



Spokane Tribe of Indians

P.O. Box 100 • Wellpinit, WA 99040 • (509) 458-6500 • Fax (509) 458-6575

September 1, 2022

Washington State Liquor and Cannabis Board
Attn: Tierney Hamilton-Steele
1025 Union Avenue SE
Olympia, WA 98504

RE: Cannabis Compact between the Spokane Tribe of Indians and the State of Washington

Dear Tierney,

On behalf of the Spokane Tribe of Indians, enclosed please find three (3) original copies of the Cannabis Compact between the Spokane Tribe of Indians and the State of Washington, ("Compact") signed by Chairwoman Carol Evans.

After obtaining full signature, please send the Tribe one (1) fully signed Compact to the address listed below.

Office of the Spokane Tribal Attorney
Attn: Mandi Isbell
P.O. BOX 360
Wellpinit, WA 99040

Thank you for your time and attention on this matter of utmost importance to the Spokane Tribe, it is appreciated.

Regards,

Mandi Isbell
Office of the Spokane Tribal Attorney
Paralegal

Encs.

Received

SEP 09 2022

License Division

Cannabis Compact

Between

The Spokane Tribe of Indians

and

The State of Washington

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I. INTRODUCTION

This compact is entered into pursuant to House Bill 2000, Chapter 207, Laws of 2015 (the “Compacting legislation”). This document will be cited as the “Cannabis Compact Between the Spokane Tribe of Indians and the State of Washington,” hereinafter referred to as the “Compact.”

II. PARTIES

The Parties to this Compact are the Spokane Tribe of Indians (“Tribe”) and the State of Washington (“State”) (collectively, “Parties”).

The Tribe is located on the Spokane Indian Reservation, which is located in the state of Washington, and the Tribe is a federally-recognized sovereign Indian tribal government.

The State of Washington is a state within the United States of America, possessed of the full powers of a state government. The Washington State Liquor and Cannabis Board (“Board”) is an executive department of the State government with statutory authority with respect to cannabis under chapters 69.50 and 69.51A RCW. The Compacting legislation allows the Governor to enter into an agreement with any federally recognized Indian tribe located within the geographical boundaries of the State regarding cannabis and to delegate the power to negotiate such agreement to the Board.

III. PURPOSE AND INTENT

Historically, the production, possession, delivery, distribution and sale of cannabis have been illegal across the United States and in Indian Country. In 2012, Washington voters passed Initiative 502 (“I-502”) which sets forth a tightly regulated, state-licensed system allowing for the production, processing, and retail sale of cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products for recreational purposes within the State of Washington.

Through State law and the Board’s implementing rules, the State has legalized possession of limited amounts of cannabis and the production, processing, and sale of cannabis by licensed businesses and has set forth a civil regulatory system that keeps cannabis production, processing, and sale in the State regulated and safe for the public

and accomplishes the following priorities: preventing the distribution of cannabis to minors; preventing revenue from the sale of cannabis from going to criminal enterprises, gangs, and cartels; preventing the diversion of cannabis from states where it is legal under state law in some form to other states; preventing state-authorized cannabis activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; preventing violence and the use of firearms in the cultivation and distribution of cannabis; preventing drugged driving and the exacerbation of other adverse public health consequences associated with cannabis use; preventing the growing of cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands; and preventing cannabis possession or use on federal property.

After serious deliberation, the Tribe, as a sovereign nation, has also determined that present day circumstances make a complete ban of cannabis within Indian Country ineffective and unrealistic and has decriminalized its sale and possession in certain circumstances. At the same time, consistent with the priorities described above, the need still exists for strict regulation and control over the production, possession, delivery, distribution, sale, and use of cannabis in Indian Country.

The State and the Tribe have recognized the need for cooperation and collaboration with regard to cannabis in Indian Country. The State has authorized the entry of this Compact by the Compacting legislation, enacted by the 2015 Regular Session of the Legislature, Laws of 2015, Chapter 207. Through Section 2 of this legislation, codified at RCW 43.06.490, the State authorized the Governor to enter into Compacts concerning the regulation of cannabis and to delegate the authority to negotiate the Compacts to the Board.

