

**TENNESSEE DEPARTMENT OF AGRICULTURE INDUSTRIAL HEMP PILOT PROGRAM
MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding is made and entered into upon the last date of execution signed below between the **Tennessee Department of Agriculture** (“TDA”) and the **undersigned applicant** (“Pilot Producer”), collectively “the Parties.”

WHEREAS, pursuant to state law, TDA is charged with responsibility to oversee any grower who wishes to produce industrial hemp in Tennessee;

WHEREAS, pursuant to the federal Controlled Substances Import and Export Act and the federal Agricultural Act of 2014, permissible growth of industrial hemp and distribution of its seed in Tennessee is limited to activities by TDA through a pilot program or institutions of higher education in Tennessee for purposes of agricultural or academic research;

WHEREAS, to these ends TDA created its Industrial Hemp Pilot Program to research the growth, cultivation, and marketing of industrial hemp;

WHEREAS, industrial hemp seed is not readily available in the state and its importation is subject to federal law as a controlled substance;

WHEREAS, in order to acquire industrial hemp seed for its pilot program, TDA registered with the United States Department of Justice, Drug Enforcement Administration (“DEA”), as an importer of controlled substances;

WHEREAS, the pilot program establishes an agency relationship with producers, who operate as extensions of TDA for purposes of research on the growth, cultivation, and marketing of industrial hemp;

WHEREAS, Tennessee’s Industrial Hemp Pilot Program is operated as a zero sum program, wherein its financial resources are limited to those license fees and other necessary expenses paid by the program’s participants; and,

WHEREAS, Pilot Producer wishes to participate in TDA’s Industrial Hemp Pilot Program and/or to receive industrial hemp seed through the efforts of TDA; now,

THEREFORE, premises considered, and for the Parties’ mutual benefit and consideration of participating in TDA’s Industrial Hemp Pilot Program and/or to receive industrial hemp seed through TDA, TDA and Pilot Producer hereby agree as follows.

TDA will, if applicable, register Pilot Producer as a limited extension of TDA for the sole purposes of researching the growth, cultivation, and marketing of industrial hemp, and will make reasonable effort to:

1. Inform Pilot Producer of the laws and regulations applicable to the production of industrial hemp.

2. Act as a resource for Pilot Producer on regulatory questions regarding the Industrial Hemp Pilot Program, provided that TDA cannot provide Pilot Producer with legal advice and recommends Pilot Producer seek the advice of an attorney for all substantive legal questions.
3. Provide Pilot Producer with industrial hemp seed, upon Pilot Producer's request and at Pilot Producer's expense, in a quantity and variety determined at the discretion of TDA.
4. Catalog data received, in cooperation with Pilot Producer, other program participants, and institutions of higher education in Tennessee, for improved methods and techniques in growing, cultivating, and marketing industrial hemp.

TDA recognizes that participation in its Industrial Hemp Pilot Program poses a significant cost on Pilot Producer in licensing fees and sampling and analysis expenses incident to regulation of the program. To defray these costs to program participants, TDA will forego any income or profits that Pilot Producer lawfully obtains through the disposition of his industrial hemp crop, provided that Pilot Producer reports to TDA, as required by regulation or requested under the pilot program: 1) any movement of Pilot Producer's industrial hemp plants, plant materials, or seeds outside the licensed growing area, 2) any sale of or benefit received in exchange for Pilot Producer's industrial hemp plants, plant materials, or seeds, and 3) any commercial details of such movement, sale, or exchange for use by TDA to research the marketability and logistical production of industrial hemp in Tennessee.

Pilot Producer will:

1. Assume a limited agency relationship with TDA for the sole purpose of research of industrial hemp and its growth, cultivation, and marketability. Pilot Producer will conduct himself and his agricultural operations in a lawful manner and one consistent with the standards otherwise fitting an official of the State of Tennessee. Pilot Producer recognizes that such standards are subject to the sole discretion and direction of TDA and the State of Tennessee.
2. Abide by applicable laws and regulations incident to the growth, cultivation, or marketing of industrial hemp. Pilot Producer will intend in good faith to grow, cultivate, and/or market industrial hemp.
3. Acknowledge that any action—intended or incidental—that is contrary to such laws and regulations—known or unknown—falls outside the agency relationship of Pilot Producer with TDA and Pilot Producer's participation in the Industrial Hemp Pilot Program. Pilot Producer acknowledges that this provision applies to all actions incident to his licensed production of industrial hemp, including but not limited to any sale or disposition of the

resulting plants, plant materials, or seeds for which he may otherwise receive some benefit or consideration.

