on the Cover Sheet of this Contract.

If a Party delivers a notice to another through email and the email is undeliverable, then, unless the Party has been provided with an alternate email contact, the Party delivering the notice shall deliver the notice by hand with receipt required or by certified or registered mail to such Party's principal representative at the address set forth on the Cover Page for this Contract. Either Party may change its principal representative or principal representative contact information by notice submitted in accordance with this section without a formal amendment to this Contract. Unless otherwise provided in this Contract, notices shall be effective upon delivery of the written notice.

15. RIGHTS IN WORK PRODUCT AND OTHER INFORMATION

A. Work Product

Contractor assigns to the State and its successors and assigns, the entire right, title, and interest in and to all causes of action, either in law or in equity, for past, present, or future infringement of intellectual property rights related to the Work Product and all works based on, derived from, or incorporating the Work Product. Whether or not Contractor is under contract with the State at the time, Contractor shall execute applications, assignments, and other documents, and shall render all other reasonable assistance requested by the State, to enable the State to secure patents, copyrights, licenses and other intellectual property rights related to the Work Product. To the extent that Work Product would fall under the definition of "works made for hire" under 17 U.S.C.S. §101, the Parties intend the Work Product to be a work made for hire.

i. Copyrights

To the extent that the Work Product (or any portion of the Work Product) would not be considered a work made for hire under applicable law, Contractor hereby assigns to the State, the entire right, title, and interest in and to copyrights in all Work Product and all works based upon, derived from, or incorporating the Work Product; all copyright applications, registrations, extensions, or renewals relating to all Work Product and all works based upon, derived from, or incorporating the Work Product; and all moral rights or similar rights with respect to the Work Product throughout the world. To the extent that Contractor cannot make any of the assignments required by this section, Contractor hereby grants to the State a perpetual, irrevocable, royalty-free license to use, modify, copy, publish, display, perform, transfer, distribute, sell, and create derivative works of the Work Product and all works based upon, derived from, or incorporating the Work Product by all means and methods and in any format now known or invented in the future. The State may assign and license its rights under this license.

ii. Patents

In addition, Contractor grants to the State (and to recipients of Work Product distributed by or on behalf of the State) a perpetual, worldwide, no-charge, royalty-free, irrevocable patent license to make, have made, use, distribute, sell, offer for sale, import, transfer, and otherwise utilize, operate, modify and propagate the contents of the Work Product. Such license applies only to those patent claims licensable by Contractor that are necessarily infringed by the Work Product alone, or by the combination of the Work Product with anything else used by the State.

B. Exclusive Property of the State

Except to the extent specifically provided elsewhere in this Contract, any pre-existing State Records, State software, research, reports, studies, photographs, negatives or other

documents, drawings, models, materials, data and information shall be the exclusive property of the State (collectively, "State Materials"). Contractor shall not use, willingly allow, cause or permit Work Product or State Materials to be used for any purpose other than the performance of Contractor's obligations in this Contract without the prior written consent of the State. Upon termination of this Contract for any reason, Contractor shall provide all Work Product and State Materials to the State in a form and manner as directed by the State.

C. Exclusive Property of Contractor

Contractor retains the exclusive rights, title, and ownership to any and all pre-existing materials owned or licensed to Contractor including, but not limited to, all pre-existing software, licensed products, associated source code, machine code, text images, audio and/or video, and third-party materials, delivered by Contractor under the Contract, whether incorporated in a Deliverable or necessary to use a Deliverable (collectively, "Contractor Property"). Contractor Property shall be licensed to the State as set forth in this Contract or a State approved license agreement: **(i)** entered into as exhibits to this Contract; **(ii)** obtained by the State from the applicable third-party vendor; or **(iii)** in the case of open source software, the license terms set forth in the applicable open source license agreement.

16. GENERAL PROVISIONS

A. Assignment

Contractor's rights and obligations under this Contract are personal and may not be transferred or assigned without the prior, written consent of the State. Any attempt at assignment or transfer without such consent shall be void. Any assignment or transfer of Contractor's rights and obligations approved by the State shall be subject to the provisions of this Contract

B. Subcontracts

Contractor shall not enter into any subcontract in connection with its obligations under this Contract without the prior, written approval of the State. Contractor shall submit to the State a copy of each such subcontract upon request by the State. All subcontracts entered into by Contractor in connection with this Contract shall comply with all applicable federal and state laws and regulations, shall provide that they are governed by the laws of the State of Colorado, and shall be subject to all provisions of this Contract.

C. Binding Effect

Except as otherwise provided in **§16.A.**, all provisions of this Contract, including the benefits and burdens, shall extend to and be binding upon the Parties' respective successors and assigns.

D. Authority

Each Party represents and warrants to the other that the execution and delivery of this Contract and the performance of such Party's obligations have been duly authorized.

E. Captions and References

The captions and headings in this Contract are for convenience of reference only, and shall not be used to interpret, define, or limit its provisions. All references in this Contract to sections (whether spelled out or using the § symbol), subsections, exhibits or other attachments, are references to sections, subsections, exhibits or other attachments contained herein or incorporated as a part hereof, unless otherwise noted.

F. Counterparts

This Contract may be executed in multiple, identical, original counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

G. Entire Understanding

This Contract represents the complete integration of all understandings between the Parties related to the Work, and all prior representations and understandings related to the Work, oral or written, are merged into this Contract. Prior or contemporaneous additions, deletions, or other changes to this Contract shall not have any force or effect whatsoever, unless embodied herein.

H. Digital Signatures

If any signatory signs this agreement using a digital signature in accordance with the Colorado State Controller Contract, Grant and Purchase Order Policies regarding the use of digital signatures issued under the State Fiscal Rules, then any agreement or consent to use digital signatures within the electronic system through which that signatory signed shall be incorporated into this Contract by reference.

I. Modification

Except as otherwise provided in this Contract, any modification to this Contract shall only be effective if agreed to in a formal amendment to this Contract, properly executed and approved in accordance with applicable Colorado State law and State Fiscal Rules. Modifications permitted under this Contract, other than contract amendments, shall conform to the policies issued by the Colorado State Controller.

J. Statutes, Regulations, Fiscal Rules, and Other Authority.

Any reference in this Contract to a statute, regulation, State Fiscal Rule, fiscal policy or other authority shall be interpreted to refer to such authority then current, as may have been changed or amended since the Effective Date of this Contract.

K. External Terms and Conditions

Notwithstanding anything to the contrary herein, the State shall not be subject to any provision included in any terms, conditions, or agreements appearing on Contractor's or a Subcontractor's website or any provision incorporated into any click-through or online agreements related to the Work unless that provision is specifically referenced in this Contract.

L. Severability

The invalidity or unenforceability of any provision of this Contract shall not affect the validity or enforceability of any other provision of this Contract, which shall remain in full force and effect, provided that the Parties can continue to perform their obligations under this Contract in accordance with the intent of this Contract.

M. Survival of Certain Contract Terms

Any provision of this Contract that imposes an obligation on a Party after termination or expiration of this Contract shall survive the termination or expiration of this Contract and shall be enforceable by the other Party.

N. Taxes

The State is exempt from federal excise taxes under I.R.C. Chapter 32 (26 U.S.C., Subtitle D, Ch. 32) (Federal Excise Tax Exemption Certificate of Registry No. 84-730123K) and from State and local government sales and use taxes under §§39-26-704(1), *et seq.*, C.R.S. (Colorado Sales Tax Exemption Identification Number 98-02565). The State shall not be liable for the payment of any excise, sales, or use taxes, regardless of whether any political subdivision of the state imposes such taxes on Contractor. Contractor shall be solely responsible for any exemptions from the collection of excise, sales or use taxes that Contractor may wish to have in place in connection with this Contract.

O. Third Party Beneficiaries

Except for the Parties' respective successors and assigns described in §16.A., this Contract does not and is not intended to confer any rights or remedies upon any person or entity other than the Parties. Enforcement of this Contract and all rights and obligations hereunder are reserved solely to the Parties. Any services or benefits which third parties receive as a result of this Contract are incidental to this Contract, and do not create any rights for such third parties.

P. Waiver

A Party's failure or delay in exercising any right, power, or privilege under this Contract, whether explicit or by lack of enforcement, shall not operate as a waiver, nor shall any single or partial exercise of any right, power, or privilege preclude any other or further exercise of such right, power, or privilege.

Q. CORA Disclosure

To the extent not prohibited by federal law, this Contract and the performance measures and standards required under C.R.S. §24-106-107, if any, are subject to public release through the CORA.

R. Standard and Manner of Performance

Contractor shall perform its obligations under this Contract in accordance with the highest standards of care, skill and diligence in Contractor's industry, trade, or profession.

S. Licenses, Permits, and Other Authorizations.

Contractor shall secure, prior to the Effective Date, and maintain at all times during the term of this Contract, at its sole expense, all licenses, certifications, permits, and other authorizations required to perform its obligations under this Contract, and shall ensure that all employees, agents and Subcontractors secure and maintain at all times during the term of their employment, agency or subcontract, all license, certifications, permits and other authorizations required to perform their obligations in relation to this Contract.

T. Indemnification

i. General Indemnification

Contractor shall indemnify, save, and hold harmless the State, its employees, agents and assignees (the "Indemnified Parties"), against any and all costs, expenses, claims, damages, liabilities, court awards and other amounts (including attorneys' fees and related costs) incurred by any of the Indemnified Parties in relation to any act or omission by Contractor, or its employees, agents, Subcontractors, or assignees in connection with this Contract.

ii. Confidential Information Indemnification

Disclosure or use of State Confidential Information by Contractor in violation of §8 may be cause for legal action by third parties against Contractor, the State, or their respective agents. Contractor shall indemnify, save, and hold harmless the Indemnified Parties, against any and all claims, damages, liabilities, losses, costs, expenses (including attorneys' fees and costs) incurred by the State in relation to any act or omission by Contractor, or its employees, agents, assigns, or Subcontractors in violation of §8.

iii. Intellectual Property Indemnification

Contractor shall indemnify, save, and hold harmless the Indemnified Parties, against any and all costs, expenses, claims, damages, liabilities, and other amounts (including attorneys' fees and costs) incurred by the Indemnified Parties in relation to any claim that any Work infringes a patent, copyright, trademark, trade secret, or any other intellectual property right.