The Parties share a strong interest in ensuring that cannabis production, processing, and sales in Indian Country are well-regulated to protect public safety and community interests. The Parties acknowledge that pursuant to federal law, 21 U.S.C. § 812, cannabis is a Schedule I controlled substance and that this Compact does not protect the sales or regulation of cannabis in Indian Country from federal law; however, the Parties have entered into this Compact in order to strengthen their ability to meet these mutual interests and to provide a framework for cooperation to ensure a robust tribal and state regulatory and enforcement system.

The Parties agree that it is in the best interests of the Tribe and the State that they further implement the government-to-government relationship between them, as

recognized in the Centennial Accord of August 4, 1989, by entering into a compact to protect public health and safety, ensure a lawful and well-regulated cannabis market, encourage economic development in Indian Country, and provide fiscal benefits to both the Tribe and the State.

IV. DEFINITIONS

- A. "Auditor" means a certified public accountant licensed and in good standing in the State of Washington.
- B. "Board" means the Washington State Liquor and Cannabis Board and its staff.
- C. "Compact" means this Cannabis Compact Between the Spokane Tribe of Indians and the State of Washington, as it may be amended.
- D. "Indian Country," as defined by 18 U.S.C. § 1151, means all lands within the Spokane Indian Reservation and all lands held in trust or restricted fee status by the United States for the Tribe or its Tribal Members. For purposes of illustration only, the Tribe will provide to the Board an electronic map of Indian Country in a form that is compatible with the Board's computer hardware and software.
- E. "Cannabis," cannabis concentrates," "cannabis-infused products," and "useable cannabis" as used in this Compact shall have the same meanings as in RCW 69.50.101 or any amendments thereto. Together, these terms shall be referred to as "cannabis product" or "cannabis products."
- F. "Parties" means the Tribe and the State.
- G. "Spokane Tribe Cannabis Company" or "STCC" means Spokane Tribe Cannabis, LLC, a Limited Liability Company chartered under Spokane Tribal law and wholly owned by the Tribe.
- H. "Processor" means any cannabis processor licensed to process, package, and label useable cannabis, cannabis concentrates, and cannabis-infused products for sale at wholesale to processors and retailers by the Board pursuant to RCW 69.50.325 and any cannabis processor in Indian Country licensed by the Tribe or any other tribe with a cannabis compact with the Board.

- I. “Producer” means any cannabis producer licensed to produce and sell cannabis at wholesale to processors and other producers by the Board pursuant to RCW 69.50.325 and any cannabis producer in Indian Country licensed or otherwise allowed by the Tribe or any other tribe with a cannabis compact with the Board.
- J. “Question of Law” means a legal issue, the resolution of which requires the interpretation or application of legal authority, and which, were the issue presented in a court, would be within the sole province of a judge to resolve.
- K. “Retailer” means any cannabis retailer licensed to sell useable cannabis, cannabis concentrates, and cannabis-infused products in a retail outlet by the Board pursuant to RCW 69.50.325 and any cannabis retailer in Indian Country licensed or otherwise allowed by the Tribe or any other tribe with a cannabis compact with the Board.
- L. “Cannabis Control Board Regulations” or “CCB Regulations” means those regulations promulgated by the Spokane Tribe that govern cannabis transactions within the Tribe’s Indian Country.
- M. “State” means the State of Washington.
- N. “State Licensee” means any cannabis producer, cannabis processor, or cannabis retailer licensed by the Board pursuant to chapter 69.50 RCW, chapter 314-55 WAC, or any other regulations promulgated there under.
- O. “State Tax” means the cannabis excise tax as stated in RCW 69.50.535 and the State and local sales and use tax on sales of cannabis as stated in chapters 82.08 and 82.12 RCW, all as may be amended from time to time.
- P. “Tribal Police” if applicable means the Spokane Tribal Police Department.
- Q. “Tribal Code” means the Spokane Tribe’s Law and Order Code.
- R. “Tribal Enterprise” means a business or businesses wholly or majority owned by the Tribe and authorized to produce, process or sell cannabis products, including, but not limited to STCC.
- S. “Tribal Member” means an enrolled member of the Tribe.

- T. “Tribal Member Business” means a business owned by an enrolled member of the Tribe.
- U. “Tribal Tax” means a tax imposed by the Tribe on cannabis activities.
- V. “Tribe” means the Spokane Tribe of Indians.

V. GENERAL MATTERS

- A. Sovereign Immunity. The Parties agree that, except for the limited purpose of resolving disputes in accordance with the Dispute Resolution Section below, the signing of this Compact by the Tribe does not imply a waiver of sovereign immunity by the Tribe or any of its subdivisions or enterprises and is not intended as a waiver of sovereign immunity and that any action by the State in regard to cannabis regulation by the Tribe shall be in accord with this Compact.
- B. Tribe Does Not Submit to State Jurisdiction. By entering into this Compact, the Tribe does not concede that the laws of the State apply to the Tribe, its businesses, agents, or members regarding activities and conduct within Indian Country.
- C. State Does Not Concede Tribal Immunity. By entering into this Compact, the State does not concede that the Tribe has any immunity from State law.
- D. This Compact Does Not Create any Third Party Beneficiaries. No third party shall have rights or obligations under or be considered a beneficiary of this Compact.
- E. Jurisdiction. This Compact does not increase or reduce the jurisdiction of either the Tribe or the State.
- F. No Limitation. The Parties agree that the signing of this Compact and the resultant benefits and obligations shall not be construed as limiting any otherwise lawful activity of the Tribe or its subdivisions or enterprises nor subject the Tribe or its subdivisions or enterprises to any State jurisdiction not agreed to in this Compact.
- G. Applicability. Consistent with RCW 43.06.490, this Compact applies to the production, processing, and sale of cannabis products in Indian Country where the Tribe, or Tribal Enterprise (i) delivers or causes delivery to be made to or

receives delivery of cannabis products from a State Licensee or (ii) physically transfers possession of cannabis products from the seller to the buyer within Indian Country. Except as otherwise provided herein, the production, processing, sale, and possession of cannabis products in Indian Country pursuant to the Tribal Code and in accordance with this Compact are not subject to the terms of chapter 69.50 RCW and chapter 314-55 WAC, or any other regulations promulgated under that RCW Chapter, and any such activities will not be a criminal or civil offense under Washington state law.

H. State Licensees.

1. The Tribe may purchase cannabis products from or sell cannabis products to State Licensees or any other entity operating under a valid Compact authorized by the Compacting legislation, including any amendments thereto, with or otherwise authorized by the State. All transactions between the Tribe, Tribal Enterprises and State Licensees must be executed through the State traceability system, and cannabis products purchased from or sold to State Licensees must be fully compliant with all State cannabis laws and rules, including packaging, testing, and labelling.
2. The State will not cite, fine, or otherwise take any other adverse licensing or other action against any State Licensee for the mere fact that it bought or sold cannabis products from or to the Tribe or a Tribal Enterprise in accordance with the terms of this Compact and the Tribal Code.
3. To the extent necessary, the State will work with the Tribe and with any State Licensees or otherwise authorized producers, processors, or retailers to assure such entities that the Tribe and Tribal Enterprises are legally authorized to purchase and sell cannabis products pursuant to the terms of this Compact.

- I. Tribal Members and Tribal Member Businesses. The current Tribal Code does not permit Tribal Member Businesses to conduct retail sales, production, processing, research or testing of cannabis products in Indian Country. However, if the Tribal Code is revised to allow Tribal Member Businesses to engage in such activities, then the Tribal Member Business may not purchase from or sell to a State Licensee, or conduct research or testing for transactions with a State Licensee, until such time as state law is amended to allow this activity and this Compact is amended to allow it.