4. Indemnify, hold harmless, and release forever the State of Tennessee, its departments, agencies, officers, employees, and agents of any kind from all liability claims arising out of Pilot Producer's actions involving the growth or production of industrial hemp.
5. Warrant that Pilot Producer is not an employee of the State of Tennessee, as contemplated under Tenn. Code Ann. §8-42-101, and will assume total and sole responsibility for any of Pilot Producer's acts or omissions involving the growth or production of industrial hemp or arising out of his participation in TDA's Industrial Hemp Pilot Program.
6. Allow any institution of higher education in Tennessee to access those sites registered by Pilot Producer with TDA for production of industrial hemp. Such access shall be allowed upon notice from TDA to Pilot Producer and shall extend for all purposes determined at the discretion of TDA related to research of industrial hemp and its growth, cultivation, and marketing.
7. Allow upon request federal, state, or local authorities to inspect and/or sample the industrial hemp growing area, plants, plant materials, seeds, equipment, or facilities incident to the growth, cultivation, or marketing of industrial hemp.
8. Remit to TDA all license fees and other expenses of the Pilot Program, including but not limited to all fees related to 1) sampling and analysis of hemp plants and plant materials and 2) destruction of resulting hemp crops found by TDA to be non-compliant with applicable laws and regulations.
9. Agree that with respect to Pilot Producer's production of industrial hemp, TDA's role is to fulfill regulatory oversight of the production and where possible, to facilitate receipt of viable seed. Pilot Producer understands and agrees that he shall not receive compensation or wages from TDA and TDA will not offer financial resources, tangible products, or commercial labor in support of Pilot Producer's industrial hemp crop.
10. Adhere narrowly to the research focus for which Pilot Producer is participating in the Industrial Hemp Pilot Program, if applicable, to include one or more of the following:
 - a. Planting/growing—tracking vital statistics and yield rates with respect to industrial hemp varieties and growing variables, including seed planting rate, soil composition, water usage, and planting/growing season.

- b. Pest—tracking occurrence of pests and effectiveness of various preventative measures in correlation with industrial hemp varieties.
 - c. Cost centers and financing—tracking average cost estimates of producing industrial hemp varieties, taking into account costs of participation in the Industrial Hemp Pilot Program, product acquisition, water usage, equipment, labor, and security measures, etc., and reporting financial resources available for production of industrial hemp
 - d. Marketing and product/industry development—reporting market demand for industrial hemp varieties’ raw materials and end products, including identification of actual or potential hemp products, processors, product manufacturers, wholesalers, retailers, and targeted consumers.
11. Complete and submit all reports and/or statements requested by TDA relative to Pilot Producer’s production of industrial hemp, and further provided that a failure to submit any required or requested report may result in revocation of Pilot Producer’s industrial hemp license.
12. Understand and agree that any industrial hemp grown in Tennessee without an active industrial hemp license issued by TDA falls outside Pilot Producer’s limited agency with TDA; is considered to be marijuana under state law; and constitutes impermissible growth of industrial hemp under federal law. Pilot Producer further understands that such action will be prosecuted in accordance with all applicable laws.
13. Destroy and/or dispose at the direction of TDA any industrial hemp crop, plant, plant material, or seed determined by TDA or law enforcement to be non-compliant with applicable laws or regulations.
14. Use best management practices for the growth and production of industrial hemp, as available, and take reasonable precaution to prevent unauthorized growth or distribution of industrial hemp, e.g.:
- a. Keep records—including name, telephone number, and address—of all persons with access to the growing area or hemp plants, plant materials, or seeds.
 - b. Use case hardened locks and chains to limit access to storage areas where hemp plants, plant materials, or seeds are kept. Control possession of keys to locks. Ensure locks are tamper resistant and in working condition.

- c. Mark equipment and plants, if possible, with owner applied numbers.
 - d. Block private access roads to the growing area(s) with gates or barricades. Post “No Trespassing” signs on gates, barricades, and other landmarks near the growing area(s) and facilities.
 - e. Install reasonable security measures to prevent theft, e.g. motion sensor lighting, fencing, game cameras, etc. Post signs indicating that cameras are used to record activity on the growing area property.
 - f. Inspect and record regularly the condition of the growing area(s), facilities, and equipment used in the production of industrial hemp.
 - g. Conduct regular inventory counts of hemp plants, plant materials, and seeds in order to recognize more quickly if a theft has occurred.
 - h. Contact local law enforcement to help identify additional security measures and encourage patrols near the growing area(s).
 - i. Report to local law enforcement any suspicious activity and/or the presence of strangers near the growing area(s) or facilities. Note any such stranger’s physical appearance and vehicle information, including make, model, color, and license plate number if possible.
 - j. Report stolen, lost, or missing hemp plants, plant materials, or seeds to TDA and law enforcement authorities as soon as the items are noticed to be missing.
 - k. Reduce likelihood of cross pollination between varieties of industrial hemp and among other plants, e.g. by:
 - i. Separating any growing area from other self-pollinating plants/crops by more than 10 feet.
 - ii. Separating any growing area from other wind and insect pollinating plants by more than 300 feet.
 - iii. Employing a physical barrier such as a hoop house or row cover to isolate industrial hemp from other plants/crops.
15. Comply with any direction from TDA’s Plant Certification Administrator with respect to the growth, cultivation, or marketing of industrial hemp not otherwise contemplated within this Memorandum of Understanding.

The Parties agree that this Memorandum supersedes all existing memoranda of understanding between them, including any supplements or amendments thereto, with respect to TDA's Industrial Hemp Pilot Program.

The Parties further agree that this Memorandum shall be effective only during the period of Pilot Producer's licensure to grow industrial hemp immediately following the Memorandum's effective date. The Memorandum shall be renewable only upon effective renewal of Pilot Producer's Industrial Hemp License and a subsequent signed, written agreement between the Parties.

PILOT PRODUCER

By: _____ Date _____
Its:

TENNESSEE DEPARTMENT OF AGRICULTURE,
DIVISION OF CONSUMER & INDUSTRY SERVICES

By: _____ Date _____
Its: