

Peter

INTERAGENCY AGREEMENT
Between
WASHINGTON STATE LIQUOR AND CANNABIS BOARD
and
WASHINGTON STATE DEPARTMENT OF AGRICULTURE

This Agreement is made and entered into by and between the Washington State Liquor and Cannabis Board, hereinafter referred to as the "WSLCB," and Washington State Department of Agriculture, hereinafter referred to as the "WSDA".

THE PURPOSE of this Agreement is to have the WSDA conduct testing for pesticide presence and pesticide residues in marijuana and marijuana products provided to the WSDA by the WSLCB that have come from licensed marijuana producers, processors and/or retailers that operate facilities to produce and/or sell marijuana products under RCW 69.50 and WAC 314-55. For purposes of this agreement the term "marijuana products" shall not include solid or liquid marijuana infused edibles or marijuana infused topicals.

THEREFORE, IT IS MUTUALLY AGREED THAT:

SCOPE OF WORK

The WSDA shall furnish the necessary personnel, equipment, material and/or services and otherwise do all things necessary for or incidental to the performance of the work set forth in Attachment "A" attached hereto and incorporated herein. Work performed by the WSDA is testing and technical consultation. All enforcement of RCW 69.50 and WAC 314-55 will be performed by the WSLCB.

As shown in Attachment A, WSDA will conduct additional pesticide inspections, pesticide investigations, and sanitary inspections of WSLCB-licensed marijuana edibles processors and advise WSLCB whether the processors are complying with WAC 314-55-015(10) and (11). These activities will be performed at WSDA's discretion.

PERIOD OF PERFORMANCE

Subject to its other provisions, the period of performance of this Agreement shall commence on August 18, 2016 or date of execution whichever is later, and remain effect until June 30, 2019 unless terminated sooner as provided in this Agreement, or extended through a properly executed amendment.

PAYMENT

Compensation for the work provided in accordance with this agreement has been established under the terms of RCW 39.34.130. Payment for satisfactory performance of the work shall not exceed \$1,115,000.00 unless the parties mutually agree to a higher amount prior to the commencement of any work which will cause the maximum payment to be exceeded. Compensation for services shall be based on the criteria set forth in Attachment A and shall include all costs through June 30, 2017. As a portion of the costs paid hereunder by the WSLCB to WSDA involve the purchase of equipment set forth in Attachment A, those assets shall remain

the property of the WSLCB unless assigned by mutual express written agreement signed by both parties. In the event of a funding contingency, and the assets are not assigned to WSDA by WSLCB, the parties have estimated that the cost of accomplishing the work herein will not exceed an annual cost of \$370,000.00, separate and apart from the initial set-up cost, for the first year of the agreement.

BILLING PROCEDURE

WSDA will invoice WSLCB for the Initial set up costs for equipment and services under this agreement, in the amount of \$1,115,000.00. This invoice shall include all costs through June 30, 2017 for the services set forth herein and in the scope of work attached as Attachment A, including both costs for staffing needs and equipment to perform the duties prescribed herein. The invoice will indicate the WSLCB Contract number, and the WSLCB shall pay invoices within 30 days of receipt at the WSLCB. Invoices will be sent to hqsupply@lcb.wa.gov.

The Annual cost of services under this agreement after the first fiscal year, should the agreement continue in force, shall be billed by WSDA to WSLCB in the amount of \$300,000, representing the annual costs of staff, and associated supplies and services, to perform services hereunder, along with any costs for maintenance contracts for the equipment purchased and itemized in Attachment A. WSDA shall include the costs of annual maintenance contracts along with an invoice for the \$300,000, PROVIDED that the WSLCB's annual maintenance contract costs shall not exceed \$70,000 per year.

FUNDING CONTINGENCY

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Agreement and prior to completion of the work in this Agreement, the WSLCB or the WSDA may terminate or suspend this Agreement without advance notice, subject to renegotiation under those new funding limitations and conditions.

RECORDS MAINTENANCE

The parties to this agreement shall each maintain books, records, documents and other evidence which sufficiently and properly reflect all direct and indirect costs expended by either party in the performance of the services described herein. These records shall be subject to inspection, review or audit by personnel of both parties, other personnel duly authorized by either party, the Office of the State Auditor, and federal officials so authorized by law. All books, records, documents, and other material relevant to this Agreement will be retained for six years after expiration and the Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access and the right to examine any of these materials during this period.

Records and other documents, in any medium, furnished by one party to this agreement to the other party, will remain the property of the furnishing party, unless otherwise agreed. The receiving party will not disclose or make available this material to any third parties without first giving notice to the furnishing party and giving it a reasonable opportunity to respond. Additionally, the receiving party will not disclose or make available any statutorily exempt

confidential information to any third parties. Each party will utilize reasonable security procedures and protections to assure that records and documents provided by the other party are not erroneously disclosed to third parties. The parties acknowledge that both parties, as State Agencies, are subject to chapter 42.56 RCW, the Public Records Act.