- J. Buffer Zone Requirements. To maintain community safety, tribal cannabis producer, processor, and retail businesses in Indian Country must follow buffer zone requirements outlined in RCW 69.50.331(8), and any subsequent amendments thereto as may be modified by the Tribe consistent with subsections (b) through (d), and subject to interpretations of the grounds identified in subsection (a) that are within Indian Country all as codified in Tribal Code.
- K. References to Laws, Rules and Policies. References herein to Tribal codes, Tribal and State laws, and to Tribal, State, and Board rules and policies, include codes, laws, rules, and policies in existence as of the effective date of this Compact, together with any amendments that may be adopted during the term of the Compact. References herein to specific titles, chapters, or sections of the Tribal Code, the Revised Code of Washington, or the Washington Administrative Code, include the cited titles, chapters, and sections as they exist on the effective date of this Compact, together with any amendments or renumbering that may be adopted during the term of this Compact.
- L. Non-Tribal Partial Owners or Financiers. If the Tribe is not the sole owner of the tribal enterprise producing, processing, or selling cannabis products or if the tribal enterprise receives financing from a Financier as defined in WAC 314-55-010, the non-tribal owner or Financier shall be subject to a criminal history background check and financial investigation performed by both parties. The Board will use the criteria in WAC 314-55-020; 314-55-040; and 314-55-045 (collectively the "Background Check"). "Owner" means a "true party of interest", as defined in WAC 314-55-035. For a non-tribal owner or financier to pass the criminal history background check and financial investigation, both Parties must agree. If the non-tribal Owner or Financier does not pass the criminal history Background Check and financial investigation, either party may invoke the Dispute Resolution Process of this Compact.

VI. RETAIL SALES

- A. Retail Sales. The Tribe and/or its Tribal Enterprise may sell cannabis products in Indian Country pursuant to the Tribal Code, CCB Regulations and this Compact. This Compact does not permit Tribal Member Businesses to engage in retail sales of cannabis products in Indian Country.

B. Sales by the Tribe or a Tribal Enterprise. The Tribe shall notify the State at least 30 days prior to the opening of any Retailer owned by the Tribe or Tribal Enterprise. Such notifications shall include:

1. The identity of the entity which is operating the retail location;
2. Location of the premises; and
3. Certification that the premises is located in Indian Country.

C. Conditions on Retail Sales.

1. Retail sales of cannabis products by the Tribe and any Tribal Enterprise must be conducted in accordance with the Tribal Code, CCB Regulations and the internal policies and controls of the Tribe or Tribal Enterprise. Tribal Code Chapter 52 and the CCB Regulations, as they exist on the date of this Compact, are attached as Exhibit A. Current copies of Tribal Code Chapter 52, the CCB Regulations and cannabis internal policies and controls of the Tribe and any Tribal Enterprise will be made available online or made available for review by the Board upon request. The Tribe agrees to notify the Board of any changes to the Tribal Code and CCB Regulations that may affect cannabis products within ten days of the date of adoption by the Tribe.
2. All cannabis products purchased by the Tribe or a Tribal Enterprise from a State-licensed producer or processor will be verified upon delivery in Indian Country, and confirmation of receipt will be made by executing the delivery invoice. The Tribe or Tribal Enterprise will input or cause to be input all delivered purchases into the State's tracking system within 24 hours of receiving any such delivery.
3. All cannabis products purchased by the Tribe or a Tribal Enterprise from the tribal government, Tribal Enterprise, or another federally recognized Indian Tribe with a reservation located within the state of Washington, or sold by the Tribe or a Tribal Enterprise to the tribal government, tribal enterprise, or another federally recognized Indian Tribe with a reservation located within the state of Washington, will be recorded in either the Tribe's or the State's tracking system within 24 hours of any such receipt or delivery. The Tribe and any Tribal Enterprise will make such records available for review by the Board upon request.

4. Drive-through purchase facilities are prohibited. The Tribe agrees not to sell cannabis products at a drive-through purchase facility where cannabis products are sold at retail and dispensed through a window or door to a purchaser who is either in or on a motor vehicle or otherwise located outside the retail premises at the time of sale.

