

Marijuana Compact

between

The Stillaguamish Tribe of Indians

and

The State of Washington

Table of Contents

I. INTRODUCTION..... 2

II. PARTIES..... 2

III. PURPOSE AND INTENT 2

IV. DEFINITIONS 4

V. GENERAL MATTERS 6

VI. RETAIL SALES 8

VII. PRODUCING AND PROCESSING..... 9

VIII. RESEARCH AND TESTING OF MARIJUANA PRODUCTS..... 10

IX. NOTICE TO LOCAL JURISDICTIONS..... 11

X. TAXATION AND RECORD-KEEPING 13

XI. SAFETY AND ENFORCEMENT..... 14

XII. DISPUTE RESOLUTION..... 15

XIII. COMMUNICATION AND NOTICE..... 17

XIV. EFFECT, DURATION, AND AMENDMENT 18

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 “Marijuana Compact between the Stillaguamish Tribe of Indians and the State of Washington, hereinafter referred to as the “Compact.”

II. PARTIES

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

The Tribe is located on the Stillaguamish Indian Reservation, which is 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 of marijuana 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 marijuana 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 marijuana 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 marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products for recreational purposes within the State of Washington.

While the federal Controlled Substances Act continues to designate marijuana as a Schedule I substance, the United States Department of Justice on August 29, 2013, issued a memorandum to all United States Attorneys setting forth guidance regarding marijuana enforcement. In that

memorandum, James M. Cole, Deputy Attorney General, set forth eight (8) enforcement priorities of particular importance to the federal government, including: preventing the distribution of marijuana to minors; preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; preventing the diversion of marijuana from states where it is legal under state law in some form to other states; preventing state-authorized marijuana 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 marijuana; preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use; preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and preventing marijuana possession or use on federal property. The memorandum further states that the focus of federal law enforcement resources and efforts will be on those whose conduct interferes with the stated priorities and that state and local governments should provide sufficiently robust regulatory and enforcement systems to protect against these harms.

On October 28, 2014, the United States Department of Justice issued another memorandum to all United States Attorneys providing a policy statement regarding marijuana issues in Indian Country. In that memorandum, Monty Wilkinson, Director, Executive Office for United States Attorneys, acknowledged that “the eight priorities in the Cole Memorandum will guide United States Attorneys’ marijuana enforcement efforts in Indian Country, including in the event that sovereign Indian Nations seek to legalize the cultivation or use of marijuana in Indian Country.” That memorandum effectively treats tribal governments the same as state governments in the decision to legalize marijuana.

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

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

The State and the Tribe have recognized the need for cooperation and collaboration with regard to marijuana 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 on April 24, 2015, signed by the Governor on May 8, 2015, and effective on July 24, 2015. Laws of 2015, Chapter 207. Through Section 2 of this legislation, codified at RCW 43.06.490, the State authorized the Governor to enter Compacts concerning the regulation of marijuana and to delegate the authority to negotiate the Compacts to the Board.

The Parties share a strong interest in ensuring that marijuana 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, marijuana is a Schedule I controlled substance and that this Compact does not protect the sales or regulation of marijuana 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 sufficient to meet the federal priorities.

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 marijuana market, encourage economic development in Indian Country, and provide fiscal benefits to both the Tribe and the State.

IV. DEFINITIONS

1. “Auditor” means a certified public accountant licensed and in good standing in the State of Washington.
2. “Board” means the Washington State Liquor and Cannabis Board and its staff.
3. “Compact” means this Marijuana Compact between the Stillaguamish Tribe of Indians and the State of Washington, as it may be amended.
4. “Indian Country,” as defined by 18 U.S.C. § 1151, means the lands of the Stillaguamish Tribe of Indians, including the Tribe’s Indian reservation and all lands held in trust or restricted fee status by the United States for the Tribe or its Tribal Members.

5. “Marijuana,” marijuana concentrates,” “marijuana-infused products,” and “useable marijuana” 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 “marijuana product” or “marijuana products.”
6. “Parties” means the Tribe and the State.
7. “Processor” means any marijuana processor licensed to process, package, and label useable marijuana, marijuana concentrates, and marijuana-infused products for sale at wholesale to processors and retailers by the Board pursuant to RCW 69.50.325 and any marijuana processor in Indian Country licensed or otherwise allowed by the Tribe or any other tribe with a marijuana compact with the Board.
8. “Producer” means any marijuana producer licensed to produce and sell marijuana at wholesale to processors and other producers by the Board pursuant to RCW 69.50.325 and any marijuana producer in Indian Country licensed or otherwise allowed by the Tribe or any other tribe with a marijuana compact with the Board.
9. “Research and Testing Facility” means any business that conducts research and testing of marijuana products for quality control, potency and safety compliance for medical and other uses.
10. “Retailer” means any marijuana retailer licensed to sell useable marijuana, marijuana concentrates, and marijuana-infused products in a retail outlet by the Board pursuant to RCW 69.50.325 and any marijuana retailer in Indian Country licensed or otherwise allowed by the Tribe or any other tribe with a marijuana compact with the Board.
11. “State” means the State of Washington.
12. “State Licensee” means any marijuana producer, marijuana processor, or marijuana retailer licensed by the Board pursuant to chapter 69.50 RCW, chapter 314-55 WAC, or any other regulations promulgated thereunder.
13. “State Tax” means the marijuana excise tax as stated in RCW 69.50.535 and the State and local sales and use tax on sales of marijuana as stated in chapters 82.08 and 82.12 RCW, all as may be amended from time to time.
14. “STC” means the Stillaguamish Tribal Code.