17. COLORADO SPECIAL PROVISIONS (COLORADO FISCAL RULE 3-3)

These Special Provisions apply to all contracts except where noted in italics.

A. STATUTORY APPROVAL. C.R.S. §24-30-202(1)

This Contract shall not be valid until it has been approved by the Colorado State Controller or designee. If this Contract is for a Major Information Technology Project, as defined in §24-37.5-102(2.6), then this Contract shall not be valid until it has been approved by the State's Chief Information Officer or designee.

B. FUND AVAILABILITY. C.R.S. §24-30-202(5.5)

Financial obligations of the State payable after the current State Fiscal Year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.

C. GOVERNMENTAL IMMUNITY.

Liability for claims for injuries to persons or property arising from the negligence of the State, its departments, boards, commissions committees, bureaus, offices, employees and officials shall be controlled and limited by the provisions of the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S.; the Federal Tort Claims Act, 28 U.S.C. Pt. VI, Ch. 171 and 28 U.S.C. 1346(b), and the State's risk management statutes, §§24-30-1501, et seq. C.R.S. No term or condition of this Contract shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions, contained in these statutes.

D. INDEPENDENT CONTRACTOR.

Contractor shall perform its duties hereunder as an independent contractor and not as an employee. Neither Contractor nor any agent or employee of Contractor shall be deemed to be an agent or employee of the State. Contractor shall not have authorization, express or implied, to bind the State to any agreement, liability or understanding, except as expressly set forth herein. **Contractor and its employees and agents are not entitled to unemployment insurance or workers compensation benefits through the State and the State shall not pay for or otherwise provide such coverage for Contractor or any of its agents or employees. Contractor shall pay when due all applicable employment taxes and income taxes and local head taxes incurred pursuant to this Contract. Contractor**

shall (i) provide and keep in force workers' compensation and unemployment compensation insurance in the amounts required by law, (ii) provide proof thereof when requested by the State, and (iii) be solely responsible for its acts and those of its employees and agents.

E. COMPLIANCE WITH LAW.

Contractor shall strictly comply with all applicable federal and State laws, rules, and regulations in effect or hereafter established, including, without limitation, laws applicable to discrimination and unfair employment practices.

F. CHOICE OF LAW, JURISDICTION, AND VENUE.

Colorado law, and rules and regulations issued pursuant thereto, shall be applied in the interpretation, execution, and enforcement of this Contract. Any provision included or incorporated herein by reference which conflicts with said laws, rules, and regulations shall be null and void. All suits or actions related to this Contract shall be filed and proceedings held in the State of Colorado and exclusive venue shall be in the City and County of Denver.

G. PROHIBITED TERMS.

Any term included in this Contract that requires the State to indemnify or hold Contractor harmless; requires the State to agree to binding arbitration; limits Contractor's liability for damages resulting from death, bodily injury, or damage to tangible property; or that conflicts with this provision in any way shall be void ab initio. Nothing in this Contract shall be construed as a waiver of any provision of §24-106-109 C.R.S.

H. SOFTWARE PIRACY PROHIBITION.

State or other public funds payable under this Contract shall not be used for the acquisition, operation, or maintenance of computer software in violation of federal copyright laws or applicable licensing restrictions. Contractor hereby certifies and warrants that, during the term of this Contract and any extensions, Contractor has and shall maintain in place appropriate systems and controls to prevent such improper use of public funds. If the State determines that Contractor is in violation of this provision, the State may exercise any remedy available at law or in equity or under this Contract, including, without limitation, immediate termination of this Contract and any remedy consistent with federal copyright laws or applicable licensing restrictions.

I. EMPLOYEE FINANCIAL INTEREST/CONFLICT OF INTEREST. C.R.S. §§24-18-201 and 24-50-507

The signatories aver that to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described in this Contract. Contractor has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of Contractor's services and Contractor shall not employ any person having such known interests.

J. VENDOR OFFSET AND ERRONEOUS PAYMENTS. C.R.S. §§24-30-202(1) and 24-30-202.4

[Not applicable to intergovernmental agreements] Subject to §24-30-202.4(3.5), C.R.S., the State Controller may withhold payment under the State's vendor offset intercept system for debts owed to State agencies for: (i) unpaid child support debts or child support arrearages; (ii) unpaid balances of tax, accrued interest, or other charges specified in §§39-21-101, *et*

seq., C.R.S.; (iii) unpaid loans due to the Student Loan Division of the Department of Higher Education; (iv) amounts required to be paid to the Unemployment Compensation Fund; and (v) other unpaid debts owing to the State as a result of final agency determination or judicial action. The State may also recover, at the State's discretion, payments made to Contractor in error for any reason, including, but not limited to, overpayments or improper payments, and unexpended or excess funds received by Contractor by deduction from subsequent payments under this Contract, deduction from any payment due under any other contracts, grants or agreements between the State and Contractor, or by any other appropriate method for collecting debts owed to the State.

K. PUBLIC CONTRACTS FOR SERVICES. C.R.S. §8-17.5-101, *et seq.*

[Not applicable to agreements relating to the offer, issuance, or sale of securities, investment advisory services or fund management services, sponsored projects, intergovernmental agreements, or information technology services or products and services] Contractor certifies, warrants, and agrees that it does not knowingly employ or contract with an illegal alien who will perform work under this Contract and will confirm the employment eligibility of all employees who are newly hired for employment in the United States to perform work under this Contract, through participation in the E-Verify Program established under Pub. L. 104-208 or the State verification program established pursuant to C.R.S. §8-17.5-102(5)(c). Contractor shall not knowingly employ or contract with an illegal alien to perform work under this Contract or enter into a contract with a Subcontractor that fails to certify to Contractor that the Subcontractor shall not knowingly employ or contract with an illegal alien to perform work under this Contract. Contractor (i) shall not use E-Verify Program or State program procedures to undertake pre-employment screening of job applicants while this Contract is being performed, (ii) shall notify the Subcontractor and the contracting State agency within three days if Contractor has actual knowledge that a Subcontractor is employing or contracting with an illegal alien for work under this Contract, (iii) shall terminate the subcontract if a Subcontractor does not stop employing or contracting with the illegal alien within three days of receiving the notice, and (iv) shall comply with reasonable requests made in the course of an investigation, undertaken pursuant to C.R.S. §8-17.5-102(5), by the Colorado Department of Labor and Employment. If Contractor participates in the State program, Contractor shall deliver to the contracting State agency, Institution of Higher Education or political subdivision, a written, notarized affirmation, affirming that Contractor has examined the legal work status of such employee, and shall comply with all of the other requirements of the State program. If Contractor fails to comply with any requirement of this provision or C.R.S. §8-17.5-101, *et seq.*, the contracting State agency, institution of higher education or political subdivision may terminate this Contract for breach and, if so terminated, Contractor shall be liable for damages.

L. PUBLIC CONTRACTS WITH NATURAL PERSONS. C.R.S. §24-76.5-101, *et seq.*

Contractor, if a natural person 18 years of age or older, hereby swears and affirms under penalty of perjury that he or she (i) is a citizen or otherwise lawfully present in the United States pursuant to federal law, (ii) shall comply with the provisions of C.R.S. §24-76.5-101, *et seq.*, and (iii) has produced one form of identification required by C.R.S. §24-76.5-103, prior to the Effective Date of this Contract.

EXHIBIT A, STATEMENT OF WORK

1. PROJECT SPECIFIC STATEMENT OF WORK

1.1. General Statement of Work

1.1.1. The purpose of this contract is to develop and implement the Canadian prescription drug importation program for the state of Colorado. This scope outlines the role played by the Importer, a US wholesaler, that is responsible for the purchase and distribution of imported products. The Contract shall support the Importation Program at levels described in specific scope items below and may also include the following services:

1.1.1.1. Importation Drug Distribution Research

1.1.1.2. Incentivization of wholesalers, pharmacies, health insurance companies, and PBMs

1.1.1.3. Federal application writing and support

1.1.1.4. Program Development & Strategy

1.1.1.5. Program Communications Strategy and Stakeholder Engagement

1.1.1.6. Other Projects as mutually agreed by the Contractor and the Department

1.2. Contract Requirements

1.2.1. The following items are requirements to adequately maintain the terms of this contract.

1.2.2. Compliance with all applicable state of Colorado and federal laws

1.2.2.1. Compliance with all applicable state of Colorado and federal laws, rules and regulations, and international laws and standards regarding the development and operation of an Importation Program. The Department may terminate this contract for noncompliance with any stated requirement and reserves the right to audit the Contractor on a scheduled or unscheduled basis.

1.2.3. Maintenance of the licenses and registrations

1.2.3.1. The Contractor shall provide copies of all active licenses and inspection reports that are required to be included in the state of Colorado's SIP.

1.2.3.2. The Contractor shall maintain all current and future required licenses, permits, and/or registrations in good standing for the duration of this Contract. The Department reserves the right to sanction or terminate this contract if the Contractor is found to be in violation of federal or state laws or if the Contractor receives disciplinary action relating to any of these licensures.

1.2.3.2.1. Active Colorado Wholesaler License (W.H.O. or W.H.I.)

1.2.3.2.2. The subcontracted relabeler shall have an Active FDA Registration under 21 CFR Part 207.25.

1.2.3.2.3. The subcontracted qualified laboratory must have an active ISO 17025 accreditation, provide an FDA inspection history that includes how the laboratory satisfactorily addressed any objectionable conditions or practices identified during its most recent FDA inspection, if applicable, and comply with applicable current Good Manufacturing Practice (GMP) requirements including laboratory controls in 21 CFR Part 211.160 and records in 21 CFR Part 211.194.

1.2.3.3. The Contractor shall pass all applicable inspections, announced or unannounced, from federal and state agencies and additional inspections as required by the Department for the duration of this contract. The Contractor shall ensure that any subcontractors working on the Importation Program also pass all applicable inspections related to their work.