VII. PRODUCING AND PROCESSING

- A. Producing and Processing of Cannabis Products. The Tribe may allow the production and processing of cannabis products in Indian Country pursuant to the following terms:
 1. Production and/or Processing by the Tribe, or a Tribal Enterprise. The Tribe shall notify the State at least 90 days prior to the start of operations of any Producer or Processor owned by the Tribe or a Tribal Enterprise. Such notifications shall include:
 - a. The identity of the entity which is operating the Producer or Processor location;
 - b. Location of the premises;
 - c. Certification that the premises are located in Indian Country; and
 - d. If the notification is regarding production operations, the amount of cannabis intended to be grown by the Tribe or a Tribal Enterprise shall be provided for informational purposes only to assist in the co-management of the regulated cannabis market within Washington by the Tribe and the State of Washington.
 3. Conditions on Producers and Processors.
 - a. Production and processing of cannabis products by the Tribe or any Tribal Enterprise must be conducted in accordance with Tribal Code Chapter 52, CCB Regulations, and the internal policies and controls of the Tribe or Tribal Enterprise. Tribal Code Chapter 52 and the CCB Regulations, as they exist on the date of this Compact, are attached as Exhibit A. Current copies of Tribal Code Chapter 52, the Tribe's Cannabis Regulations and any internal cannabis policies and controls

of the Tribe and any Tribal Enterprise will be made available online or made available for review by the Board upon request. The Tribe agrees to notify the Board of any changes to the Tribal Code or the Tribe's Cannabis Regulations that may affect cannabis products within ten days of the date of adoption by the Tribe.

- b. The State requires that cannabis products sold by Producers or Processors to State Licensees be packaged, tested, and labeled in compliance with State cannabis laws. With respect to "edibles" this must include State preapproval of the product, packaging, and labeling before sale to State Licensees; PROVIDED, that such preapproval shall not be unreasonably withheld and shall be timely provided. All transactions between the Tribe, Tribal Enterprises and State Licensees will be executed through the state traceability system following the same rules as State Licensees. All cannabis products sold to State Licensees will be fully traceable in the state's traceability system. Cannabis products will trace back to the plant(s) they were derived from and include results for all required quality assurance testing. All required test results must be entered into the state's traceability system by a Board-certified testing laboratory.

VIII. NOTICE TO LOCAL JURISDICTIONS

- A. The Parties agree that it is in the best interests of both Parties that notice be provided to neighboring jurisdictions prior to the commencement of operations of a Producer, Processor, or Retailer.
 1. When the Tribe or a Tribal Enterprise proposes to open a new Producer, Processor, or Retailer the Tribe will provide, at least 30 days prior to the commencement of operations, written notice to the city, or if outside city limits, the county in which the activity will occur. The Parties agree that the purpose of the notice is solely to facilitate an exchange of information that may be helpful to all parties concerned in addressing unanticipated impacts with the understanding that such notice related to Indian Country is a matter of intergovernmental courtesy, is not required by state law, and confers no substantive rights upon any political subdivision of the state of Washington.

2. In accordance with the direction of the Legislature in RCW 43.06.490(3)(c) and RCW 69.50.331 to address problems arising out of cross-border commerce, when any business that is not a Tribal business applies to the Board for a Producer, Processor or Retailer license for a location in Indian Country, the Board agrees that such license will not be granted without the person or business first obtaining express written consent of the Tribe. The Tribe agrees to respond to the express written consent request within 20 days of notification from the Board. The express written consent request shall be delivered to each of the Tribe's contacts consistent with section XII.C Notice. If the Tribe does not respond within 30 days, the Board will assume non-consent.

IX. TAXATION AND RECORD-KEEPING

The Parties recognize that RCW 43.06.490(2)(a) provides that "Each cannabis agreement adopted under this section must provide for a tribal cannabis tax that is at least one hundred percent of the state cannabis excise tax imposed under RCW 69.50.535 and state and local sales and use taxes on sales of cannabis." The Parties further recognize that Sections 3, 4, and 5 of the Compacting legislation, codified at RCW 69.50.555, 82.08.9997, and 82.12.9997, provide exemptions from certain state taxes under the circumstances described in those sections.

A. State Tax.

Pursuant to RCW 69.50.555 no State Tax or fee, assessment, or other charge imposed by RCW 69.50 may be assessed against or collected from the Tribe, Tribal Enterprise, or retail customers purchasing from the Tribe or Tribal Enterprises if covered under the provisions of this Compact.

