

Cannabis Control Authority
Board of Directors Meeting

Nov. 9, 2021

12:00-3:00 PM

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Patrick Henry Building

West Reading Room

1111 E Broad St

Richmond, VA

1. **Call to Order** - Neil Amin, Chair, Cannabis Control Authority Board of Directors
2. **Determination of Quorum** – Mr. Amin
3. **Approval of Agenda** – Mr. Amin
4. **Approval of Previous Meeting’s Minutes** – Mr. Amin
5. **Briefing on Virginia’s Regulatory Process** – Department of Planning & Budget & Mr. Jim Flaherty, Assistant Attorney General, Office of the Attorney General
6. **Briefing on Drug Recognition Expert Training Initiative** – Virginia State Police
7. **Update on Interim Activities, including Establishing Initial Authority Functionalities & Coordination with Related Cannabis Boards** – Shawn Talmadge, Deputy Secretary of Public Safety & Homeland Security & Megan Field, Policy Advisor, Governor Northam
8. **Board actions** – Mr. Amin
 - a. **Consideration of Electronic Meeting Policy** – Ms. Field & Mr. Flaherty
 - b. **Discussion of Procurement Policies** – Deputy Secretary Talmadge
 - c. **Consideration of Pending Procurement Actions** – Deputy Secretary Talmadge
 - d. **Update to the Authority’s FY’22 Operating Budget** –Deputy Secretary Talmadge
9. **Public Comment Period** – Mr. Amin

CANNABIS CONTROL AUTHORITY –
POLICY GOVERNING ELECTRONIC PARTICIPATION IN MEETINGS

Presented to the Board of Directors on November 9, 2021

Adopted, pursuant to VA Code §2-2.3708.2, on _____

Occasions may arise when a member of the Cannabis Control Authority Board of Directors (“Board”) is unable to be physically present at a meeting, subcommittee, or workgroup of the Board. Under certain circumstances, Virginia law permits members to participate in meetings through electronic communication means such as telephone and video conferencing. The law limits the instances in which this may occur; prescribes procedures that must be followed when a member participates in a meeting through electronic means; and requires that a written policy governing such participation be adopted. This Policy, as hereafter set forth, sets forth the instances when a member may participate in a meeting electronically and the procedures that apply in such circumstances. Nothing in this Policy shall be construed to prohibit the use of interactive audio or video means to expand public participation.

I. Circumstances When Electronic Participation of a Board Member is Permitted

In accordance with §2-2.3708.2, a Board Member may participate in a meeting through electronic communication means, including telephone or video conferencing, from a remote location not open to the public, if, on or before the day of a meeting, the member notifies the chair of the public body that:

a. Such member is unable to attend the meeting due to (i) a temporary or permanent disability or other medical condition that prevents the member's physical attendance or (ii) a family member's medical condition that requires the member to provide care for such family member, thereby preventing the member's physical attendance; or

b. Such member is unable to attend the meeting due to a personal matter and identifies with specificity the nature of the personal matter. Participation by a member pursuant to this subdivision b is limited each calendar year to two meetings per calendar year.

Participation by a member of the Board as authorized above shall be only under the following conditions:

1. A quorum of the Board is physically assembled at the primary or central meeting location, except when “emergency circumstances” (described below) are met.
2. The Board makes arrangements for the voice of the member who is participating remotely to be heard by all persons at the primary or central meeting location.

A. Procedural Requirements

If a member notifies the chair of the Board of their request to meet through electronic communication means, the chair will determine whether the member's request satisfies the above requirements. The chair will then notify the member whether or not their request to meet through electronic communications has been approved or disapproved. The chair shall apply this policy strictly and uniformly, without exception, to the entire membership and without regard to the identity of the member requesting remote participation or the matters that will be considered or voted on at the meeting.

If participation by a member through electronic communication means is approved, the Board shall record in its minutes the remote location from which the member participated; however, the remote location need not be open to the public. The Board shall also include in its minutes the fact that the member participated through electronic communication means due to (i) a temporary or permanent disability or other medical condition that prevented the member's physical attendance or (ii) a family member's medical condition that required the member to provide care for such family member, thereby preventing the member's physical attendance. If participation is approved pursuant to the above section I(b), the Board shall also include in its minutes the specific nature of the personal matter cited by the member.