1.2.4. **Inspection of Records and Work Performed**

1.2.4.1. The Department and its authorized representatives reserve the right to enter the Contractor's premises, or other places where duties under this Contract are performed. All inspections and evaluations shall be performed in such a manner as not to unduly delay work.

1.2.5. **Facility Requirements**

1.2.5.1. The Contractor shall comply with security and capacity requirements to ensure the safe and efficient distribution of imported products.

1.2.5.2. List of Facility Requirements

1.2.5.2.1. The Contractor shall implement and adhere to the mutually agreed-to plan provided by the Department.

1.2.5.2.2. Ensure Program prescription drugs have adequate space, security, and environmental conditions necessary for proper storage of imported prescription drugs.

1.2.5.2.3. The Contractor shall ensure that the space designated for the Program is for the sole purpose of quarantining, storing and staging imported products for the Program.

1.2.5.2.4. The Contractor's facility shall maintain the following elements while under the Contract with the Department:

1.2.5.2.4.1. Standard Operating Procedures (SOPs) for all processes and procedures relating to the operation of the Importation program including but not limited to; security, product handling, log books, adverse events, environmental conditions, employee access to products, facility management, distribution processes, and employee training programs.

1.2.5.2.4.2. External and internal physical security including, but not limited to, an alarm system, an internal and external security camera system, outdoor lighting, and a keycard or locking system.

1.2.5.2.4.3. Storage system designed specifically for the Importation Program that allows for imported products to be kept separate from the rest of the Contractor's inventory. Imported products awaiting test results must be further separated and secured from imported products allowed for distribution.

1.2.5.2.4.4. Temperature control for all storage areas through an Environmental Monitoring System.

1.2.5.2.5. The Department shall inspect the facility that houses imported products for the Program every 6 months, or as necessary, at the Department's discretion.

1.2.6. **Maintenance of contracts**

1.2.6.1. Maintenance of contracts with a qualified laboratory, relabeler/repackager, if applicable, the state of Colorado's chosen Foreign Seller, reporting contractor, if applicable, and participating Colorado pharmacies.

- 1.2.6.1.1. As part of its ongoing evaluation, the Department, or a designee of the Department, will evaluate the subcontractor candidates and certify their ability to carry out the work of the Importation program.
- 1.2.6.1.1.1. The Department will complete site visits to the contracted relabeler and qualified laboratory candidates on a regular basis as determined by the Department with input from the Contractor.
- 1.2.6.1.2. Each contract with participating Colorado pharmacies shall include a provision that requires pharmacies to submit annually a report that includes the number of imported drugs, by NDC, dispensed for the previous state fiscal year.
- 1.2.6.1.3. The Department reserves the right to review all contracts and subcontracts relevant to the Importation Program.

1.2.7. State Law Requirements

- 1.2.7.1. Surety Bond or comparable Security Agreement
 - 1.2.7.1.1. The Contractor shall submit evidence and maintain a surety bond or comparable Security Agreement in the minimum amount of \$25,000 throughout the duration of this Contract and include the State as a beneficiary.
 - 1.2.7.2. The Contractor shall maintain information and documentation submitted for this Contract for at least 7 years.
 - 1.2.7.3. The Contractor shall collect and maintain other documentation, if requested by the Department, to maintain protection of the public health.

1.2.8. Profit Margin and Markup Methodology

- 1.2.8.1. To satisfy Colorado statutory obligations to set a maximum profit margin to ensure consumer cost savings, the Department has developed the following methodology to assess what the Department and Contractor feel is an appropriate and fair margin on imported products, based on the associated costs of doing business that include: general importation costs, storage, analytical testing, relabeling, company overhead, the collection of a state fee, and other costs as identified.
- 1.2.8.2. Margin: To cover the costs of conducting business the Contractor shall markup imported products in a mutually agreeable fashion and at a mutually agreeable rate after the completion of the Profit Margin Methodology described at Section 1.3.1 of this contract.
- 1.2.8.3. The Contractor and the Department shall meet at least quarterly in Year 1 and at least annually in onward years to assess the needs of the program, review volume of the past year, and projected volume for the next year. During this meeting, the Department and the Contractor will come to a mutually agreeable margin for the next year, or a timeframe sooner than one year if mutually agreed upon in writing by the Department and Contractor, using industry benchmarks, fiscal analyses, and program projections.
 - 1.2.8.3.1. An audit and analysis shall be conducted by an outside entity of the Department's choosing at the close of each year of active importation to assess the appropriateness of the markup.
 - 1.2.8.3.2. Quarterly Financial Report
 - 1.2.8.3.2.1. The Contractor shall submit a Quarterly Financial Report to the Department listing the following data for each imported product:

- 1.2.8.3.2.1.1. The final purchase price for each imported product
- 1.2.8.3.2.1.2. The number of imported products, by unit, purchased
- 1.2.8.3.2.1.3. The selling price for each imported product
- 1.2.8.3.2.1.4. The number of imported products sold to participating pharmacies
- 1.2.8.3.2.1.5. The monthly cost of testing for each imported product
- 1.2.8.3.2.1.6. The monthly cost of relabeling for each imported product
- 1.2.8.3.2.1.7. The overhead and other costs related to the operation of the importation program incurred by the contractor
- 1.2.8.3.2.1.8. The calculated profit retained by the Contractor
- 1.2.8.3.2.2. The report shall include data showing the financial health and performance of the Contractor for the reporting period.
- 1.2.8.3.2.3. The report shall also include data relating to the performance of all subcontractors engaged in the operation of the Importation Program.
- 1.2.8.4. Collection of a state fee: The Department shall collect from the markup a state fee once importation has commenced on a regular basis. This fee shall be calculated and collected at the end of each month and delivered in a format and method laid out by the Department. The Department and the contractor mutually agree to revisit the start date, amount, and timing as volume increases in onward years of the program. The Department reserves the right to delay or change the state fee with input from the Contractor based on program factors.
- 1.2.8.5. Sale of imported products to Colorado pharmacies: The Contractor shall sell the imported product to participating program pharmacies (and other eligible purchasers) for the same price, regardless of geographic location, size of the pharmacy, or ownership status.

1.2.9. Reporting Requirements

- 1.2.9.1. The Contractor shall submit the following reports to the correct entity on time and in a complete and accurate manner. A copy shall be submitted to the Department for any reports submitted to an entity other than the Department. The Contractor shall maintain records of all reports pertaining to the Importation Program for seven years.
- 1.2.9.2. The reports shall be submitted in a mutually agreeable format and include all content requested by the Department.
- 1.2.9.3. Required Reports:

Report	Provenance	Submitted To	Cadence	Content
Annual Report	CO State Statute	The Department	Annually. Content for previous state fiscal year due to Department on October 1.	Data points as described at CRS 25.5-2.5-206.
Annual Financial Audit	CO State Statute	The Department	Annually. Content for previous state fiscal year due to Department on October 1.	Data points as described at CRS 25.5-2.5-203(2)(6).

Quarterly Financial Report	CO State Statute	The Department	Quarterly	Profit margin reporting as described in 1.2.8
Quarterly Importation Report	Final Rule	FDA, Cc the Department	Quarterly	All details as laid out in §251.19 in the Final Rule.
Notification of Conviction or Violation	Final Rule	The Department	Within 5 calendar days of conviction or violation. The Department must submit to FDA within 10 calendar days.	Notify the FDA of any applicable criminal conviction, violation of law, or disciplinary action as described in §251.3(e)(2) and (3).

1.2.9.4. The above table is not an exhaustive list of reports that may be submitted to FDA. The Contractor shall copy the Department on all reports submitted to FDA, including, but not limited to, reports on recalls, returns, and adverse events.

1.2.10. **Program Growth**

1.2.10.1. The Contractor shall notify the Department of any other states, tribes, local governments, or other entities allowed to act as a SIP Sponsor pursuing importation programs that approach the Contractor about expanding importation work.

1.2.10.1.1. The Contractor shall contact another state, tribe, local government, or other entity allowed to act as a SIP Sponsor or subcontract with any entity that is a SIP Sponsor or who performs any work on behalf of a SIP Sponsor the Contractor shall offer the Department the lowest rate or price offered to any other entity for work substantially similar to that in this contract.

1.2.10.2. The Contractor shall brief the Department every 90 days during the first year of active importation on the Contractor's business plan and financial condition to include a description of plans for expansion into new lines of business, intention of expanding or relocating the facility, and a plan for how these changes will impact the operation of the Program and, if needed, suggested remedies. In onward years, the Contractor shall brief the Department every 6 months or sooner, as requested by the Department.

1.2.11. **Acquisitions**

1.2.11.1. The Contractor shall notify the Department within 3 business days if the Contractor is contacted by another entity that is interested in purchasing the Contractor, business lines or assets impacting the Work.

1.2.11.2. The Department reserves the right to terminate the contract should the Contractor be purchased by another entity.

1.2.11.3. If the Contractor is contacted by another entity that is interested in acquiring the Contractor, business lines or assets impacting the Work, the Department shall have the first right of refusal to purchase and operate the Contractor at the rate and terms offered by the entity intending to acquire the Contractor, business lines or assets impacting the Work.

1.2.12. **Department Inquiries and Contact**

1.2.12.1. The Contractor shall acknowledge all Department inquiries within twenty-four (24) hours and respond to them on the next business day. Responses due on a weekend or State holiday shall be submitted to the Contractor no later than the next business day.

1.2.12.2. The Contractor shall meet with Department staff both face-to-face and via video conference throughout the term of this Contract period concerning any issues when requested and required to fulfill the responsibilities of this Contract.

1.2.13. **Post SIP Approval**

1.2.13.1. The Contractor shall implement all processes and procedures laid out in the final rule and laid out in the Importation Work Plan previously approved by the Department, maintaining compliance with all applicable federal and state laws, rules and regulations.

1.2.14. **Complainants Protections**

1.2.14.1. The Contractor shall have a process to protect the anonymity of any complainants or whistleblowers regarding any Program concerns by Contractor employees. The Contractor shall also ensure employees know and follow the adoption of processes and procedures for uncovering and addressing noncompliance, misconduct, or conflicts of interest.