B. Tribal Tax.

Sales of cannabis products. The Tribe shall impose and maintain a Tribal Tax that is equal to at least 100 percent of the State Tax on all sales of cannabis products in Indian country, except that, consistent with RCW 43.06.490(2), the tribe may allow an exemption from tax for sales to the Tribe, Tribal Enterprise, Tribal Member Business, or an enrolled member of the Tribe, on cannabis grown, produced, or processed within Indian Country, or for

transactions otherwise exempt from state cannabis taxation under state or federal law. Medical cannabis products used in the course of medical treatment by a clinic, hospital, or similar facility operated within Indian Country are exempted from tax. The Tribe may choose to levy a Tribal Tax on any transaction that may otherwise be exempt.

- C. At the State's request, the Tribe will retain, at its own expense, an Auditor to test the Tribe's compliance with this Taxation and Record-Keeping Section of the Compact. The Auditor will review a sample of records to verify the requirements of this section and will provide the State with a report detailing the results of the testing procedures, to include identification of any instances of noncompliance with the terms of this section.

X. SAFETY AND ENFORCEMENT

- A. The Tribe shall address safety and enforcement issues in accordance with the Tribal Code, this Compact, CCB Regulations, and internal policies and controls of the Tribe or Tribal Enterprises.

1. Compliance Checks - Premises

- a. Premises Compliance Checks by the Tribe. The Tribal Police or other authorized agency may conduct its own premises checks in Indian Country to observe compliance with the Tribal Code, CCB Regulations and this Compact and to provide support and education to the Tribe, Tribal Enterprises and staff. To the extent it is informed of the results of such premises checks, the Tribe will share the results of the premises checks with the Board.
- b. Premises Compliance Checks by the Board. The Board, through its staff, may also conduct premises checks. Prior to conducting any such check, the Board will contact the Tribal Police to provide reasonable notice of such premises check. Except as provided in the Cooperation Section below, the Tribal Police may observe and participate in all premises checks. The Board will share the results of such premises checks with the Tribe.

2. Compliance Checks - Minors

- a. Minors Compliance Checks by the Tribe. The Tribe may conduct its own compliance checks in Indian Country using minors ages 18, 19, or 20 through the Tribal Police or other authorized agency in accordance with Tribal regulations and policies. To the extent it is informed of the results of such checks, the Tribe will provide the results of the checks to the Board. No criminal action may be taken against any minor who purchases cannabis as part of such a compliance check.
 - b. Minors Compliance Checks by the Board. Board staff may also conduct compliance checks. Prior to conducting any such check, the Board will contact the Tribal Police to provide reasonable notice of such compliance check. Except as provided in the Cooperation Section below, the Tribal Police may observe and participate in all compliance checks. The Board will share the results of such compliance checks with the Tribe.
3. Cooperation. Both Parties will cooperate in good faith to undertake all Board requested Compliance Checks jointly. The Tribal Police will make reasonable efforts to arrange and conduct all Board requested Compliance Checks within 24 hours of being provided notice of such request by the Board. All such notices shall be given, via email, to the Chief of Police, and if requested by the Tribe, the Chairman of the Tribe. The Tribe will provide the relevant email addresses to the board. If the relevant email addresses change, the Tribe will provide the new email addresses to the board. If the Tribal Police are unable or unwilling to arrange and conduct such requested Compliance Check 48 hours after receiving the original notice, the Board may then perform the Compliance Check on its own without the Tribal Police. The locations to be checked will not be notified in advance of the check by either Party. Should either Party have any concerns arising out of a Compliance Check or the results thereof, the Parties will meet in good faith to discuss any suggested changes to protocols for the Compliance Checks themselves or for cannabis sales by the Tribe or Tribal Enterprise that were checked.
4. Transportation Outside Indian Country. Transportation of cannabis products outside the boundaries of Indian Country shall be conducted in compliance with State law and Board rules.

XI. DISPUTE RESOLUTION

A. Process Required. The Parties wish to prevent disagreements and violations whenever possible, and to quickly and effectively resolve disagreements and violations whenever they may arise. Accordingly, the Parties agree that, to the extent possible, informal dispute resolution methods, pursued in good faith, shall be used before engaging in the formal processes provided by this Article.