INDEPENDENT CAPACITY

The employees or agents of each party who are engaged in the performance of this Agreement shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other party.

RESPONSIBILITIES OF THE PARTIES

Each party to this Agreement hereby assumes responsibility for claims and/or damages to persons and/or property resulting from any act or omissions on the part of itself, its employees, its officers, and its agents. Neither party assumes any responsibility to the other party for the consequences of any claim, act, or omission of any person, agency, firm, or corporation not a party to this Agreement.

AGREEMENT ALTERATIONS AND AMENDMENTS

This agreement may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

TERMINATION

Either party may terminate this Agreement upon 30 days prior written notification to the other party. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

TERMINATION FOR CAUSE

If for any cause, either party does not fulfill in a timely and proper manner its obligations under this Agreement, or if either party violates any of these terms and conditions, the aggrieved party will give the other party written notice of such failure or violation. The responsible party will be given the opportunity to correct the violation or failure within 15 working days. If failure or violation is not corrected, this Agreement may be terminated immediately by written notice of the aggrieved party to the other.

DISPUTES

In the event that a dispute arises under this Agreement, it shall be determined by a Dispute Board in the following manner: Each party to this agreement shall appoint one member to the Dispute Board. The members so appointed shall jointly appoint an additional member to the Dispute Board. The Dispute Board shall review the facts, agreement terms and applicable statutes and rules and make a determination of the dispute. The determination of the Dispute Board shall be final and binding on the parties hereto. As an alternative to this process, either of the parties may

request intervention by the Governor, as provided by RCW 43.17.330, in which event the Governor's process will control. Unless otherwise agreed by the parties, completion of the dispute provisions in this section must precede the commencement of any litigation by either party under the following section.

GOVERNING LAW AND VENUE

This Agreement shall be construed and interpreted in accordance with the laws of the State of Washington and the venue of any action brought under this Agreement shall be in Superior Court for Thurston County.

RIGHTS IN DATA

Copyright in all material created by WSDA and paid for by WSLCB as a part of this Agreement shall be the property of the State of Washington. Both WSDA and WSLCB may use these materials, and permit others to use them, for any purpose consistent with their respective missions as agencies of the state of Washington. This material includes, but is not limited to: books; computer programs; documents; films; pamphlets; reports; sound reproductions; studies; surveys; tapes; and/or training materials.

ORDER OF PRECEDENCE

In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

- a. applicable state and federal statutes and rules;
- b. scope of work (Attachment A);
- c. the Terms & Conditions contained in this Interagency Agreement; and
- d. any other provisions, terms or materials incorporated by reference.

ASSIGNMENT

The work to be provided under this Agreement, and any claim arising thereunder, is not assignable or delegable by either party in whole or in part, without the express prior written consent of the other party, which consent shall not be unreasonably withheld.

WAIVER

A failure by either party to exercise its rights under this agreement shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in a writing signed by an authorized representative of the party and attached to the original Agreement.

SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements

of applicable law and the fundamental purpose of this agreement, and to this end the provisions of this Agreement are declared to be severable.

CONTRACT MANAGEMENT

The program manager for each of the parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this Agreement.

The **Program Manager** for the **WSLCB** is: **Peter Antolin**, 3000 Pacific Avenue SE, Olympia WA 98504. (360) 664-1671. The **Program Manager** for the **WSDA** is: **Mike Firman**, 21 North 1st Avenue, Suite 106, Yakima, WA 98902. (509) 249-6933. Either party may change its Program Manager by advance written notice.

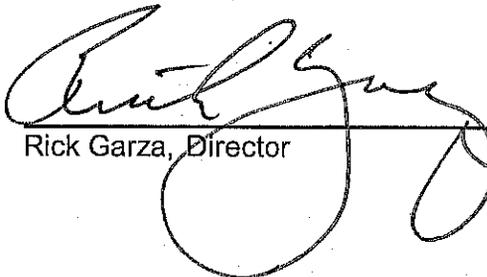
ALL WRITINGS CONTAINED HEREIN

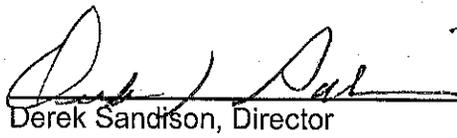
This Agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate originals.