II. Emergency Circumstances

Members of the Board may meet by electronic communication means without a quorum physically assembled at the primary or central meeting location when the Governor has declared a state of emergency in accordance with § 44-146.17 or the locality in which the public body is located has declared a local state of emergency pursuant to § 44-146.21, provided that (i) the catastrophic nature of the declared emergency makes it impracticable or unsafe to assemble a quorum in a single location and (ii) the purpose of the meeting is to provide for the continuity of operations of the public body or the discharge of its lawful purposes, duties, and responsibilities. Under this circumstance, the Board shall:

- a. Give public notice using the best available method given the nature of the emergency, which notice shall be given contemporaneously with the notice provided to members of the public body conducting the meeting;
- b. Make arrangements for public access to such meeting through electronic communication means, including videoconferencing if already used by the public body;
- c. Provide the public with the opportunity to comment at those meetings of the public body when public comment is customarily received; and
- d. Otherwise comply with the provisions of Va. Code § 2.2-3700, et seq..

The nature of the emergency, the fact that the meeting was held by electronic communication means, and the type of electronic communication means by which the meeting was held shall be stated in the minutes. The provisions of this section II shall be applicable only for the duration of the emergency declared pursuant to VA. Code § 44-146.17 or 44-146.21.

III. Additional Option for Conducting Meetings through Electronic Communication Means

In addition to the above-described circumstances, the Board may also conduct any meeting through electronic communication means, provided that

- (i) a quorum of the public body is physically assembled at one primary or central meeting location;
- (ii) notice of the meeting has been given in accordance with subdivision 2 of VA. Code §2-2.3708.2(D); and
- (iii) members of the public are provided a substantially equivalent electronic communication means through which to witness the meeting.

These meetings must be conducted in accordance with Va. Code §2-2.3708.2(D).

LEASE AGREEMENT

ARTICLE I Basic Lease Provisions

1.01 Basic Lease Provisions. The following constitute the basic terms and provisions of this Lease Agreement (the “Lease”):

Date	_____
Initial Term	Two (2) years beginning on November 1, 2021 (the “Commencement Date”) and ending on October 31, 2023 (the “Termination Date”), unless sooner terminated by the provisions of this Lease.
Term	The Initial Term and any Renewal Term, as applicable.
Landlord	THE COMMONWEALTH OF VIRGINIA, VIRGINIA WORKERS’ COMPENSATION COMMISSION 333 E Franklin Street Richmond, Virginia 23219
Tenant	CANNABIS CONTROL AUTHORITY, AN AUTHORITY OF THE COMMONWEALTH OF VIRGINIA [Notice Address]
Real Property	That certain parcel containing approximately 0.725 acres, bearing parcel identification number W0000034001, located in the City of Richmond, Virginia, as more particularly described on Exhibit A attached hereto.
Building	The Building, consisting of five (5) floors (four (4) above ground and one (1) below ground), located on the Real Property with an address of 333 E. Franklin Street, Richmond, Virginia 23219.
Premises	That certain premises located on the second floor of the Building, containing approximately 9,030 square feet of office space, commonly known as Suite 200, and including the “Training Room,” and the “Small Conference Room,” all as depicted on Exhibit B attached hereto, together with the non-exclusive use of the Common Areas of the Building.
Common Areas	The lobbies, bathrooms, walkways, stairwells, and elevators, located in the Building, for use in common with other tenants.
Use	General office use and administrative operation of the Cannabis Control Authority, and for no other purpose without the Landlord’s prior, written consent.

Base Rent Base Rent in the amounts specified below, which is due and payable in accordance with the provisions of ARTICLE III of this Lease.

Date	Monthly
11/01/2021 – 10/31/2022	\$12,009.90

Base Rent for each subsequent year of the Term or any Renewal Term will increase according to any increase in the Capital Square Rate charged by the Department of General Services.

Rent Payment Address Virginia Workers Compensation Commission
Attn: Director of Finance
333 E. Franklin Street
Richmond, Virginia 23219

Regular Business Hours 6 a.m. until 6 p.m., five (5) days per week, Monday through Friday, excluding Commonwealth holidays including but not limited to New Year’s Day, Martin Luther King Day, President’s Day, Memorial Day, Juneteenth, Independence Day, Labor Day, Columbus Day, Election Day, Veterans Day, Thanksgiving Day, the day following Thanksgiving, and Christmas Day.