15. “Tribal Enterprise” means a business or corporation chartered under the Tribal Entities Code under the STC and wholly owned by the Tribe.
16. “Tribal Police” means the Stillaguamish Tribal Police Department.
17. “Tribe” means the Stillaguamish Tribe of Indians.
18. “Tribal Member Business” means a business owned by an enrolled member of the Tribe.
19. “Tribal Tax” means a tax imposed by the Tribe on marijuana activities.

V. GENERAL MATTERS

1. 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 subdivision or enterprises and is not intended as a waiver of sovereign immunity and that any action by the State in regard to marijuana regulation by the Tribe shall be in accord with this Compact.
2. 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.
3. State Does Not Concede Tribal Immunity. By entering into this Compact, the State does not concede that the Tribe has any immunity from the State’s tax and collection provisions.
4. 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.
5. Jurisdiction. This Compact does not increase or reduce the jurisdiction of either the Tribe or the State.
6. 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 of its subdivisions or enterprises to any State jurisdiction not agreed to in this Compact.

7. Applicability. Consistent with RCW 43.06.490, this Compact applies to the production, processing, and sale of marijuana products in Indian Country where the Tribe or Tribal Enterprise:
 - a. Delivers or causes delivery to be made to or receives delivery of marijuana products from a State Licensee; or
 - b. Physically transfers possession of marijuana products from the seller to the buyer within Indian Country.

Except as otherwise provided herein, the production, processing, sale, and possession of marijuana products in Indian Country pursuant to the STC and in accordance with this Compact are not subject to the terms of chapter 69.50RCW 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.

8. State Licensees.
 - a. The Tribe may purchase marijuana products from or sell marijuana 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 or Tribal Enterprise and State Licensees must be executed through the State traceability system, and marijuana products purchased from or sold to State Licensees must be fully compliant with all State marijuana laws and rules, including packaging, testing, and labelling.
 - b. 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 marijuana products from or to the Tribe or a Tribal Enterprise in accordance with the terms of this Compact and the STC.
 - c. 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 marijuana products pursuant to the terms of this Compact.
9. Tribal Member Businesses. The current Tribal Law does not permit Tribal Member Businesses to conduct retail sales, producing, processing, research or testing of marijuana products in Indian Country. However, if the Tribal Law is revised to allow it, 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 this Compact is amended to include it.

10. Buffer Zone Requirements. To maintain community safety and compliance with the United States Department of Justice memoranda, tribal marijuana producer, processor, testing facilities, and retail businesses in Indian Country must follow buffer zone requirements outlined in RCW 69.50.331(8), and any amendments thereto as may be modified by the Tribe consistent with subsections (b) through (d), and subject to the interpretations of the grounds identified in subsection (a) that are within Indian Country all as codified in Tribal Law.
11. References to Laws, Rules and Policies. References herein to Tribal ordinances, Tribal and State laws, and to Tribal, State, and Board rules and policies, include ordinances, 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.

VI. RETAIL SALES

1. Retail Sales. The Tribe and/or its Tribal Enterprise may sell marijuana products in Indian Country pursuant to the STC and this Compact.
 - a. Initial Location. The first retail location will be operated by the Tribe and will be located at 1309 236th St NE, Arlington, Washington 98223.
2. Sales by the Tribe or a Tribal Enterprise. The Tribe shall notify the State at least thirty (30) days prior to the opening of any Retailer owned by the Tribe or Tribal Enterprise. Such notifications shall include:
 - a. The identity of the entity which is operating the retail location;
 - b. Location of the premises; and
 - c. Certification that the premises are located in Indian Country.
3. Conditions on Retail Sales.

- a. Retail sales of marijuana products by the Tribe and any Tribal Enterprise must be conducted in accordance with the STC and the internal policies and controls of the Tribe or Tribal Enterprise. STC Marijuana Code as it exists on the date of this Compact is attached as Exhibit A. Current copies of STC Marijuana Code and marijuana 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 STC Marijuana Code that may affect marijuana products within ten (10) days of the date of adoption by the Tribe.
- b. All marijuana 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 twenty-four (24) hours of receiving any such delivery unless the corresponding State laws and Board rules and policies in existence are amended to allow for later input.
- c. All marijuana products purchased by the Tribe or a Tribal Enterprise from the tribal government, Tribal Enterprise, or member of another federally recognized Indian Tribe with a reservation located within the state of Washington, or sold by the Tribe or a Tribal Enterprise to a tribal government, Tribal Enterprise, or member of 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 twenty-four (24) hours of any such receipt or delivery unless the corresponding State laws and Board rules and policies in existence are amended to allow for later input. The Tribe and any Tribal Enterprise will make such records available for review by the Board upon request.