1.3. **Contract Deliverables**

1.3.1. **Profit Margin Methodology**

1.3.1.1. Upon the delivery of the final drug list, the Contractor shall develop and propose a methodology by which to determine an appropriate gross profit margin. The methodology should take into account all estimated costs of the supply chain to include, but not limited to:

1.3.1.1.1. importation costs, the costs of storage, the costs of analytical testing, the costs of repackaging and/or relabeling imported products for sale in Colorado, company overhead, the collection of a state fee, and other costs as identified.

1.3.1.2. The Contractor should consider and propose different methods of payment that may include a percentage markup and a cost-plus methodology.

1.3.1.3. The Profit Margin Methodology is due to the Department on a date mutually agreed to by the Department and Contractor, after the Department delivers the final drug list to the Contractor.

1.3.1.4. Cost: Upon approval by the Department the cost of the profit margin methodology is \$5,000.

1.3.2. **Section 804 (SIP) Application Support**

1.3.2.1. The Contractor shall provide SIP application (or amendment) content and evaluation as requested by the Department. The Contractor, in addition to supplying all necessary documentation (including state and federal inspection history), will also support in the development of narrative sections pertaining to Importer processes, procedures and compliance with all applicable federal requirements.

1.3.2.2. All written information supplied by the Contractor for inclusion into the SIP shall be approved by the department and in a format approved by the Department.

1.3.2.3. The time allotted for providing all applicable licenses, paperwork, etc. shall be agreed upon in writing by both parties. The due date for content will be agreed upon in writing by both parties.

1.3.2.4. Cost: \$200 per hour worked, not to exceed \$5,000 total.

1.3.3. **Co-Marketing with State of Colorado**

1.3.3.1. The Contractor shall support the Department in a regionally focused co-marketing program to solicit interest from Colorado pharmacies to participate in the Importation program.

1.3.3.2. All presentation materials, data, and strategy supplied by the Contractor for in person co-marketing meetings shall be approved by the Department and in a format approved by the Department.

1.3.3.3. Co-marketing meetings shall be scheduled according to the convenience of the Department. Materials created in support of each roadshow meeting shall be submitted to the Department for review no later than 5 business days prior to the scheduled event.

1.3.3.4. Cost: \$5,000 per co-marketing event, not to exceed \$35,000.

1.3.4. **Colorado Pharmacy Contract Agreements**

1.3.4.1. The Contractor shall successfully receive a written agreement (letter of intent) from pharmacies who wish to participate in the Importation program. The written agreement shall be drafted and approved by the Department.

1.3.4.2. This is an ongoing deliverable to be paid upon receipt of pharmacy contract agreements.

1.3.4.3. The Contractor shall be paid \$250 per signed letter of intent in which a Colorado pharmacy agrees to participate in the program and carry Canadian Imported drugs. Volume based incentives may be negotiated for onward years. Year 1 contract agreement incentive payments shall not exceed \$10,000.

1.3.5. **Development of a Successful Mail Order Solution**

1.3.5.1. The Contractor shall develop a plan including regulatory/legal aspects of how to use a mail order house located within the Contractor's business to dispense imported products to Coloradans.

1.3.5.2. The Contractor shall develop the proposal when requested by the Department and submit to the Department by a mutually agreeable date.

1.3.5.3. Cost: Upon approval by the Department, the cost of the mail order solution proposal is \$5,000.

1.3.6. **Stakeholder Opportunities**

1.3.6.1. If requested by the Department, the Contractor shall participate in requested stakeholder engagement programs within Colorado.

1.3.6.2. All presentation materials, data, and information supplied by the Contractor for these meetings shall be approved by the department and in a format approved by the Department.

1.3.6.3. Materials created in support of each roadshow meeting shall be submitted to the Department for review no later than 5 business days prior to the scheduled event.

1.3.6.4. Cost: \$1,000 per virtual stakeholder event (includes preparatory meeting(s) slide development, etc.), \$5,000 per in person event (to cover travel and time worked), not to exceed \$15,000.

1.3.7. **Hourly Consultation as requested by the Department**

1.3.7.1. The Contractor shall consult on topics as requested by the Department.

1.3.7.1.1. Deliverable: Hourly consulting when requested by the Department.

1.3.7.1.2. Due Date: Date mutually agreed by the Contractor and Department in writing.

1.3.7.2. Cost: The Contractor shall be paid at the following hourly of \$200, not to exceed \$5,000 per state fiscal year.

1.3.8. **Ad Hoc Projects**

1.3.8.1. Ad Hoc projects will be related to the overall scope of the work as described in the 2.1.1.

1.3.8.1.1. The description and scope of each project will be mutually agreed to in writing by the Department and the Contractor.

1.3.8.2. The project(s) due date shall be mutually agreed in writing by the department and Contractor.

1.3.8.3. Cost: Ad Hoc Project(s) shall not exceed \$30,000 per state fiscal year.

2. DELIVERABLES, COMPENSATION, AND INVOICING

2.1. Compensation

2.1.1. The Contractor will receive payment as specified in Exhibit B, Rates.

2.2. Detailed Invoicing and Payment Procedures

2.2.1. Contractor shall invoice the Department on a monthly basis, by the 15th Business Day of the month following the month for which the invoice covers. Contractor shall not invoice the Department for a month prior to the last day of that month.

2.2.2. The invoice shall contain all of the following for the month for which the invoice covers:

2.2.2.1. Deliverable Name

2.2.2.1.1. If the project is ad hoc, include the date the project was assigned and a project title

2.2.2.2. Dollar amount being billed

2.3. Closeout Payments

2.3.1. Notwithstanding anything to the contrary in this Contract, all payments for the final month of this Contract shall be paid to Contractor no sooner than 10 days after the Department has determined that Contractor has completed all of the requirements of the Closeout Period.

EXHIBIT B, RATES**STATE FISCAL YEAR 2022-2023**

DELIVERABLE	DATE DUE TO THE DEPARTMENT	FIXED PRICE PAID UPON ACCEPTANCE OF DELIVERABLE
Profit Margin Methodology	Date agreed upon by Importation Team	\$5,000.00
Colorado Pharmacy Contract agreements	Ongoing	\$250.00 per signed letter of intent, NTE \$10,000.00/year
Comarketing with the State of Colorado	Scheduled according to the convenience of the Department	\$5,000.00 per co-marketing event, not to exceed \$35,000.00
Development of a Successful Mail Order Solution	When requested & date mutually agreed	\$5,000.00
Section 804 (SIP) Application Support	Date agreed upon by Importation Team	\$200.00/hour, NTE \$5,000.00
Hourly consulting	Date mutually agreed	\$200.00/hour, NTE \$5,000.00
Stakeholder Support As Requested by the Department	Date mutually agreed	\$1000.00 or \$5,000.00 per event as determined by the contract, NTE \$15,000.00
Ad Hoc Projects	Date mutually agreed	Amount mutually agreeable, NTE \$30,000.00
TOTAL – STATE FISCAL YEAR 2022-2023		\$110,000.00

STATE FISCAL YEAR 2023-2024

DELIVERABLE	DATE DUE TO THE DEPARTMENT	FIXED PRICE PAID UPON ACCEPTANCE OF DELIVERABLE
Section 804 (SIP) Application Support	Date agreed upon by Importation Team	\$200.00/hour, NTE \$5,000.00
Hourly consulting	Date mutually agreed	\$200.00/hour, NTE \$5,000.00
Stakeholder Support As Requested by the Department	Date mutually agreed	\$1000.00 or \$5,000.00 per event as determined by the contract, NTE \$15,000.00
Ad Hoc Projects	Date mutually agreed	Amount mutually agreeable, NTE \$30,000.00
TOTAL – STATE FISCAL YEAR 2023-2024		\$55,000.00

STATE FISCAL YEAR 2024 - 2025

DELIVERABLE	DATE DUE TO THE DEPARTMENT	FIXED PRICE PAID UPON ACCEPTANCE OF DELIVERABLE
Section 804 (SIP) Application Support	Date agreed upon by Importation Team	\$200.00/hour, NTE \$5,000.00
Hourly consulting	Date mutually agreed	\$200.00/hour, NTE \$5,000.00
Stakeholder Support As Requested by the Department	Date mutually agreed	\$1000.00 or \$5,000.00 per event as determined by the contract, NTE \$15,000.00
Ad Hoc Projects	Date mutually agreed	Amount mutually agreeable, NTE \$30,000.00
TOTAL – STATE FISCAL YEAR 2024-2025		\$55,000.00

STATE FISCAL YEAR 2025 - 2026

DELIVERABLE	DATE DUE TO THE DEPARTMENT	FIXED PRICE PAID UPON ACCEPTANCE OF DELIVERABLE
Section 804 (SIP) Application Support	Date agreed upon by Importation Team	\$200.00/hour, NTE \$5,000.00
Hourly consulting	Date mutually agreed	\$200.00/hour, NTE \$5,000.00
Stakeholder Support As Requested by the Department	Date mutually agreed	\$1000.00 or \$5,000.00 per event as determined by the contract, NTE \$15,000.00
Ad Hoc Projects	Date mutually agreed	Amount mutually agreeable, NTE \$30,000.00
TOTAL – STATE FISCAL YEAR 2025-2026		\$55,000.00

STATE FISCAL YEAR 2026 - 2027

DELIVERABLE	DATE DUE TO THE DEPARTMENT	FIXED PRICE PAID UPON ACCEPTANCE OF DELIVERABLE
Section 804 (SIP) Application Support	Date agreed upon by Importation Team	\$200.00/hour, NTE \$5,000.00
Hourly consulting	Date mutually agreed	\$200.00/hour, NTE \$5,000.00
Stakeholder Support As Requested by the Department	Date mutually agreed	\$1000.00 or \$5,000.00 per event as determined by the contract, NTE \$15,000.00
Ad Hoc Projects	Date mutually agreed	Amount mutually agreeable, NTE \$30,000.00
TOTAL – STATE FISCAL YEAR 2026-2027		\$55,000.00