**WASHINGTON STATE
LIQUOR & CANNABIS BOARD**

**WASHINGTON STATE
DEPARTMENT OF AGRICULTURE**


Rick Garza, Director (Date) 8/23/16


Derek Sandison, Director (Date) 8/19/16

ATTACHMENT A

SCOPE OF WORK

The WSDA will act on behalf of the WSLCB to conduct testing of marijuana and marijuana products and provide technical consultation pursuant to the requirements of RCW 69.50 and WAC 314-55 including but not limited to WAC 314-55-084 relating to the use or presence of pesticides or pesticide residue on marijuana or marijuana products.

The WSDA will perform:

- Analysis of an estimated average 75 samples every month.
- WSLCB will transport the samples to the WSDA Chemical and Hóp Laboratory in Yakima, WA.
- Approximately 50% of the samples will be analyzed for a broad spectrum of 100 or more pesticides, as determined by WSLCB with WSDA input.
- Approximately 50% of the samples will be analyzed for one specific pesticide, as requested by WSLCB.
- WSDA will conduct the necessary level of method validation to make the analytical results reliable and useful for enforcement purposes, but not reliable and useful for research purposes.
- Analysis of marijuana concentrates is included in this scope.
- Analysis of marijuana-infused products, like edibles, is not included in this scope.
- Heavy metals analysis is not included in this scope. WSLCB will coordinate the sampling schedule with WSDA.
- Testing samples will be done in 4 batches per month. WSDA and WSLCB will work to schedule sampling in advance to coincide with each batch. Samples not scheduled in advance will wait for the next scheduled batch.
- WSDA will validate the method and provide WSLCB, on request, with the method validation including limits of detection, measurement uncertainty, and standard operating procedures.
- WSDA will accredit the method under ISO 17025, AOAC with A2LA as the accreditation body.
- WSDA shall have a validation method sixty (60) days after the equipment described below is purchased, installed, and fully operational.
- Turnaround time for analytical results will be between 15 and 30 days calendar days after delivery of testing sample(s)/batch(es) to WSDA. The two agencies will work together to identify the desired turnaround time for each batch of samples. WSDA will accommodate WSLCB requests for a rapid turnaround time for a given batch of samples, to the extent practicable. WSLCB understands that achieving a faster turnaround time for a particular batch will result in slower turnaround times for other batches already in process. WSDA and WSLCB will monitor sample load and turnaround time in the laboratory and adjust the number of samples as needed.
- If WSLCB requests any analysis for which WSDA does not already have a test method established, a longer turnaround time will be required.
- Results will be reported to Jennifer.dzubay@lcb.wa.gov. Following analysis, WSDA will store samples for up to 2 calendar months, unless the Board requests specific samples be retained for a longer period.
- After 2 calendar months, WSLCB will pick up remaining samples and will be responsible for their disposition.
- WSLCB will provide dried cannabis free of pesticides to WSDA for use in method validation and for use as quality control and quality assurance samples. WSDA may use previously tested samples for quality control, quality assurance, and method validation.
- Twice a year the WSLCB and WSDA will collaborate to create a list of priority compounds. WSDA will create a screening list of pesticides that includes as many of the priority compounds as practicable for a multi-residue method. WSDA will provide a list of compounds that will be included in the screening method. This screen will be over 100 pesticides. WSDA will provide WSLCB with a current screening list and provide technical assistance in creating pesticide screens. WSDA will then validate the new compounds. This will provide a procedure to routinely update the method with new and different compounds.

Equipment Required and Staff Time Paid for by WSLCB

Resource	Qty	Total Cost
7010 Quadrupole MS/MS EI System and associated	1	\$290,000
SCIEX QTRAP 6500+ SYSTEM and associated	1	\$437,000
Ultra-Low Upright Freezer	1	\$10,000
Cost for Chemist work (2 FTE) & misc. equipment for yr. 1	2	\$300,000
Cryo-mill and nitrogen tank	1 ea.	\$18,000
ISO Accreditation		\$15,000
Cost of pesticide inspections, pesticide investigations, and additional sanitary inspections of edibles processors		\$45,000
Total for startup cost and first year		\$1,115,000

Services Required and Paid for by WSLCB under this Contract

- All staff time and all necessary equipment needed for WSDA to perform the work in a timely manner is included (WSDA will dedicate an average of 2 FTEs of chemist work to providing the services set forth in this agreement, including consultative services).

Payments by WSLCB to WSDA under this Contract

- WSLCB shall pay to WSDA a startup cost and upfront payment for the first year of WSDA services provided pursuant to this agreement in the amount of \$1,115,000 (one million, one hundred and fifteen thousand dollars).
- Should the WSLCB desire to continue the services hereunder after the first year, there will be an annual cost of \$300,000 to be paid by the WSLCB to the WSDA plus the annual cost for equipment service contracts (for the above items as required) in an amount not to exceed \$70,000 per year.