B. Notification of Violation. If either Party believes a violation of the Compact has occurred, it shall notify the other Party in writing, unless the Parties agree to notice by electronic means pursuant to Article XII section C, below. The notice shall state the nature of the alleged violation and any proposed corrective action or remedy. The Parties agree to meet within fourteen (14) days of receipt of such notice, unless a different date is agreed upon by the Parties. The purpose of the meeting will be to attempt to resolve, between themselves, the issues raised by the notice of possible violation, and provide an opportunity to agree upon corrective action.

C. Mediation.

(1) If the Parties are unable to resolve disputed issue(s) related to the administration of this Compact through joint, good faith discussions under Article XI section A, above, either party may request mediation by tendering a written mediation demand to the other party. Mediation shall be a condition precedent to dispute resolution by arbitration. The Parties shall first attempt to agree on a neutral mediator. However, if the Parties cannot agree on a mediator within thirty (30) days of written demand, a three-person mediation panel shall be selected as follows: Each Party shall select a mediator and the two mediators selected by the Parties shall jointly select a third mediator. Issues related to the administration of this Compact are (limited to) those involving the Parties' compliance with the respective rights, duties, and obligations created by, and arising under, this Compact.

(2) Each party shall be responsible for its own costs of mediation, including legal fees. All other costs of mediation, including, but not limited to, the fees and charges of the mediator(s), if any, shall be shared equally by the Parties.

D. Arbitration.

(1) If mediation does not resolve the disputed issue(s) within ninety (90) days of the mediation demand, either Party may request that any unresolved issues related to the administration of this Compact be submitted to binding arbitration

by submitting to the other party a written arbitration demand. Upon receipt of such an arbitration demand, the Parties shall select an arbitrator(s) by the same method in which mediators are selected. The arbitrator or the three-arbitrator panel shall establish a timeline to ensure an arbitration decision is reached no later than four months from the date of the arbitration demand, or such longer time period upon which the Parties may agree. Any corrective action ordered by the arbitrator(s) must be taken no later than ninety (90) days after issuance of the arbitration decision, unless a different time for compliance is specified in the arbitration decision.

(2) Each party shall be responsible for its own costs of arbitration, including legal fees. All other costs of arbitration, including, but not limited to, the fees and charges of the arbitrator(s), if any, shall be shared equally by the Parties.

(3) Absent an interim order from the Arbitrator(s) specifying otherwise, the Parties shall continue to fulfil their obligations under this Agreement in good faith during the course of the proceeding.

E. Questions of Law. The Parties acknowledge and agree that determinations of, or disputes arising under, state, federal, and/or tribal law may not be mediated or arbitrated under this Compact but must be resolved by a court of competent jurisdiction.

F. Remedies. Whenever an issue is submitted to mediation or arbitration under this Article, the mediators may recommend, or the arbitrators may direct, corrective action to remedy any violation that has occurred. In no case, however, shall a mediator or arbitrator render an independent recommendation or decision on any issue on which the Parties reach agreement. Remedies shall not include an award of monetary damages or costs of any kind.

G. Termination of Compact. If, after nine (9) months from the initial Notice of Violation, or ninety (90) days from the date of the arbitration decision, whichever is later, the Parties are unable to resolve a disagreement regarding an alleged violation, and/or the appropriate corrective action using the dispute resolution methods authorized in this section, or if a Party continues to violate a Compact term after the completion of the arbitration process authorized in this section, a Party who has not been found to have violated a Compact term after completion of the arbitration process authorized by this Compact may terminate this Compact pursuant to Article XI section H, below. The Parties may, after no less than six (6) months following any such termination, enter into a new Compact.

H. Defense of This Compact. In any action filed by a third party challenging either the Tribe's or the State's authority to enter into or enforce this Compact, the Parties each agree to support the Compact and defend each of their authority to enter into and implement this Compact; provided, however, that this provision does not waive, and shall not be construed as a waiver of, the sovereign immunity of the Tribe or any of its subdivisions or enterprises.

I. Traceability. Should either Party have any concerns arising out of operation of the State or future Tribal traceability system or the results thereof, the Parties will meet in good faith to discuss any issues. If parties fail to come to a resolution, either Party may invoke the Dispute Resolution Process of this Compact.

