

Ryan F. Quarles
Commissioner



Kentucky Department of Agriculture

Office of Agriculture Marketing
Industrial Hemp Program
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MOU # _____

MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING (hereinafter MOU) is made and entered into this _____ day of _____, 2017 between the Kentucky Department of Agriculture (hereinafter "KDA") and _____ (hereinafter Participant). KDA and Participant, collectively, are hereinafter referred to as the "Parties".

WITNESSETH THAT:

WHEREAS, only KDA and institutions of higher education are authorized to grow or cultivate industrial hemp for the purposes specifically stated in federal law, 7 U.S.C. § 5940, (also known as Section 7606 of the Agricultural Act of 2014);

WHEREAS, 7 U.S.C. § 5940 requires that sites used for growing, cultivating, or processing industrial hemp in Kentucky must be certified by and registered with the KDA;

WHEREAS, this agreement shall supersede any previous processor (OR GROWER) agreement concerning participation in the Industrial Hemp Research Pilot Program between the KDA and the Participant;

NOW THEREFORE, the Parties hereto agree to the following:

1. Participant will:

- A. Act as an agent of KDA and comply with all guidance and instructions from KDA Hemp Staff, Kentucky State Police, and other state and local law enforcement.
- B. Affirm that Participant, and all individuals with ownership or control of the Participant in the event the Participant is not an individual, has not been convicted of any felony within the last (10) years.
- C. Affirm that Participant, and all individuals with ownership or control of the Participant in the event the Participant is not an individual, has not been convicted of any drug-related misdemeanor within the last (10) years.
- D. Acknowledge that KDA has discretion with respect to what persons, entities, and sites are included in the KDA pilot program and that KDA can de-certify and de-register a site used to grow, cultivate or process industrial hemp at any time.
- E. Agree to obtain prior written approval from KDA Hemp Staff before implementing any changes to the research focus, scope, or size as described herein under Section

Initial Agreement: _____

- 1.F. of this agreement.
- F. Agree to strictly adhere to the research focus of the pilot site as outlined in the 2017 application, which is/are located at the following locations:
- **(GPS Coordinates)**
- G. Agree to obtain prior written approval from KDA Hemp Staff before implementing any changes to the sites (additional addresses, or changes or additions to field, greenhouse, or building GPS coordinates) stated herein, and acknowledge that such changes for growing or processing locations are subject to a Site Modification Surcharge of \$500 per site.
- H. Agree to abide by all local, state, and federal laws as necessary for processing industrial hemp into products, including food items, cosmetics, nutraceuticals, etc.
- I. Consent to KDA notification to law enforcement agencies about sites and activities taking place in those sites.
- J. Consent to entry onto all premises where hemp plants or materials are located by KDA Hemp Staff, Kentucky State Police officers, or other law enforcement officers, with or without cause, with or without advance notice, for inspection, sampling, testing or any other purpose.
- K. Agree to abide by the terms outlined in the *2017 Policy Guide*, including restrictions on Prohibited Activities and Products. KDA reserves the right to deny the sale and/or transfer of any hemp material.
- L. Acknowledge that no pesticides may be used on industrial hemp unless specifically labeled for such use, and that hemp materials bearing pesticide residues (or believed by KDA to have had pesticides applied) regardless of the source or cause of contamination may be forfeited or destroyed without compensation.
- M. Agree to complete all program notifications and reports and submit said documents on or before deadlines set by KDA.
- N. Agree to comply with all restrictions on the movement of industrial hemp, as outlined in the *2017 Transfer Requirements* document.
- O. Agree to provide KDA with a list, upon request, of other persons (including all subcontractors, agents, independent contractors) who will provide assistance of any kind to Participant. KDA reserves the right to require background checks for any such persons.
- P. Agree to provide KDA a copy of any intellectual property agreements Participant has signed or executed related to the cultivation and processing of industrial hemp.
- Q. Consent to the forfeiture or destruction, without compensation, of hemp material found to have a measured delta-9 THC content of more than 0.3 percent on a dry weight basis.
- R. Agree to complete and submit to KDA the annual Industrial Hemp Research Pilot Research Program *Participant Agreement* Form and pay annual program fees.
- S. Acknowledge that all determinations issued by the KDA Appeals Panel are final,

and not subject to further appeal or judicial review, and agree to abide by these determinations.

- T. Agree to abide by the terms and conditions outlined within the annual *Participant Agreement* form.
- U. Agree that if the Participant fails to abide by any of these terms, the KDA may terminate this MOU without any payment or compensation due to any party.
- V. Acknowledge that industrial hemp is currently listed under 21 U.S.C. § 801 *et seq.* as a Schedule 1 Controlled Substance; that possession of industrial hemp outside the terms of this MOU and KDA's Industrial Hemp Research Pilot Program may constitute a violation of state and/or federal law; and that anyone in possession of such materials may be subject to local, state, and/or federal prosecution.

2. KDA will

- A. Administer the Industrial Hemp Research Pilot Program in accordance with KDA polices and state and federal law.
- B. Certify and register Participant sites as extensions of KDA following the execution of this document.
- C. Obtain necessary U.S. Department of Justice, Drug Enforcement Administration (DEA) import permits for approved seed imports.
- D. Conduct THC sampling and testing.
- E. Inform Participant of the laws and regulations that are applicable to KDA's Industrial Hemp Research Pilot Program.
- F. Monitor compliance of Participant's adherence to their research focus, scope, locations, and size as outlined in their application and this MOU, and as directed by KDA.
- G. Reserve the right to amend or otherwise change the research focus of the certified and registered pilot sites and will immediately inform the Participant of such decisions.
- H. Coordinate the review and dissemination of non-propriety research data to be shared.

3. Participant acknowledges the inherent risk associated with participation in a research program focusing on a new crop. Participant acknowledges that Participant bears sole responsibility for financial or other losses that may results from Participant's choice to participate. Participant agrees that KDA is not responsible for reimbursing or compensating Participant for any loss resulting from Participant's involvement with KDA's Industrial Hemp Research Pilot Program.

4. **This MOU shall expire March 31, 20XX. Future participation in the Kentucky Industrial Hemp Research Pilot Program will require Participant to reapply and be approved by KDA.

5. **This Agreement supersedes any prior processor (OR GROWER) agreements or understandings related to the Industrial Hemp Research Pilot Program between or among the parties. This Agreement may be terminated by either party without cause upon thirty (30) days prior written notice.**

6. **The Department of Agriculture does not discriminate on the basis of race, color, religion, sex, national origin, sexual orientation or gender identity, ancestry, age (40 and over), disability, veteran status or genetic information in employment or the provision of services and provides, upon request, reasonable accommodation including auxiliary aids and services necessary to afford individuals with disabilities an equal opportunity to participate in all programs and activities.**

IN WITNESS WHEREOF, the parties hereto have executed this MOU by and through their duly authorized agents as of the day and year first above written.

Keith Rogers, Chief of Staff
Kentucky Department of Agriculture

Date

Participant Signature

Date

Participant Printed Name

Title*

*In the event the Participant is not an individual, the person signing on behalf of the Participant must have legal signing authority for the Participant and state the capacity in which the person is signing.