VII. PRODUCING AND PROCESSING

1. Producing and Processing of Marijuana Products. The Tribe may allow the production and processing of marijuana products in Indian Country pursuant to the following terms:
 - a. Production and/or Processing by the Tribe or a Tribal Enterprise. The Tribe shall notify the State at least ninety (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:
- i. The identity of the entity which is operating the Producer or Processor location;
 - ii. Location of the premises; and
 - iii. Certification that the premises are located in Indian Country.
- b. Conditions on Producers and Processors.
- i. Production and processing of marijuana products by the Tribe and any Tribal Enterprise must be conducted in accordance with the STC Marijuana Code and the internal policies and controls of the Tribe or Tribal Enterprise. STC Marijuana Code as it exists on the date of this Compact is attached as Exhibit A. Current copies of STC Marijuana Code and any internal marijuana 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 STC that may affect marijuana products within ten (10) days of the date of adoption by the Tribe.
 - ii. The State requires that marijuana products sold by Producers or Processors to State Licensees be packaged, tested, and labeled in compliance with State marijuana 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 or Tribal Enterprises and State Licensees will be executed through the State traceability system following the same rules as State Licensees. All marijuana products sold to State Licensees will be fully traceable in the State’s traceability system. Marijuana 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 traceability system by a Board-certified testing laboratory.
 - iii. To maintain community safety and compliance with the United States Department of Justice memoranda, marijuana businesses in Indian Country must follow buffer zone requirements outlined in RCW 69.50.331(8), and any amendments thereto, and the STC Marijuana Code.

VIII. RESEARCH AND TESTING OF MARIJUANA PRODUCTS

1. The Tribe may allow the opening of a Research and Testing Facility pursuant to the following terms:
 - a. The Tribe shall notify the State at least 90 days prior to the start of operations of any Research and Testing Facility owned by the Tribe or a Tribal Enterprise. Such notifications shall include:
 - i. The identity of the entity which is operating the Research and Testing Facility; and
 - ii. Location of the premises.
2. Research and Testing Operations. The Tribe is authorized to operate a research and testing lab that will for a fee conduct scientific and safety testing services for substances including cannabis.
3. Certification. The Tribe will obtain and maintain certification consistent with Board rules including any amendments thereto, from the Board or the Board's vendor before conducting testing for State Licensees, and will conduct no testing for State Licensees during any period in which the Tribe's Testing Lab is not certified. The Tribe must pay all vendor fees for certification, recertification, and ongoing monitoring directly to the vendor. The Tribe agrees that the Tribe's Testing Lab will meet the Board's certification criteria to be certified as a lab that meets the standards in state law for conducting quality assurance testing consistent with Board rules.
4. Testing Standards. The Tribe's Testing Lab will perform the tests described in the Board rules when conducting testing for State Licensees.
5. Clientele. The Parties recognize that the Tribe's Testing Lab may offer its services to, among others, State-licensed producers, processors and retailers of marijuana, marijuana concentrates, and marijuana-infused products. The Tribe will obtain certification from the Board or the Board's vendor before conducting testing for State Licensees, and will conduct no testing for State Licensees during any period in which the Tribe's Testing Lab is not certified. When conducting testing for State Licensees, the Tribe's Testing Lab will report all required quality assurance test results directly into the Board's seed-to-sale traceability system within twenty-four hours of completion and record in the Board's seed-to-sale traceability system an acknowledgment of the receipt of samples from state-

licensed producers or processors and verify if any unused portion of the sample was destroyed.

6. The Tribe's Testing Lab may conduct quality assurance testing on marijuana product(s) produced or processed by the Tribe or Tribal Enterprise, as provided for herein.
 - a. In accordance with WAC 314-55-102, for marijuana products produced by the Tribe or Tribal Enterprise for sale to a State Licensee, the Tribe shall ensure that the products are tested by a certified third-party testing lab in which the Tribe has no financial interest, and that the products comply with all legal and regulatory testing and product requirements. At its option, the Tribe's testing Lab may also test such products, but no label or statement of testing result shall appear on a marijuana product that differs from the results determined by the certified third-party testing lab in which the Tribe has no financial interest.
 - b. The Tribe's Testing Lab may perform the tests described in the Board rules when conducting testing of marijuana products produced by the Tribe or Tribal Enterprise for sale by the Tribe or Tribal Enterprise at a retail location within Indian Country.

IX. NOTICE TO LOCAL JURISDICTIONS

1. 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, Retailer, or Research and Testing Facility.
2. When the Tribe or any other Tribal enterprise proposes to open a new Producer, Processor, Retailer, or Research and Testing Facility the Tribe will provide, at least thirty (30) days prior to the commencement of operations, written notice to the county and to the cities in and adjacent to which the activity will occur. The Parties agree that the purpose of the notice is 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 and not required by state law.
3. In accordance with the direction of the Legislature in RCW 43.06.490(3)(c) 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 thirty (30) days of notification from the Board. If the Tribe does not respond within thirty (30) days, the Board will assume non-concurrence.

X. TAXATION AND RECORD-KEEPING

The Parties recognize that RCW 43.06.490(2)(a) provides that “Each marijuana agreement adopted under this section must provide for a tribal marijuana tax that is at least one hundred percent of the state marijuana excise tax imposed under RCW 69.50.535 and state and local sales and use taxes on sales of marijuana.” 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.

1. 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 customer purchasing from the Tribe or Tribal Enterprises if covered under the provisions of this Compact.
2. Tribal Tax. The Tribe shall impose and maintain a Tribal Tax that is equal to at least one-hundred (100) percent of the State Tax on all sales of marijuana 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 marijuana grown, produced, or processed within Indian Country, or for transactions otherwise exempt from State marijuana taxation under State or federal law. Medical marijuana products used in the course of medical treatment by a clinic, hospital, or similar facility owned and operated by the Tribe within Indian Country are exempted from tax. The Tribe may choose to levy a Tribal Tax on any transaction that may otherwise be exempt.
3. 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.