EXHIBIT C, TERMINOLOGY

1. TERMINOLOGY

- 1.1. In addition to the terms defined in §3 of this Contract, the following list of terms shall be construed and interpreted as follows:
 - 1.1.1. Business Interruption – Any event that disrupts Contractor’s ability to complete the Work for a period of time, and may include, but is not limited to a Disaster, power outage, strike, loss of necessary personnel or computer virus.
 - 1.1.2. Child Health Plan Plus (CHP+) – Colorado’s public low-cost health insurance for certain children and pregnant women. It is for people who earn too much to qualify for Health First Colorado (Colorado's Medicaid Program), but not enough to pay for private health insurance.
 - 1.1.3. Closeout Period – The period beginning on the earlier of 90 days prior to the end of the last Extension Term or notice by the Department of its decision to not exercise its option for an Extension Term, and ending on the day that the Department has accepted the final deliverable for the Closeout Period, as determined in the Department-approved and updated Closeout Plan, and has determined that the closeout is complete.
 - 1.1.4. Colorado Revised Statutes (C.R.S.) – The legal code of Colorado; the legal codified general and permanent statutes of the Colorado General Assembly.
 - 1.1.5. Consumer Price Index- Urban (CPI-U) – The Consumer Price Index for All Urban Consumers published by the US Department of Labor, Bureau of Labor Statistics.
 - 1.1.6. Contractor Management Team - includes the Key Personnel as defined Exhibit D, Contractor’s Administrative Requirements, section 2.3 as well as ownership of the business.
 - 1.1.7. Data – State Confidential Information and other State information resources transferred to the Contractor for the purpose of completing a task or project assigned in the Statement of Work.
 - 1.1.8. Deliverable – Any tangible or intangible object produced by Contractor as a result of the work that is intended to be delivered to the Department, regardless of whether the object is specifically described or called out as a “Deliverable” or not.
 - 1.1.9. Disaster – An event that makes it impossible for Contractor to perform the Work out of its regular facility or facilities, and may include, but is not limited to, natural disasters, fire or terrorist attacks.
 - 1.1.10. Eligible Prescription Drug (Imported Drug) - a drug subject to section 503(b) of the Federal Food, Drug, and Cosmetic Act that has been approved and has received a Notice of Compliance and a Drug Identification Number (DIN) from the Health Products and Food Branch of Health Canada.
 - 1.1.11. Expired product - a prescription drug for which the date that the manufacturer guarantees the full potency and safety of a medication has passed
 - 1.1.12. Final Rule - The regulatory structure for state-led importation programs set forth by the FDA implementing 21 CFR Parts 1 and 251
 - 1.1.13. Foreign Seller - an establishment within Canada engaged in the distribution of an eligible prescription drug that is imported or offered for importation into the United States
 - 1.1.14. Fraud – An intentional deception or misrepresentation made by a person with the knowledge

that the deception could result in some unauthorized benefit to that person or some other person and includes any act that constitutes fraud under any federal or state law.

- 1.1.15. Health First Colorado – Colorado’s Medicaid Program.
- 1.1.16. Health Insurance Portability and Accountability Act (HIPAA) – The Health Insurance Portability and Accountability Act of 1996, as amended.
- 1.1.17. Importer - a pharmacist or wholesaler. An Importer must be a State-licensed pharmacist, or a State- or FDA-licensed wholesale distributor, who is the U.S. owner of an eligible prescription drug at the time of entry into the United States.
- 1.1.18. Key Personnel – The position or positions that are specifically designated as such in this Contract.
- 1.1.19. Margin - the difference between the purchase price and selling price of an imported product.
- 1.1.20. Markup - an amount added to an imported product to cover the costs of conducting the business of the Importation Program
- 1.1.21. Member – Any individual enrolled in the Colorado Medicaid program, Colorado’s CHP+ program or the Colorado Indigent Care Program, as determined by the Department.
- 1.1.22. Operational Start Date – When the Department authorizes Contractor to begin fulfilling its obligations under the Contract.
- 1.1.23. Other Personnel – Individuals and Subcontractors, in addition to Key Personnel, assigned to positions to complete tasks associated with the Work.
- 1.1.24. Program - Colorado Drug Importation Program
- 1.1.25. Program Foreign Seller - the foreign seller selected by the Department
- 1.1.26. Program Qualified Laboratory - the qualified laboratory selected to participate in the Importation Program
- 1.1.27. Program Pharmacy – any pharmacy that purchases program imported medications for the purpose of dispensing to Colorado residents.
- 1.1.28. Program Repackager - the qualified repackager selected to participate in the Importation Program
- 1.1.29. Provider – Any health care professional or entity that has been accepted as a provider in the Colorado Medicaid program, Colorado’s CHP+ program or the Colorado Indigent Care Program, as determined by the Department.
- 1.1.30. Qualifying Laboratory - a laboratory in the United States that has been approved by FDA for the purposes of section 804 of the Federal Food, Drug, and Cosmetic Act.
- 1.1.31. Recalled product - a prescription medicine removed from the market because it is found to be either defective or potentially harmful
- 1.1.32. Relabeler - an establishment that relabels a drug and is registered with FDA.
- 1.1.33. Serialization (Pharmaceutical) - a comprehensive system to track and trace the passage of prescription drugs through the entire supply chain
- 1.1.34. State - State of Colorado

- 1.1.35. State Statute - SB19-005 passed in May 2019, allowing the Colorado drug importation program to be developed. Can be found in the Colorado Revised Statutes at §25.5-1-201 through §25.5-1-207.
- 1.1.36. Start-Up Period – The period starting on the Effective Date and ending on the Operational Start Date.
- 1.1.37. Suspect Foreign Product/Illegitimate Foreign Product - a drug purchased by a Foreign Seller from a manufacturer, and intended for sale to an Importer in the United States, for which the Foreign Seller has reason to believe that such product: (1) Is potentially counterfeit, diverted, or stolen; (2) Is potentially intentionally adulterated such that the product would result in serious adverse health consequences or death to humans; (3) Is potentially the subject of a fraudulent transaction; or (4) Appears otherwise unfit for distribution such that the product would result in serious adverse health consequences or death to humans.
- 1.1.38. Unit - the smallest saleable package of a drug (ex: individual box, bottle, etc.)
- 1.1.39. Warehouse Management system (WMS) - software application designed to support and optimize warehouse functionality and distribution center management.
- 1.1.40. Wholesale Drug Distributor (WDD) - anyone engaged in wholesale distribution of prescription drugs.

2. ACRONYMS AND ABBREVIATIONS

- 2.1. The following list is provided to assist the reader in understanding certain acronyms and abbreviations used in this Contract:
 - 2.1.1. CFR – Code of Federal Regulations
 - 2.1.2. CORA –Colorado Open Records Act, C.R.S. §24–72–200.1, et. seq.
 - 2.1.3. C.R.S. – Colorado Revised Statutes
 - 2.1.4. CPI – Consumer Price Index
 - 2.1.5. CPI-U – CPI for all urban consumers
 - 2.1.6. FDA - United State Food and Drug Administration
 - 2.1.7. FDCA - Federal Food Drug & Cosmetic Act
 - 2.1.8. HIPAA – Health Insurance Portability and Accountability Act of 1996, as amended.
 - 2.1.9. HPFB - the Health Products & Food Branch of Health Canada
 - 2.1.10. MFCU – the Colorado Medicaid Fraud Control Unit in the Colorado Department of Law
 - 2.1.11. NDC - National Drug Code
 - 2.1.12. SFY – State Fiscal Year
 - 2.1.13. SIP - Section 804 Importation Proposal - the name of the application to FDA for an Importation program
 - 2.1.14. SOP - Standard Operating Procedure
 - 2.1.15. U.S.C. – United States Code
 - 2.1.16. VARA – Visual Rights Act of 1990
 - 2.1.17. W.H.I. - Colorado In-State Wholesaler License

2.1.18. W.H.O. - Colorado Out of State Wholesaler License

EXHIBIT D, CONTRACTOR'S ADMINISTRATIVE REQUIREMENTS

1. CONTRACTOR'S GENERAL REQUIREMENTS

- 1.1. The Department will contract with only one organization, the Contractor, and will work solely with that organization with respect to all tasks and deliverables to be completed, services to be rendered and performance standards to be met under this Contract.
- 1.2. Contractor may be privy to internal policy discussions, contractual issues, price negotiations, confidential medical information, Department financial information, advance knowledge of legislation and other Confidential Information. In addition to all other confidentiality requirements of the Contract, the Contractor shall also consider and treat any such information as Confidential Information and shall only disclose it in accordance with the terms of the Contract.
- 1.3. The Contractor shall work cooperatively with Department staff and, if applicable, the staff of other State contractors to ensure the completion of the Work. The Department may, in its sole discretion, use other contractors to perform activities related to the Work that are not contained in the Contract or to perform any of the Department's responsibilities. In the event of a conflict between Contractor and any other State contractor, the State will resolve the conflict and Contractor shall abide by the resolution provided by the State.
- 1.4. The Contractor shall inform the Department on current trends and issues in the healthcare marketplace and provide information on new technologies in use that may impact the Contractor's responsibilities under this Contract.
- 1.5. The Contractor shall maintain complete and detailed records of all meetings, system development life cycle documents, presentations, project artifacts, and any other interactions or Deliverables related to the Work described in the Contract. The Contractor shall make such records available to the Department upon request throughout the term of the Contract.
- 1.6. Deliverables
 - 1.6.1. All Deliverables shall meet Department-approved format and content requirements. The Department will specify the number of copies and media for each Deliverable.
 - 1.6.1.1. Contractor shall submit each Deliverable to the Department for review and approval and shall adhere to the following Deliverable process such for any documentation creation, review, and acceptable cycle, the Contractor shall:
 - 1.6.1.1.1. Gather and document requirements for the Deliverable.
 - 1.6.1.1.2. Create a draft in the Department-approved format for the individual Deliverable.
 - 1.6.1.1.3. Perform internal quality control review(s) of the Deliverable, including, but not limited to:
 - 1.6.1.1.3.1. Readability.
 - 1.6.1.1.3.2. Spelling.
 - 1.6.1.1.3.3. Grammar.
 - 1.6.1.1.3.4. Completion.
 - 1.6.1.1.4. Adhere to all required templates or development of templates.
 - 1.6.1.1.5. Perform modifications that include version control and tracked changes.