Commonwealth Commonwealth of Virginia

Virginia Code Code of Virginia (1950), as amended.

1.02 **Defined Terms.** Each capitalized term used in this Lease, but not otherwise defined in this Lease, has the meaning set forth in Section 1.01. If a conflict exists between Section 1.01 and the remaining provisions of this Lease, the remaining provisions will control.

1.03 **Exhibits.** The following Exhibits are incorporated into the terms of this Lease by this reference and made a part hereof:

Exhibit A	Legal Description
Exhibit B	Space Plan
Exhibit C	Firearms Signage
Exhibit D	Parking Exhibit
Exhibit E	Rules and Regulations

ARTICLE II

Premises; Term; Use; Access

2.01 **Lease of Premises.** Landlord hereby grants, demises, and leases to Tenant, and Tenant leases from Landlord, the Premises for the Use for the Term subject to the terms and conditions of this Lease.

2.02 **Renewal Option.** Unless sooner terminated in accordance with the provisions of this Lease, Tenant shall have the option to renew and continue this Lease (the “**Option to Renew**”) for two (2) successive terms of two (2) years each (each, a “**Renewal Term**”) following expiration of the Initial Term

or a Renewal Term, as applicable, upon the same terms and conditions, with the exception of Base Rent, as existed immediately prior to the commencement of the new Renewal Term. Tenant shall be required to give six (6) months' prior, written notice to Landlord of its desire to exercise its Option to Renew. If Tenant exercises its Option to Renew, within twenty-one (21) days of Landlord's receipt of the Option to Renew, Landlord shall provide Tenant with the amount of the Base Rent for the Renewal Term (the "**Renewal Term Rent**"). Within thirty (30) days' of Tenant's receipt of the Renewal Term Rent, Tenant shall give Landlord written notice of either its acceptance or rejection of the Renewal Term Rent. If Tenant rejects the Renewal Term Rent, Tenant may terminate this Lease in accordance with Section 7.02, effective as of the end of the current Term.

2.03 Use. Use of the Premises shall be conducted at all times in accordance with all applicable federal and Commonwealth laws, rules and regulations, and the policies and procedures established by Landlord. Tenant shall not allow the Premises to be used for any illegal or immoral purpose and shall not do or allow any act which may disturb the Real Property, the adjoining property, or the occupants of the Premises or adjoining property. Pursuant to Virginia Code §18.2-283.2 (the "**Code Provision**"), it shall be unlawful for any person, subject to certain exceptions as detailed in the Code Provision, to carry a firearm or explosive material within the Premises. Landlord shall be permitted to place signage and/or notices detailing such restrictions (the "**Notices**") on any public entrance of the Building and the Premises, and within the Premises. Tenant hereby acknowledges, consents, and agrees to the prohibition detailed in the Code Provision and Landlord's posting of the Notices at the Building and the Premises as Landlord deems necessary, in accordance with the Code Provision. The Notices may be in substantially the same form as that attached hereto as **Exhibit C**, as may be modified by Landlord in its sole discretion, but in any event shall be of a size and design approved by the Commonwealth of Virginia, Department of General Services. Tenant acknowledges such prohibition, and Tenant shall abide by, and shall cause its employees, agents, contractors, invitees and any other nonemployees transacting business with Tenant to abide by, such prohibition. Failure of Tenant to comply with, or cause its employees, agents, contractors, invitees or any other person transacting business with Tenant to comply with, the Code Provision or this Section 2.03 constitutes an Event of Default that cannot be cured, and Landlord, in its sole discretion, may terminate this Lease effective as of the date of the occurrence of such Event of Default upon notice to the Tenant.

2.04 Parking. Landlord will provide Tenant with parking spaces on the second, third, and fourth level of the brick two-story parking garage (the "**Garage**") and the surrounding surface parking lot bounded by East Main Street, South 3rd Street, East Cary Street, and South 4th Street (the "**Surface Parking Lot**") during Regular Business Hours (the "**Parking Spaces**"), as shown on **Exhibit D** attached hereto. The Parking Spaces will be leased at a rate of forty-nine and 00/100 dollars (\$49.00) per Parking Space, per month (the "**Parking Fee**"). The Parking Fee shall be paid as Additional Rent in accordance with ARTICLE III, and shall increase in concert with any increase of the Department of General Services' parking rate. The Garage shall be locked at 6 p.m., and any Tenant employees, agents, contractors, or invitees shall be required to move their vehicle from the Garage to the Surface Parking Lot after Regular Business Hours. Tenant and its employees, agents, contractors, or invitees shall not be permitted to park in the Garage on weekends. Further, at Landlord's discretion, the Garage may be restricted for a limited, specified period of time, provided Landlord has provided Tenant with two (2) weeks' prior, written notice. Vehicles exceeding a height of 6'2" are not permitted in the Garage and shall be required to park in the Surface Parking Lot. Visitor parking is for office guests only, and all visitors must park in the spaces identified as "Visitor Parking" on **Exhibit D**. Visitors shall also be required to adhere to the "Visitors" provisions of **Exhibit E**. There shall be no visitor parking for public meetings. Any adjustment to or termination of the terms of this Section 2.04 shall require a minimum of six (6) months' prior written notice to Tenant.

2.05 Rules and Regulations. Tenant's Use is further subject to the Rules and Regulations set forth on **Exhibit E**. Landlord shall have the right, from time to time, to issue additional or amended rules

and regulations. When so issued the same shall be considered a part of this Lease and Tenant covenants that the additional or amended rules and regulations shall likewise be faithfully observed by the Tenant, the employees of Tenant, and all persons invited by Tenant into the Premises, provided, that the additional or amended rules are made applicable to all office tenants similarly situated as Tenant, and that such additional or amended rules and regulations shall not materially adversely affect Tenant's rights as set forth in this Lease. Landlord shall not be liable to Tenant for the violation of any of the rules and regulations, or breach of any covenant or condition in any lease, by any other tenant.

ARTICLE III **Rent**

3.01 Base Rent. Base Rent and Additional Rent (hereinafter defined) under this Lease shall begin to accrue on the Commencement Date and is due and payable in advance without notice, demand, or offset on the first day of each calendar month during the Term, provided that the first month of Base Rent shall be paid upon execution of this Lease. Base Rent for any period during the Term that is less than a full month shall be a prorated portion of the Base Rent for that month based on the number of days in such month. The payment of all amounts due under this Lease shall be made payable to Landlord and mailed to the Rent Payment Address, or to such other person or entity or at such address as Landlord may designate from time to time by written notice to Tenant.

3.02 Late Payment. If any installment of Base Rent or any other sum due under this Lease is not paid within five (5) days after the due date, Tenant shall pay as Additional Rent a late fee in an amount equal to five percent (5%) of the unpaid Base Rent or other payment, which Landlord and Tenant agree is a reasonable late fee. The amount of the late fee to be paid by Tenant shall be reassessed and added to Tenant's obligation for each successive month until paid. The provisions of this Section 3.02 in no way relieve Tenant of the obligation to pay Base Rent or other payments on or before the date on which they are due, nor do the terms of this Section 3.02 in any way affect Landlord's remedies pursuant to ARTICLE IX of this Lease.

3.03 Full Service Lease; Additional Rent. Except as may otherwise be specifically provided in this Lease, the Rent is based on a full service lease, including all maintenance, repair and capital improvements, management fees, Landlord insurance, real estate taxes, utilities, and janitorial expenses, with no pass-throughs, but excluding data and telecommunications cabling. All amounts due under this Lease that are not included in Base Rent shall be deemed "**Additional Rent.**" Base Rent and Additional Rent are sometimes hereinafter referred to collectively as "**Rent.**"

ARTICLE IV **Condition and Delivery of the Premises**

4.01 Acceptance of Condition of the Premises. Tenant covenants that it has inspected the Premises and accepts the Premises "**AS IS**" for all purposes. **EXCEPT AS EXPRESSLY SET FORTH IN THIS LEASE, IT IS UNDERSTOOD AND AGREED THAT THE PREMISES ARE BEING LEASED "AS IS," WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, BY LANDLORD, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE PREMISES, ITS CONDITION (INCLUDING WITHOUT LIMITATION, SUITABILITY, HABITABILITY, QUALITY OF CONSTRUCTION, WORKMANSHIP, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE), ENVIRONMENTAL CONDITION OR COMPLIANCE WITH ENVIRONMENTAL OR OTHER APPLICABLE LAWS, OR INCOME TO BE DERIVED FROM OR EXPENSES TO BE INCURRED WITH RESPECT TO THE PREMISES.**

4.02 Quiet Possession. So long as Tenant observes and keeps all the covenants, agreements, and conditions of this Lease, Landlord covenants that Tenant will have quiet and peaceful use and enjoyment of the Premises throughout the Term, subject, however, to the exceptions, reservations, and conditions of this Lease.