XI. SAFETY AND ENFORCEMENT

1. The Tribe shall address safety and enforcement issues in accordance with the STC, this Compact, and internal policies and controls of the Tribe or Tribal Enterprise.
 - a. Premises Checks.
 - i. Premises 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 STC and this Compact and to provide support and education to 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.
 - ii. Premises 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.
 - b. Compliance Checks – Minors.
 - i. Compliance Checks by the Tribe. The Tribe may conduct its own compliance checks in Indian Country using minors' ages eighteen (18), nineteen (19), or twenty (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 marijuana as part of such a compliance check.
 - ii. 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.

- c. Cooperation. Both Parties will cooperate in good faith to undertake all Board requested checks jointly. The Tribal Police will make reasonable efforts to arrange and conduct all Board requested premises or compliance checks within twenty-four (24) hours of being provided written notice of such request by the Board. All such written notice shall be sent to the Chief of the Tribal Police and the Chairman of the Tribe. However, if the Tribal Police are unable or unwilling to arrange and conduct such requested premises checks forty-eight (48) hours after receiving the original written notice, the Board may then perform the premises check on its own without the Tribal Police. Should either Party have any concerns arising out of a premises or compliance check or the results thereof, the Parties will meet in good faith to discuss any suggested changes to protocols for the premises or compliance checks themselves or for marijuana sales by the Tribe or Tribal Enterprise that were checked.
- d. Transportation Outside Indian Country. Transportation of marijuana products outside the boundaries of Indian Country shall be conducted in compliance with State law and Board rules.

XII. DISPUTE RESOLUTION

1. Process Required. Neither Party, nor any officer or official acting on behalf of a Party, may petition any court to enforce this Compact unless (a) the dispute resolution process described in this Dispute Resolution Section has been followed in good faith to completion without successful resolution or (b) the other Party fails to enter into the dispute resolution. Should a dispute arise between the Parties regarding compliance with this Compact by either Party, the Parties will attempt to resolve the dispute through the following dispute resolution process:
2. Notice. Either Party may invoke the dispute resolution process by notifying the other, in writing, of its intent to do so. The notice must set out the issues in dispute and the notifying Party's position on each issue.
3. Meet and Confer. The first stage of the process will include a face-to-face meeting between representatives of the two (2) Parties to attempt to resolve the dispute by negotiation. The meeting must be convened within thirty (30) days after the receiving

Party's receipt of the written notice described in the Notice Section above. The representatives of each Party will come to the meeting with authority to settle the dispute. If the dispute is resolved, the resolution will be memorialized in a writing signed by the Parties.

4. Mediation. The second stage of the process will be that if the Parties are unable to resolve the dispute within sixty (60) days after receipt of the initial written notice, the Parties will engage the services of a mutually agreed-upon qualified mediator to assist them in attempting to negotiate the dispute. Costs for the mediator will be divided equally by the Parties. The Parties will pursue the mediation process in good faith until the dispute is resolved or until ninety (90) days after the date of the mediation demand, whichever occurs first. The Parties may continue mediation after the ninety (90)-day period by mutual agreement. If the Parties cannot agree on a format for the mediation process, the format will be determined by the mediator. If the dispute is resolved, the resolution will be memorialized by the mediator in a writing signed by the Parties, which will bind the Parties.
5. Procedure if the Dispute Remains Unresolved. After completion of the process described in the Dispute Resolution, Process Required Section above or one hundred eighty (180) days after the written notice described in Dispute Resolution, Notice Section above, whichever occurs first, either Party may terminate this Compact upon thirty (30) days' written notice sent to the persons listed in the Communication and Notice, Designated Contacts Section.
6. 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.
7. Traceability. Should either Party have any concerns arising out of operation of the 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.

XIII. COMMUNICATION AND NOTICE

1. 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
3000 Pacific Ave SE
PO Box 43080
Olympia WA 98504 3080
360-664-1650

For the Tribe: Chairman
Stillaguamish Tribe of Indians
3322 - 236th St NE
Arlington, WA 98223

2. 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.
3. 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
3000 Pacific Ave SE
PO Box 43080
Olympia WA 98504 3080
360-664-1650

If to the Tribe:

Chairman
Stillaguamish Tribe of Indians
3322 - 236th St NE
Arlington, WA 98223
360-652-7362

With a copy to:

Legal Department
Stillaguamish Tribe of Indians
3322 - 236th St NE
Arlington, WA 98223
360-572-3033

XIV. EFFECT, DURATION, AND AMENDMENT

1. Term. This Compact shall remain in effect for a term of ten (10) 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, Procedure if the Dispute Remains Unresolved Section above. The Compact shall be automatically renewed for successive periods of ten (10) years, unless a Party provides written notice to the other, no later than one hundred twenty (120) days before the expiration of the then current ten (10)-year period, that it wishes to modify the terms of the Compact.
2. 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.
3. 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.
4. Change in Classification. If the classification of marijuana as a Schedule I drug is altered in any way or federal marijuana enforcement policy (as described above) 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 sixty (60) days written notice.