XII. COMMUNICATION AND NOTICE

A. Designated Contacts. The Parties agree to maintain regular and open communication regarding the administration and implementation of this Compact. The Parties agree that the following individuals will be designated primary contacts regarding administration of this Compact:

For the State:

Agency Director
Liquor and Cannabis Board
1025 Union Ave SE
PO Box 43080
Olympia WA 98504 3080
360-664-1650

For the Tribe:

General Counsel
Office of the Spokane Tribal Attorney
PO Box 100
Wellpinit, WA 99040
509-458-6521

- B. The Parties agree that if either Party believes that the goals and objectives of this Compact are not being met, that they will meet promptly to discuss any issues and concerns.
- C. Notice. Any notice that may be or is required to be sent under this Compact shall be sent as follows:

If to the State: Office of the Governor
PO Box 40002
Olympia WA 98504 0002

With a copy to:

Agency Director
Liquor and Cannabis Board
1025 Union Ave SE
PO Box 43080
Olympia WA 98504 3080
360-664-1650

If to the Tribe: Chair
Spokane Tribe of Indians
PO box 100
Wellpinit, WA 99040
509-458-6521

With a copy to:

General Counsel
Office of the Spokane Tribal Attorney
PO box 100
Wellpinit, WA 99040
509-458-6521

XIII. EFFECT, DURATION, AND AMENDMENT

- A. Term. This Compact shall remain in effect for a term of ten years unless the Parties mutually agree in writing that the Compact should be vacated or terminated and superseded by a new compact between the Parties within that time frame, or unless the Compact is terminated pursuant to the Dispute Resolution Section above or the Change in Classification Section below. The

Compact shall be automatically renewed for successive periods of ten years, unless a Party provides written notice to the other, no later than 120 days before the expiration of the then current ten-year period, that it wishes to modify the terms of the Compact, or notice that declines to renew the Compact.

- B. Amendment. No amendment or alteration of this Compact shall arise by implication or course of conduct. This Compact may be altered only by a subsequent written document, approved by the Parties, expressly stating the Parties' intention to amend this Compact.
- C. Severability. If any provision of this Compact or its application to any person or circumstance is held invalid, the remainder of the Compact shall not be affected.
- D. Change in Classification. If the classification of cannabis as a Schedule I drug is altered in any way or federal cannabis enforcement policy changes, the Parties agree to meet and discuss the need to modify this Compact. If such modifications cannot be agreed upon, then either Party may terminate this Compact upon 60 days written notice.
- E. Renegotiation. The Parties may renegotiate the nature and/or scope of this Compact upon the written notice and request by either Party if and when:
 - 1. Laws in the State governing cannabis are enacted allowing activities which are now prohibited, or prohibiting activities that are now allowed;
 - 2. The Tribe wishes to engage in forms of cannabis-related businesses other than those authorized in this Compact; or
 - 3. Federal enforcement laws or policies governing cannabis change.
- E. Most Favored Nation Provision in Another Compact. If at any time after the effective date of this Compact, the State enters into an agreement, compact or consent decree with another federally-recognized Indian Tribe or governmental agency thereof relating to the regulation of cannabis in Indian Country, which includes a "most favored nation" provision, then, upon the Tribe's written request, this Compact will be amended to include such a provision. A "most favored nation provision" is defined as language by which the State agrees to accord a tribe or tribal government agency the same favorable terms that are offered in later agreements with any other tribe or tribal government agency. This will not be construed to require that the State offer the Tribe the option to receive the

same terms offered to every tribe or tribal government agency, in the absence of a most favored nation provision in the Compact. Notwithstanding the foregoing, the parties agree that this “most favored nation” provision does not apply to Article IX, Section A of this Compact.

This Compact is hereby made this ____ day of _____, _____.

STATE OF WASHINGTON

SPOKANE TRIBE

Jay Inslee, Governor



Carol Evans, Chairwoman

WASHINGTON STATE LIQUOR AND
CANNABIS BOARD

David Postman, Board Chair

Ollie Garrett, Board Member

Jim Vollendroff, Board Member

Rick Garza, Agency Director