- 1.6.1.2. The Department will review the Deliverable and may direct Contractor to make changes to the Deliverable. Contractor shall make all changes within five Business Days following the Department's direction to make the change unless the Department provides a longer period in writing.
- 1.6.1.2.1. Changes the Department direct include, but are not limited to, modifying portions of the Deliverable, requiring new pages or portions of the Deliverable, requiring resubmission of the Deliverable or requiring inclusion of information or components that were left out of the Deliverable.
- 1.6.1.2.2. The Department may also direct Contractor to provide clarification or provide a walkthrough of any Deliverable to assist the Department in its review. Contractor shall provide the clarification or walkthrough as directed by the Department.
- 1.6.1.3. Once the Department has received an acceptable version of the Deliverable, including all changes directed by the Department, the Department will notify Contractor of its acceptance of the Deliverable in writing. A Deliverable shall not be deemed accepted prior to the Department's notice to Contractor of its acceptance of that Deliverable.
- 1.6.2. Contractor shall employ an internal quality control process to ensure that all Deliverables are complete, accurate, easy to understand and of high quality, as described herein. Contractor shall provide Deliverables that, at a minimum, are responsive to the specific requirements for that Deliverable, organized into a logical order, contain accurate spelling and grammar, are formatted uniformly, and contain accurate information and correct calculations. Contractor shall retain all draft and marked-up documents and checklists utilized in reviewing Deliverables for reference as directed by the Department.
- 1.6.3. In the event any due date for a Deliverable falls on a day that is not a Business Day, the due date shall be automatically extended to the next Business Day, unless otherwise directed by the Department.
- 1.6.4. All due dates or timelines that reference a period of days, months or quarters shall be measured in calendar days, months and quarters unless specifically stated as being measured in Business Days or otherwise. All times stated in the Contract shall be considered to be in Mountain Time, adjusted for Daylight Saving Time as appropriate, unless specifically stated otherwise.
- 1.6.5. No Deliverable, report, data, procedure or system created by Contractor for the Department that is necessary to fulfilling Contractor's responsibilities under the Contract, as determined by the Department, shall be considered proprietary.
- 1.6.6. If any Deliverable contains ongoing responsibilities or requirements for the Contractor, such as Deliverables that are plans, policies or procedures, then Contractor shall comply with all requirements of the most recently approved version of that Deliverable. Contractor shall not implement any version of any such Deliverable prior to receipt of the Department's written approval of that version of that Deliverable. Once a version of any Deliverable described in this subsection is approved by the Department, all requirements, milestones and other Deliverables contained within that Deliverable shall be considered to be requirements, milestones and Deliverables of this Contract.
- 1.6.6.1. Any Deliverable described as an update of another Deliverable shall be considered a version of the original Deliverable for the purposes of this subsection.

1.7. Stated Deliverables and Performance Standards

1.7.1. Any section within this Statement of Work headed with or including the term "DELIVERABLE" or "PERFORMANCE STANDARD" is intended to highlight a Deliverable or performance standard contained in this Statement of Work and provide a clear due date for the Deliverables. The sections with these headings are for ease of reference not intended to expand or limit the requirements or responsibilities related to any Deliverable or performance standard, except to provide the due date for the Deliverables.

1.8. Communication with the Department

1.8.1. The Contractor shall enable all Contractor staff to exchange documents and electronic files with the Department staff in formats compatible with the Department's systems. The Department currently uses Microsoft Office 2016 and/or Microsoft Office 365 for PC. If the Contractor uses a compatible program, then the Contractor shall ensure that all documents or files delivered to the Department are completely transferrable and reviewable, without error, on the Department's systems.

1.8.2. The Department will use electronic mail to provide the Contractor with official direction within the scope of the Contract. The Contractor shall comply with all direction contained within these program emails. For a transmittal to be considered complete, it must include, at a minimum, all of the following:

1.8.2.1. The date the request will be effective.

1.8.2.2. Direction to the Contractor regarding performance under the Contract.

1.8.2.3. A due date or timeline by which the Contractor shall comply with the direction contained in the request.

1.8.2.4. The signature of the Department employee who has been designated to sign transmittals.

1.8.2.4.1. The Department will provide the Contractor with the name of the person it has designated to sign documents on behalf of the Department, who will be the Department's primary designee. The Department will also provide the Contractor with a list of backups who may sign a transmittal on behalf of the Department if the primary designee is unavailable. The Department may change any of its designees from time to time by providing notice to the Contractor through an email request.

1.8.3. The Department may deliver a completed request to the Contractor in hard copy, as a scanned attachment to an email or through a dedicated communication system, if such a system is available.

1.8.4. If the Contractor receives conflicting requests, the Contractor shall contact the Department's primary designee, or backup designees if the primary designee is unavailable, to obtain direction. If the Department does not provide direction otherwise, then the request or directive with the latest effective date shall control.

1.8.5. In the event that the Contractor receives direction from the Department outside of the normal process, it shall contact the Department's primary designee, or backup designees if the primary designee is unavailable, and have the Department confirm that direction through a written communication prior to complying with that direction.

1.8.6. The Contractor shall retain all written requests for reference and shall provide copies of any received transmittals upon request by the Department.

1.8.7. Business Continuity Plan

- 1.8.7.1. The Contractor shall create a Business Continuity Plan that the Contractor will follow in order to continue operations after a Disaster or a Business Interruption. The Business Continuity Plan shall include, but is not limited to, all of the following:
 - 1.8.7.1.1. How the Contractor will replace staff that are lost or unavailable during or after a Business Interruption so that the Work is performed in accordance with the Contract.
 - 1.8.7.1.2. How the Contractor will back-up all information necessary to continue performing the Work, so that no information is lost because of a Business Interruption.
 - 1.8.7.1.2.1. In the event of a Disaster, the plan shall also include how the Contractor will make all information available at its back-up facilities.
 - 1.8.7.1.3. How the Contractor will maintain complete back-up copies of all data, databases, operating programs, files, systems, and software pertaining to enrollment information at a Department-approved, off-site location.
 - 1.8.7.1.4. How the Contractor will minimize the effects on Members of any Business Interruption.
 - 1.8.7.1.5. How the Contractor will communicate with the Department during the Business Interruption and points of contact within the Contractor's organization the Department can contact in the event of a Business Interruption.
 - 1.8.7.1.6. Planned long-term back-up facilities out of which the Contractor can continue operations after a Disaster.
 - 1.8.7.1.7. The time period it will take to transition all activities from the Contractor's regular facilities to the back-up facilities after a Disaster.
- 1.8.8. Closeout Plan
 - 1.8.8.1. The Contractor shall create a Closeout Plan that describes all requirements, steps, timelines, milestones, and Deliverables necessary to fully transition the services described in the Contract from the Contractor to the Department or to another contractor selected by the Department to be the contractor after the termination of the Contract.
 - 1.8.8.1.1. The Closeout Plan shall also designate an individual to act as a closeout coordinator who will ensure that all requirements, steps, timelines, milestones, and deliverables contained in the Closeout Plan are completed and work with the Department and any other contractor to minimize the impact of the transition on Members and the Department.
 - 1.8.8.1.2. The Contractor shall deliver the Closeout Plan to the Department for review and approval.
- 1.9. Closeout Period
 - 1.9.1. During the Closeout Period, the Contractor shall complete all of the following:
 - 1.9.1.1. Implement the most recent Closeout Plan or Closeout Plan Update as approved by the Department in the Operations Guide, as described herein and complete all steps, Deliverables and milestones contained in the most recent Closeout Plan or Closeout Plan Update that has been approved by the Department.
 - 1.9.1.2. Provide to the Department, or any other contractor at the Department's direction, all reports, data, systems, Deliverables and other information reasonably necessary for a

transition as determined by the Department or included in the most recent Closeout Plan or Closeout Plan Update that has been approved by the Department.

- 1.9.1.3. Ensure that all responsibilities under the Contract have been transferred to the Department, or to another contractor at the Department's direction, without significant interruption.
- 1.9.1.4. Notify any Subcontractors of the termination of the Contract, as directed by the Department.
- 1.9.1.5. Notify all applicable subcontractors, that Contractor will no longer be the Importer as directed by the Department. Contractor shall create these notifications and deliver them to the Department for approval. Once the Department has approved the notifications, Contractor shall deliver these notifications to all applicable subcontractors, but in no event shall Contractor deliver any such notification prior to approval of that notification by the Department.
 - 1.9.1.5.1. DELIVERABLE: Subcontractor Notifications
 - 1.9.1.5.2. DUE: 30 days prior to termination of the Contract
- 1.9.1.6. Continue meeting each requirement of the Contract as described in the Department-approved and updated Closeout Plan, or until the Department determines that specific requirement is being performed by the Department or another contractor, whichever is sooner. The Department will determine when any specific requirement is being performed by the Department or another contractor, and will notify the Contractor of this determination for that requirement.
- 1.9.1.7. The Closeout Period may extend past the termination of the Contract. The Department will perform a closeout review to ensure that Contractor has completed all requirements of the Closeout Period. If Contractor has not completed all of the requirements of the Closeout Period by the date of the termination of the Contract, then any incomplete requirements shall survive termination of the Contract.

1.10. Performance Reviews

- 1.10.1. The Department may conduct performance reviews or evaluations of the Contractor in relation to the Work performed under the Contract.
- 1.10.2. The Department may work with the Contractor in the completion of any performance reviews or evaluations or the Department may complete any or all performance reviews or evaluations independently, at the Department's sole discretion.
- 1.10.3. The Contractor shall provide all information necessary for the Department to complete all performance reviews or evaluations, as determined by the Department, upon the Department's request. The Contractor shall provide this information regardless of whether the Department decides to work with the Contractor on any aspect of the performance review or evaluation.
- 1.10.4. The Department may conduct these performance reviews or evaluations at any point during the term of the Contract, or after termination of the Contract for any reason.
- 1.10.5. The Department may make the results of any performance reviews or evaluations available to the public, or may publicly post the results of any performance reviews or evaluations.