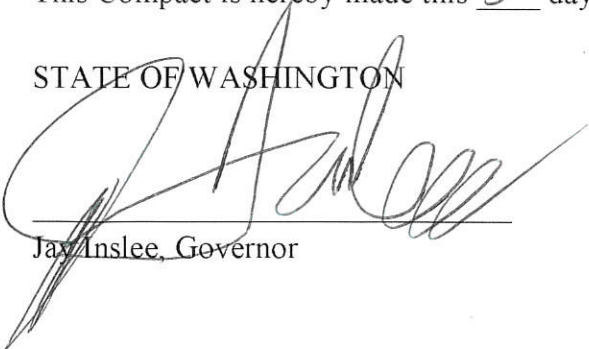
5. Most Favored Nation Provision in another Compact. If, at any time after the effective date of this Compact, the State enters into an agreement, compact, or consent decree with any other federally recognized Indian Tribe or governmental agency thereof, of or relating to the regulation of marijuana 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 a 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. The parties recognize that terms regarding taxation may fall within the scope of this paragraph. However, notwithstanding any other provision in this section, should it be determined that a tribe is entitled to a refund of payment of any State tax, fee, assessment or other charge imposed on a tribe’s marijuana product sold off the tribe’s reservation, then the parties agree that such more favorable terms shall be added to this Compact under the provision upon the Tribe’s written request to the Board.

6. 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:
 - a. Laws in the State governing marijuana are enacted allowing activities which are now prohibited, or prohibiting activities which are now allowed;
 - b. The Tribe wishes to engage in forms of marijuana-related businesses other than authorized in this Compact; or
 - c. Federal laws governing marijuana change.

This Compact is hereby made this 13th day of October, 2017.

STATE OF WASHINGTON

STILLAGUAMISH TRIBE OF INDIANS



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Jay Inslee, Governor



A handwritten signature in blue ink, written over a horizontal line.

Shawn Yanity, Chairman

WASHINGTON STATE LIQUOR AND
CANNABIS BOARD



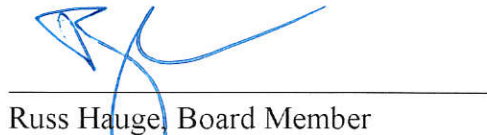
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Jane Rushford, Board Chair



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Ollie Garrett, Board Member



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Russ Hauge, Board Member



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Rick Garza, Agency Director

EXHIBIT A

Stillaguamish Reservation



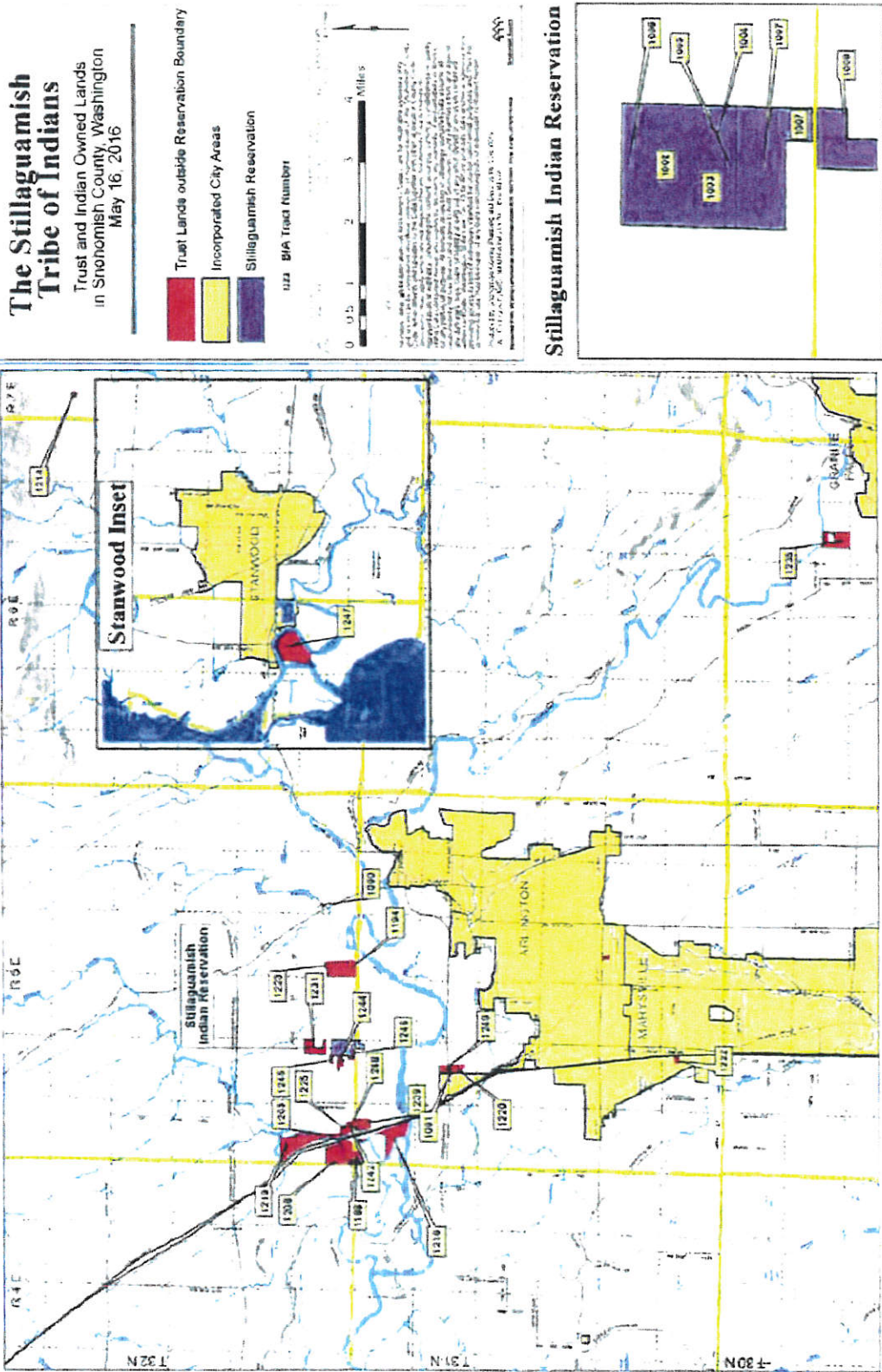


EXHIBIT B

Tribal Code

STILLAGUAMISH TRIBE OF INDIANS

MARIJUANA CODE

Chapter 01 General Provisions

Chapter 02 Possession/Use of Marijuana

Chapter 03 Enterprises Compliance

Chapter 01 General Provisions

Section 01.01 Title

This Title shall be known and may be cited as the Stillaguamish Marijuana Code.

Section 01.02 Intent

This code is intended to implement the Marijuana Compact between the Stillaguamish Tribe of Indians and the State of Washington and this code shall be interpreted and administered liberally to achieve that intent.

Section 01.03 Sovereign Immunity

The Tribe, and each its constituent parts, is immune from suit in any jurisdiction, except to the extent that such immunity has been expressly and unequivocally waived by the Board of Directors, according to the Constitution of the Stillaguamish Tribe of Indians. Nothing in this Title shall be construed as waiving the sovereign immunity of the Tribe or any of its constituent parts.

Section 01.04 Severability

If any provision of this Title or its application to any person or legal entity or circumstances is held invalid, the remainder of this Title or the application of its provisions to other persons, legal entities or circumstances shall not be affected.

Section 01.05 Indemnifications

The Tribe shall indemnify, defend, and hold harmless any elected official, officer, or employee of the Tribe of its enterprises from civil or criminal prosecution arising from

his or her good faith implementation of his or her responsibilities arising out of or relation to the implementation of this Code.

Section 01.06 No Impairment of Rights

It is the intent of Stillaguamish Tribe of Indians that the enactment of this Code shall not impair the Tribe's rights to receive any grant funding, preferred lending or similar third party payments. This Code shall be liberally construed to avoid any such impairment.

Section 01.07 Taxes

1. There is levied a tax on the retail sale of marijuana in the amount of thirty-seven (37) percent of the selling price on each retail sale in Indian Country of marijuana concentrates, useable marijuana and marijuana-infused products. This tax is separate and in addition to the sales and use tax and is not part of the measure of the sales and use tax. The tax must be paid by the buyer to the seller.

2. All revenues from taxes levied under this section shall be dedicated to essential government services.

Section 01.08 Definitions

For the purposes of this Title, certain definitions may be included in referenced or incorporated documents, if they are not included in the following list:

1. "Board of Directors" means the Stillaguamish Tribe of Indians Board of Directors.
2. "Consume" means the act of consuming liquor or marijuana by any means, the condition of having consumed marijuana, and the condition of being under the influence of marijuana.
3. "Dwelling" means any building or structure, though movable or temporary, or a portion thereof, which is used or ordinarily used by a person for lodging.
4. "Indian Country" consistent with the meaning given in 18 U.S.C. 1151 means:
 - a. All land within the limits of the Stillaguamish Tribe Indian Reservation under the jurisdiction of the United States government, notwithstanding the issuance of any patent, and, including rights-of-way running through the reservation; and
 - b. All Indian allotments or other lands held trust for the Stillaguamish Tribe of Indians, the Indian titles to which have not been extinguished, including rights-of-way running

through the same.

5. “Marijuana” or “marihuana” means all parts of the plant Cannabis, whether growing or not, with a THC concentration greater than 0.3 percent on a dry weight basis’ the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. The term does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seeds of the plant which is incapable of germination.
6. “Marijuana concentrates” means products consisting wholly or in part of the resin extracted from any part of the plant Cannabis and having a THC concentration greater than sixty (60) percent.
7. “Marijuana-infused products” means products that contain marijuana extracts and are intended for human use. The term “marijuana-infused products” does not include useable marijuana.
8. “Officer” and “public officer” means a person holding office under tribal government, or in the federal government who persons a public function and in so doing is vested with the exercise of some sovereign power of government, and includes all assistants, deputies, clerks and employees of any public officer and all persons lawfully exercising or assuming to exercise any of the powers or functions of a public officer.
9. “Person,” “he,” “she” or “actor” include any natural person and, where relevant, a corporation, association, partnership and other similar entities.
10. “Place of work” includes but is not limited to all the lands and other real property of a farm or ranch in the case of an actor who owns, operates, or is employed to work on such a farm or ranch.
11. “Public Place” is defined as any place to which the general public has unrestricted access or any property owned by or held in trust for the Tribe, which includes being in public view, but does not include being inside of private dwellings or buildings.
12. “THC concentration” means nanograms of delta-9 tetrahydrocannabinol per milliliter of a person’s whole blood. THC concentration does not include measurement of the metabolite

THC-COOH, also known as carboxy-THC.

13. “Tribe” means the Stillaguamish Tribe of Indians.
14. “Useable marijuana” means dried marijuana flowers. The term “useable marijuana” does not include marijuana-infused products.
15. “Vehicle” means a “motor vehicle” as defined in the vehicle and traffic laws, any aircraft, or any vessel equipped for propulsion by mechanical means or by sail.