1.11. Renewal Options and Extensions

- 1.11.1. The Department may, within its sole discretion, choose to not exercise any renewal option in the Contract for any reason. If the Department chooses to not exercise an option, it may reprocure the performance of the Work in its sole discretion.
- 1.11.2. The Parties may amend the Contract to extend beyond five years, in accordance with the Colorado Procurement Code and its implementing rules, in the event that the Department determines the extension is necessary to align the Contract with other Department contracts, to address state or federal programmatic or policy changes related to the Contract, or to provide sufficient time to transition the Work.
- 1.11.3. In the event that the Contract is extended beyond five years, the annual maximum compensation for the Contract in any of those additional years shall not exceed the Contract maximum amount for the prior State Fiscal Year (SFY) plus the annual percent increase in the Consumer Price Index for All Urban Consumers (CPI-U) for the Denver-Boulder-Greeley metropolitan area for the calendar year ending during that prior SFY. If the CPI-U for Denver-Boulder-Greeley is for some reason not available as specified in this subsection, the increase shall be equal to the percent increase in the CPI-U (U.S.) for the same period.
- 1.11.4. The limitation on the annual maximum compensation in this Contract shall not include increases made specifically as compensation for additional Work added to the Contract.

1.12. Department System Access

- 1.12.1. In the event that the Contractor requires access to any Department computer system to complete the Work, the Contractor shall have and maintain all hardware, software, and interfaces necessary to access the system without requiring any modification to the Department's system. The Contractor shall follow all Department policies, processes, and procedures necessary to gain access to the Department's systems.
- 1.12.2. The Contractor shall be responsible for any costs associated with obtaining and maintaining access to systems needed to perform the Work under this solicitation, as determined by the Department. The Department will not reimburse the Contractor for any costs associated with obtaining and maintaining access to Department systems.

2. CONTRACTOR PERSONNEL

2.1. Personnel General Requirements

- 2.1.1. Contractor shall provide qualified Key Personnel and Other Personnel as necessary to perform the Work throughout the term of the Contract.
 - 2.1.1.1. Contractor shall provide the Department with a final list of individuals assigned to the Contract and appropriate contact information for those individuals.
 - 2.1.1.1.1. DELIVERABLE: Final list of individuals assigned to the Contract
 - 2.1.1.1.2. DUE: Within five Business Days after the Effective Date
 - 2.1.1.2. Contractor shall update this list upon the Department's request to account for changes in the individuals assigned to the Contract.
 - 2.1.1.2.1. DELIVERABLE: Updated list of individuals assigned to the Contract
 - 2.1.1.2.2. DUE: Within five Business Days after the Department's request for an update
- 2.1.2. Contractor shall not permit any individual proposed for assignment to Key Personnel positions to perform any Work prior to the Department's approval of that individual to be

assigned as Key Personnel.

- 2.1.3. Contractor shall not voluntarily change individuals in Key Personnel positions without the prior written approval of the Department. Contractor shall supply the Department with the name, resume and references for any proposed replacement whenever there is a change to Key Personnel. Any individual replacing Key Personnel shall have qualifications that are equivalent to or exceed the qualifications of the individual that previously held the position, unless otherwise approved in writing by the Department.
 - 2.1.3.1. DELIVERABLE: Name(s), resume(s) and references for the person(s) replacing anyone in a Key Personnel position during a voluntary change
 - 2.1.3.2. DUE: At least five Business Days prior to the change in Key Personnel
- 2.1.4. If any individual filling a Key Personnel position leaves employment with Contractor, Contractor shall propose a replacement person to the Department. The replacement person shall have qualifications that are equivalent to or exceed the qualifications of the individual that previously held the position, unless otherwise approved, in writing, by the Department.
 - 2.1.4.1. DELIVERABLE: Name(s), resume(s) and references for the person(s) replacing anyone in a Key Personnel position who leaves employment with Contractor
 - 2.1.4.2. DUE: Within 10 Business Days after Contractor's receipt of notice that the person is leaving employment, unless the Department allows for a longer time in writing for Contractor to recruit a replacement.
- 2.1.5. Contractor's Key Personnel shall perform the majority of their work and responsibilities on this project in the Denver metropolitan area, unless the Department grants permission otherwise in writing.
- 2.1.6. If any of Contractor's Key Personnel or Other Personnel are required to have and maintain any professional licensure or certification issued by any federal, state or local government agency, then Contractor shall submit copies of such current licenses and certifications to the Department.
 - 2.1.6.1. DELIVERABLE: All current professional licensure and certification documentation as specified for Key Personnel or Other Personnel
 - 2.1.6.2. DUE: Within five Business Days of receipt of updated licensure or upon request by the Department
- 2.2. Personnel Availability
 - 2.2.1. Contractor shall ensure Key Personnel and Other Personnel assigned to the Contract are available for meetings with the Department during the Department's normal business hours, as determined by the Department. Contractor shall also make these personnel available outside of the Department's normal business hours and on weekends with prior notice from the Department.
 - 2.2.2. Contractor's Key Personnel and Other Personnel shall be available for all regularly scheduled meetings between Contractor and the Department, unless the Department has granted prior written approval otherwise.
 - 2.2.3. Contractor shall ensure that the Key Personnel and Other Personnel attending all meetings between the Department and Contractor have the authority to represent and commit Contractor regarding work planning, problem resolution and program development.

- 2.2.4. At the Department’s direction, the Contractor shall make its Key Personnel and Other Personnel available to attend meetings as subject matter experts with stakeholders both within the State government and external private stakeholders.
- 2.2.5. All of Contractor’s Key Personnel and Other Personnel that attend any meeting with the Department or other Department stakeholders shall be physically present at the location of the meeting, unless the Department gives prior, written permission to attend by telephone or video conference. If Contractor has any personnel attend by telephone or video conference, Contractor shall provide all additional equipment necessary for attendance, including any virtual meeting space or telephone conference lines.
- 2.2.6. The Contractor shall respond to all telephone calls, voicemails, and emails from the Department within two Business Days of receipt by the Contractor.

2.3. Key Personnel

2.3.1. The Contractor shall provide the Department with a list of individuals assigned to the Contract and appropriate contact information for those individuals. The Contractor shall designate people to hold the following Key Personnel positions. The Contractor shall ensure the following roles are filled and the Contractor is able to complete the requirements on an ongoing basis. The Contractor shall designate people to hold the following Key Personnel positions:

2.3.1.1. Project Lead

2.3.1.1.1. The Project Lead shall have the following qualifications:

2.3.1.1.1.1. Project Management Experience

2.3.1.1.1.2. The project lead may serve as the project lead and also hold a different Key Personnel position, as defined below.

2.3.1.1.2. The Project Lead shall be responsible for all of the following:

2.3.1.1.2.1. Serving as Contractor’s primary point of contact for the Department.

2.3.1.1.2.2. Ensuring the completion of all Work in accordance with the Contract’s requirements. This includes, but is not limited to, ensuring the accuracy, timeliness and completeness of all work.

2.3.1.1.2.3. Overseeing all other Key Personnel and Other Personnel and ensuring proper staffing levels throughout the term of the Contract.

2.3.1.2. Importation Wholesale Manager

2.3.1.2.1. Pharmaceutical Wholesale management experience

2.3.1.2.2. Management of a quality assurance program including on site evaluations, internal audits and customer surveys

2.3.1.2.3. Pharmaceutical commercial experience

2.3.1.2.4. Pharmaceutical pedigree tracking system experience

2.3.1.2.5. Background in the practice of pharmacy management

2.3.1.3. Importation Operations Manager

2.3.1.3.1. Supply Chain Experience

- 2.3.1.3.2. Warehouse Management System (WMS) Experience
- 2.3.1.3.3. Data Analysis experience
- 2.3.1.3.4. Pharmaceutical pedigree tracking system experience
- 2.3.1.3.5. Pharmaceutical wholesaler management experience
- 2.3.1.3.6. Inventory management experience
- 2.3.2. Contractor shall not allow for any individual to fill more than one of the roles defined as Key Personnel unless stated above or approved in writing by the Department.
- 2.3.3. In the event of significant change in the Contractor's management team, the Department shall be notified within three business days and reserves the right to terminate the Contract if mutually agreeable replacements are not identified within 30 days.
- 2.3.4. The Contractor shall ensure the Department is aware of changes in Key Personnel working on the Importation Program. Should changes to the core team be made, the Contractor shall send resumes for newly added staff that has an operational or oversight role in the Program.
- 2.3.5. The Department reserves the right to request changes to the Key Personnel working on the Program should the Department have concerns about the capabilities, responsiveness, or general quality of work.
- 2.4. Other Personnel Responsibilities
 - 2.4.1. Contractor shall use its discretion to determine the number of Other Personnel necessary to perform the Work in accordance with the requirements of this Contract. If the Department determines that Contractor has not provided sufficient Other Personnel to perform the Work in accordance with the requirements of this Contract, Contractor shall provide all additional Other Personnel necessary to perform the Work in accordance with the requirements of this Contract at no additional cost to the Department.
 - 2.4.2. Contractor shall ensure that all Other Personnel have sufficient training and experience to complete all portions of the Work assigned to them. Contractor shall provide all necessary training to its Other Personnel, except for State-provided training specifically described in this Contract.
 - 2.4.3. Contractor may subcontract to complete a portion of the Work required by the Contract. The conditions for using a Subcontractor or Subcontractors are as follows:
 - 2.4.3.1. Contractor shall not subcontract more than 40% of the Work.
 - 2.4.3.2. Contractor shall provide the organizational name of each Subcontractor and all items to be worked on by each Subcontractor to the Department.
 - 2.4.3.2.1. DELIVERABLE: Name of each Subcontractor and items on which each Subcontractor will work
 - 2.4.3.2.2. DUE: The later of 30 days prior to the Subcontractor beginning work or the Effective Date
 - 2.4.3.3. The Contractor shall obtain prior consent and written approval for any use of Subcontractor(s).
- 2.5. Non-Solicitation of Department Employees

- 2.5.1. Contractor shall not recruit any employee of the Department for employment with Contractor during the term of this Contract, except that Contractor may accept applications from Department employees that are submitted independently by the employee.
- 2.5.2. Contractor acknowledges that all State employees are subject to the ethical principles described in §24-18-105, C.R.S. Contractor further acknowledges that State employees may be subject to the requirements of §24-18-105, C.R.S. with regard to this Contract. For the avoidance of doubt, an actual or apparent conflict of interest shall exist if Contractor employs or contracts with any State employee or any former State employee, or any immediate family member of such current or former State employee, within six months following such employee's termination of employment with the State. Contractor shall provide a written disclosure to the Department no later than ten days following entry into a contractual or employment relationship as described in this section. Failure to timely submit a disclosure statement shall constitute a Breach of Contract. Contractor may also be subject to such penalties as are allowed by law.