Chapter 02 Possession/Use of Marijuana

Section 2.02 Legal Possession of Marijuana

1. Wholly owned enterprises of the Tribe are the only persons or entities authorized to manufacture, process, package, deliver, distribute, or sell, or possess marijuana in quantities in excess of the quantities identified under this Code and solely to the extent provided under this Code.
2. The following acts, when performed by a wholly owned enterprise of the Tribe or its employee in compliance with Tribal Law, shall not constitute criminal or civil offenses under Tribal Law:
 - a. Purchase and receipt of useable marijuana, marijuana concentrates, or marijuana-infused products that have been properly packaged and labeled from a wholly owned enterprise of the Tribe or a state-licensed producer or processor.
 - b. Possession of useable marijuana, marijuana concentrates, or marijuana-infused products.
 - c. Delivery, distribution, and sale of any combination of the following amounts of useable marijuana, marijuana concentrates, or marijuana-infused products to any person twenty-one (21) years of age or older:
 - I. One (1) ounce of useable marijuana.
 - II. Sixteen (16) ounces of marijuana-infused product in solid form.
 - III. Seventy-two (72) ounces of marijuana-infused product in liquid form.
 - IV. Seven (7) grams of marijuana concentrates.
3. The delivery, distribution, and sale of any combination of the following amounts of useable marijuana, marijuana concentrates, or marijuana-infused product to a qualifying patient or his or her designated provider, as those terms are defined under Chapter 69.51A RCW, if the patient or provider is in possession of a valid authorization and recognition card, as defined under RCW 69.51A. 010, and the patient is recorded in that

database established under Section 21 of Chapter 70, Laws of 2015, Washington State (2SSB 5052) shall not constitute criminal or civil offenses under Tribal Law:

- a. Forty-eight (48) ounces of marijuana-infused product in solid form.
 - b. Three (3) ounces of useable marijuana.
 - c. Two hundred sixteen (216) ounces of marijuana-infused product in liquid form.
 - d. Twenty-one (21) grams of marijuana concentrates.
4. Delivery, distribution, and sale of useable marijuana or marijuana-infused products to wholly owned enterprises of the Tribe or to state licensed producers, processors, or retailers shall not constitute criminal or civil offenses under Tribal Law.
 5. The possession, by a person twenty-one (21) years or older, of useable marijuana, marijuana concentrates, or marijuana infused products in amounts that do not exceed those set forth in this Code is not a violation of this section, this Title, or any other provision of Tribal Law.
 6. The Tribe shall assert no violation of any lease, sublease, or similar instrument on the basis of a tenant's actions in compliance with this Code, whether or not such instrument was effective before or after the enactment of this Code, except to the extent such instrument references this Code and states an intent to prohibit tenant conduct otherwise permitted by this Code.
 7. Any person who grows, manufactures, delivers, or possesses with intent to sell, deliver, or manufacture marijuana shall be in violation of the Law and Order Code. The term "manufacture" shall not apply to growing for personal use.
 8. The production, manufacture, procession, packaging, delivery, distribution, sale, or possession of marijuana, marijuana concentrates, useable marijuana, or marijuana-infused productions in compliance with this Code shall not constitute a violation of this section, this Title, or any other provision of Tribal law.

Section 2.03 Illegal Possession/Use of Marijuana

1. The production, manufacture, procession, packaging, delivery, distribution, sale, or possession of marijuana in a manner not substantively in compliance with this Code shall be a crime punishable under the Law and Order Code as if marijuana were an illegal substance identified under the Law and Order Code.
2. No person under twenty-one (21) years of age shall purchase, possess, or consume any marijuana.
3. No person shall consume or smoke marijuana in a public place.
4. No person who is intoxicated under the influence of marijuana shall be or remain in any public place.
5. A person is guilty of driving while under the influence of marijuana if he or she drives a

vehicle within Indian Country while having a THC concentration of 5.00 or more.

6. The fact that any person charged with a violation of this section is or has been entitled to use of such drug under the laws of this Tribe or of any other Tribe or state shall not constitute a defense against any charge of violating this section.

Chapter 03 Enterprise Compliance

Section 3.01 Enterprise Compliance

1. All wholly owned enterprises of the Tribe shall employ reasonable and effective inventory methods that allow marijuana to be tracked from seed to sale.
2. All wholly owned enterprises of the Tribe engaged in the production or processing of marijuana shall employ third party laboratories to conduct quality assurance tests consistent with those specified under WAC 314-55-102 or successor regulations.
3. All wholly owned enterprises of the Tribe shall employ reasonable and effective security procedures and systems that safeguard marijuana from theft and diversion, including marijuana intended for destruction as waste.
4. Marijuana products may not be sold or advertised within in or on, or within one thousand (1,000) feet of, the real property comprising a public or private elementary, vocational, or secondary school, or a public or private college, junior college, or university, or a playground, or housing facility owned by a public housing authority, or within one hundred (100) feet of a public or private youth center, public swimming pool, or video arcade facility.
5. For the purposes of this section:
 - a. The term “playground” means any outdoor facility (including any parking lot appurtenant thereto) intended for recreation, open to the public, and with any portion thereof containing three (3) or more separate apparatus intended for the recreation of children including, but not limited to, sliding board, swing sets, and teeterboards.
 - b. The term “youth center” means any recreational facility and/or gymnasium (including any parking lot appurtenant thereto), intended primarily for use by persons under eighteen (18) years of age, which regularly provides athletic, civic, or cultural activities.
 - c. The term “video arcade facility” means any facility, legally accessible to persons under eighteen (18) years of age, intended primarily for the use of pinball and video machines for amusement containing a minimum of ten (10) pinball and/or video machines.
 - d. The term “swimming pool” includes any parking lot appurtenant thereto.
6. Useable marijuana, marijuana concentrates, or marijuana-infused products sold within the jurisdiction of the Tribe may not contain any statement, or illustration that:

- a. Is false or misleading.
 - b. Promotes over consumption.
 - c. Represents the use of marijuana has curative or therapeutic effects.
 - d. Depicts a child or other person under legal age to consume marijuana, or includes:
 - i. Objects, such as toys, characters, or cartoon characters suggesting the presence of a child, or any other depiction designed in any manner to be especially appealing to children or other persons under legal age to consume marijuana.
 - ii. Is designed in any manner that would be especially appealing to children or other persons under twenty-one (21) years of age.
7. All advertising must contain the following warnings:
- a. “This product has intoxicating effects and may be habit forming.”
 - b. “Marijuana can impair concentration, coordination, and judgement. Do not operate a vehicle or machinery under the influence of this drug.”
 - c. “For use only by adults twenty-one (21) and older. Keep out of the reach of children.”
8. Useable marijuana when sold at retail must include accompanying material that contains the following warnings:
- a. “Warning: This product has intoxicating effects and may be habit forming. Smoking is hazardous to your health.”
 - b. “Marijuana can impair concentration, coordination, and judgement. Do not operate a vehicle or machinery under the influence of this drug.”
 - c. “There may be health risks associated with consumption of this product.”
 - d. “Should not be used by women that are pregnant or breast feeding.”
 - e. “For use only by adults twenty-one (21) and older. Keep out of reach of children.”
 - f. “Marijuana can impair concentration, coordination, and judgement. Do not operate a vehicle or machinery under the influence of this drug.”
 - g. A statement that discloses all pesticides applied to the marijuana plants and growing medium during production and processing.
9. All marijuana concentrates and marijuana-infused products sold at retail must include accompanying material that contains the following warnings that state:
- a. “There may be health risks associated with consumption of this product.”
 - b. “This product is infused with marijuana or active compounds of marijuana.”
 - c. “Should not be used by women that are pregnant or breast feeding.”
 - d. “For use only by adults twenty-one (21) and older. Keep out of reach of children,”
 - e. “Products containing marijuana can impair concentration, coordination, and judgement. Do not operate a vehicle or machinery under the influence of this drug.”
 - f. “Caution: When eaten or swallowed, the intoxicating effects of this drug may be delayed by two (2) or more hours.”
 - g. Statement that discloses all pesticides applied to the marijuana plants and growing

- medium during production of the base marijuana used to create the extract added to the infused product.
- h. Statement that discloses the type of extraction method, including any solvents, gases, or other chemicals or compounds used to produce or that are added to the extract.
10. Labels affixed to the container or package containing useable marijuana sold at retail must include:
- a. The business or trade name and Washington State unified business identifier number of the licensees that produced, processed, and sold the useable marijuana, or, if grown or processed in Stillaguamish Tribe Indian Country by a wholly owned enterprise of the Tribe, a statement to that effect.
 - b. Inventory ID number.
 - c. Concentration of THC, THCA, CBD, including a total of active cannabinoids (potency profile).
 - d. Net weight in ounces and grams or volume as appropriate.
 - e. Warnings that state, “This product has intoxicating effects and may be habit forming.”
 - f. Statement that “This product may be unlawful in some jurisdictions.”
 - g. Date of harvest.
11. Labels affixed to the container or package containing marijuana-infused products sold at retail must include:
- a. The business or trade name and Washington State unified business identifier number of the licensees that produced, processed, and sold the useable marijuana, or, if grown or processed in Stillaguamish Tribe Indian Country by a wholly owned enterprise of the Tribe, a statement to that effect.
 - b. Inventory ID number.
 - c. Date manufactured.
 - d. Best by date.
 - e. Net weight in ounces and grams, or volume as appropriate.
 - f. List of all ingredients and any allergens.
 - g. Warning statement that “Caution: When eaten or swallowed, the intoxicating effects of this drug may be delayed by two (2) or more hours.”
 - h. If a marijuana extract was added to the product, disclosure of the type of extraction process and any solvent, gas, or other chemical used in the extraction process, or any other compound added to the extract.
 - i. Warnings that state: “This product has intoxicating effects and may be habit forming.”
 - j. Statement that “This product may be unlawful in some jurisdictions” or a comparable statement.

12. Labels affixed to the container or package containing marijuana concentrates sold at retail must include:
 - a. The business or trade name and Washington state unified business identifier number of the licensees that produced, processed and sold the marijuana concentrate or, if produced or processed in Stillaguamish Tribe Indian Country by a wholly owned enterprise of the Tribe, a statement to that effect.
 - b. Inventory ID number.
 - c. Date manufactured.
 - d. Best by date.
 - e. Net weight in ounces and grams, or volume as appropriate.
 - f. If a marijuana extract was added to the product, disclosure of the type of extraction process and any solvent, gas, or other chemical used in the extraction process, or any other compound added to the extract.
 - g. Concentration of THC (total Delta 9 and Delta 9 THC-A) and CBD.
 - h. Warnings that state: “This product has intoxicating effects and may be habit forming.”
 - i. Statement that “This product may be unlawful in some jurisdictions” or a comparable statement.