3. INFORMATION TECHNOLOGY RELATED REQUIREMENTS

3.1. Protection of System Data

- 3.1.1. In addition to the requirements of the main body of this Contract, if Contractor or any Subcontractor is given access to State Records by the State or its agents in connection with Contractor's performance under the Contract, Contractor shall protect all State Records in accordance with this Exhibit. All provisions of this Exhibit that refer to Contractor shall apply equally to any Subcontractor performing work in connection with the Contract.
- 3.1.2. For the avoidance of doubt, the terms of this Exhibit shall apply to the extent that any of the following statements is true in regard to Contractor access, use, or disclosure of State Records:
- 3.1.2.1. Contractor provides physical or logical storage of State Records.
- 3.1.2.2. Contractor creates, uses, processes, discloses, transmits, or disposes of State Records.
- 3.1.2.3. Contractor is otherwise given physical or logical access to State Records in order to perform Contractor's obligations under this Contract.
- 3.1.3. Contractor shall, and shall cause its Subcontractors, to do all of the following:
- 3.1.3.1. Provide physical and logical protection for all hardware, software, applications, and data that meets or exceeds industry standards and the requirements of this Contract.
- 3.1.3.2. Maintain network, system, and application security, which includes, but is not limited to, network firewalls, intrusion detection (host and network), annual security testing, and improvements or enhancements consistent with evolving industry standards.
- 3.1.3.3. Comply with State and federal rules and regulations related to overall security, privacy, confidentiality, integrity, availability, and auditing.
- 3.1.3.4. Provide that security is not compromised by unauthorized access to workspaces, computers, networks, software, databases, or other physical or electronic environments.
- 3.1.3.5. Promptly report all Incidents, including Incidents that do not result in unauthorized disclosure or loss of data integrity, to the State.
- 3.1.4. Colorado Information Security Policy (CISP) Compliance

- 3.1.4.1. Contractor shall assess its compliance with the CISPs, in effect at the time of the assessment, issued by the Governor’s Office of Information Technology (“OIT”) posted at www.oit.state.co.us/about/policies under Information Security.
- 3.1.4.2. For the purposes of reviewing and assessing compliance with the CISPs, the Contractor shall consider itself to be both the Information Technology Service Provider (ITSP) and Business Owner.
- 3.1.4.3. Contractor shall deliver to the State the signed CISP Attestation, on a form provided by the Department, indicating that Contractor has assessed its compliance with the CISPs and has developed a plan to correct, in a timely manner, any security vulnerabilities identified during the assessment.
 - 3.1.4.3.1. DELIVERABLE: CISP Attestation
 - 3.1.4.3.2. DUE: Within 30 Business Days after the Effective Date
- 3.1.4.4. Contractor shall assess its compliance with the CISPs on an annual basis and deliver to the State the signed CISP Attestation, on a form provided by the Department.
 - 3.1.4.4.1. DELIVERABLE: Annual CISP Attestation
 - 3.1.4.4.2. DUE: Annually, by June 30th of each year
- 3.1.4.5. Contractor shall cause its Subcontractors to comply with the CISPs and to assess their compliance on at least an annual basis. If any Subcontractor’s assessment determines that the Subcontractor is not in compliance, then Contractor shall ensure that Subcontractor corrects, in a timely manner, any security vulnerabilities identified during the assessment.
- 3.1.5. Subject to Contractor’s reasonable access security requirements and upon reasonable prior notice, Contractor shall provide the State with scheduled access for the purpose of inspecting and monitoring access and use of State Records, maintaining State systems, and evaluating physical and logical security control effectiveness.
- 3.1.6. Contractor shall perform background checks on all of its respective employees and agents performing services or having access to State Records provided under this Contract. A background check performed during the hiring process shall meet this requirement. Contractor shall perform a background check on any employee if the Contractor becomes aware of any reason to question the employability of an existing employee. Contractor shall require all Subcontractors to meet the standards of this requirement.
 - 3.1.6.1. Contractor shall deliver to the State the signed Background Check Attestation, on a form provided by the Department, indicating that background checks have been completed on employees participating in operations related to this Contract.
 - 3.1.6.1.1. DELIVERABLE: Background Check Attestation
 - 3.1.6.1.2. DUE: Within 30 Business Days of the Effective Date
 - 3.1.6.2. If Contractor will have access to Federal Tax Information under the Contract, Contractor shall agree to the State’s requirements regarding Safeguarding Requirements for Federal Tax Information and shall comply with the background check requirements defined in IRS Publication 1075 and §24-50-1002, C.R.S.

3.2. Data Handling

- 3.2.1. The State, in its sole discretion, may securely deliver State Records directly to Contractor. Contractor shall maintain these State Records only within facilities or locations that Contractor has attested are secure, including for the authorized and approved purposes of backup and disaster recovery purposes. Contractor may not maintain State Records in any data center or other storage location outside the United States for any purpose without the prior express written consent of the State.
- 3.2.2. Contractor shall not allow remote access to State Records from outside the United States, including access by Contractor's employees or agents, without the prior express written consent of OIS. Contractor shall communicate any request regarding non-U.S. access to State Records to the Security and Compliance Representative for the State. The State shall have sole discretion to grant or deny any such request.
- 3.2.3. Upon request by the State made any time prior to 60 days following the termination of this Contract for any reason, whether or not the Contract is expiring or terminating, Contractor shall make available to the State a complete and secure download file of all data that is encrypted and appropriately authenticated. This download file shall be made available to the State within 10 Business Days of the State's request, and shall contain, without limitation, all State Records, Work Product, and system schema and transformation definitions, or delimited text files with documents, detailed schema definitions along with attachments in its native format. Upon the termination of Contractor's provision of data processing services, Contractor shall, as directed by the State, return all State Records provided by the State to Contractor, and the copies thereof, to the State or destroy all such State Records and certify to the State that it has done so. If legislation imposed upon Contractor prevents it from returning or destroying all or part of the State Records provided by the State to Contractor, Contractor shall guarantee the confidentiality of all State Records provided by the State to Contractor and will not actively process such data anymore.
- 3.2.4. The State retains the right to use the established operational services to access and retrieve State Records stored on Contractor's infrastructure at its sole discretion and at any time. Upon request of the State or of the supervisory authority, Contractor shall submit its data processing facilities for an audit of the measures referred to in this Exhibit in accordance with the terms of this Contract.

EXHIBIT E, SAMPLE OPTION LETTER**OPTION LETTER**

State Agency Department of Health Care Policy and Financing	Option Letter Number Insert the Option Number (e.g. "1" for the first option)
Contractor Insert Contractor's Full Legal Name, including "Inc.", "LLC", etc...	Original Contract Number Insert CMS number or Other Contract Number of the Original Contract
Current Contract Maximum Amount	Option Contract Number Insert CMS number or Other Contract Number of this Option
Initial Term State Fiscal Year 20xx \$0.00	Contract Performance Beginning Date The later of the Effective Date or Month Day, Year
Extension Terms State Fiscal Year 20xx \$0.00 State Fiscal Year 20xx \$0.00 State Fiscal Year 20xx \$0.00 State Fiscal Year 20xx \$0.00	
Total for All State Fiscal Years \$0.00	Current Contract Expiration Date Month Day, Year

1. Options

- A. Option to extend for an Extension Term.
- B. Option to change the quantity of Goods under the Contract.
- C. Option to change the quantity of Services under the Contract.
- D. Option to modify the Contract rates.
- E. Option to initiate next phase of the Contract.

2. Required Provisions

- A. **For use with Option 1(A):** In accordance with Section(s) Number of the Original Contract referenced above, the State hereby exercises its option for an additional term, beginning Insert start date and ending on the current contract expiration date shown above, at the rates stated in the Original Contract, as amended.
- B. **For use with Options 1(B and C):** In accordance with Section(s) Number of the Original Contract referenced above, the State hereby exercises its option to Increase/Decrease the quantity of the Goods/Services or both at the rates stated in the Original Contract, as amended.
- C. **For use with Option 1(D):** In accordance with Section(s) Number of the Original Contract referenced above, the State hereby exercises its option to modify the Contract rates specified in Exhibit/Section Number/Letter. The Contract rates attached to this Option Letter replace the rates in the Original Contract as of the Option Effective Date of this Option Letter.
- D. **For use with Option 1(E):** In accordance with Section(s) Number of the Original Contract referenced above, the State hereby exercises its option to initiate Phase indicate which Phase: 2, 3, 4, etc, which shall begin on Insert start date and end on Insert ending date at the cost/price specified in Section Number.
- E. **For use with all Options that modify the Contract Maximum Amount:** The Contract Maximum Amount table on the Contract's Signature and Cover Page is hereby deleted and replaced with the Current Contract Maximum Amount table shown above.

3. Option Effective Date

- a. The Effective Date of this Option Letter is upon approval of the State Controller or the Effective Date of this Option Letter, whichever is later.

<p style="text-align: center;">STATE OF COLORADO Jared Polis, Governor Department of Health Care Policy and Financing Kim Bimestefer, Executive Director</p> <hr/> <p>By: Kim Bimestefer, Executive Director</p> <p>Date: _____</p>	<p>In accordance with C.R.S. §24-30-202, this Option is not valid until signed and dated below by the State Controller or an authorized delegate.</p> <p style="text-align: center;">STATE CONTROLLER Robert Jaros, CPA, MBA, JD</p> <p>By: _____ Greg Tanner, Controller; Department of Health Care Policy and Financing</p> <p>Option Effective Date: _____</p>
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