4.03 Environmental Contamination. Tenant shall not engage in or allow any activity on or around the Premises involving: (i) the handling of any toxic or hazardous substances, (ii) the discharge of toxic or hazardous substances to the air, soil, surface water or groundwater, (iii) the storage, treatment or disposal of any toxic or hazardous substances (for purposes of this Lease, “**hazardous substance(s)**” shall have the meaning of “hazardous substance” set forth in 42 U.S.C. § 9601(14), as amended, and of “regulated substance” at 42 U.S.C. § 6991(2), as amended), or (iv) the disturbance of any asbestos containing materials (v) any other substances which may be the subject of liability pursuant to any environmental law of the United States or the Commonwealth. Landlord may enter upon the Premises at any reasonable time following at least twenty-four (24) hours’ prior notice to verify compliance with this Section 4.03(a) if Landlord believes in good faith that violation of this Section 4.03(a) may have occurred or be threatened. Any violation of this Section 4.03(a) constitute an Event of Default that cannot be cured.

ARTICLE V

Utilities, Maintenance, Repairs, Alterations, Improvements; Security; and Signage

5.01 Utilities. Landlord shall pay all charges for utility services to the Premises, including electricity, water, sewer, heating, and cooling. Notwithstanding the foregoing, Tenant shall be responsible for all charges associated with Tenant’s telecommunications services, including charges for the installation of any communications-related wiring, cables, or equipment, which shall be at the sole cost and expense of Tenant, service charges, connection and disconnection charges, use charges, and taxes. Landlord shall provide such heating as shall be sufficient to prevent freezing of pipes, plumbing, and associated equipment. All other utilities and services desired by Tenant shall be the sole responsibility of Tenant, at its sole cost and expense.

5.02 Maintenance and Repair.

- (a) Landlord’s Obligation to Maintain and Repair of Building. Landlord shall be responsible for the cost of all maintenance and repairs to the Premises, except for those costs necessitated by the negligent or willful acts or omissions of Tenant, its employees, agents, contractors, invitees, and any other nonemployees transacting business with or otherwise visiting Tenant, which shall be the sole responsibility of Tenant, at its sole cost and expense.
- (b) HVAC Maintenance. Landlord shall, enter into a regularly scheduled preventative maintenance/service contract (the “**HVAC Contract**”) with a maintenance contractor for servicing the air conditioning and heating systems and equipment, at Landlord’s sole expense. The HVAC Contract shall provide for all services recommended by the equipment manufacturer in the operation and maintenance manual. Landlord shall, upon request, furnish proof reasonably satisfactory to Tenant that all systems and equipment are being serviced in accordance with the HVAC Contract.

5.03 Alteration and Improvements by Tenant.

- (a) Subject to the provisions of this Section, Tenant, at its sole cost and expense, may make alterations and additions to the Premises as Tenant deems proper (the “**Tenant Improvements**”).
- (b) Tenant shall not damage the Premises, the Real Property, or any adjoining property or allow the damage to occur or to be done. Tenant shall ensure that:
 - a. All work by Tenant shall be done by a licensed contractor in a good and workmanlike manner.
 - b. Tenant and its contractor shall obtain an official State Building Permit to be issued by the Building Code Official for the Commonwealth, through the Department of General Services, Division of Engineering and Buildings (“DEB”). Tenant will be responsible for payment in full of the DEB fee notwithstanding that this Lease may be terminated. Tenant acknowledges that the consent of Landlord to any proposed construction by Tenant, whether given in this Lease or in any subsequent writing, constitutes only the consent of the Landlord and shall not be construed as the consent of the Commonwealth’s Building Code Official.
 - c. Any and all work by Tenant shall be in accordance with the applicable current building codes in effect.
 - d. Any and all costs and expenses related to the work by Tenant are the responsibility of Tenant.
- (d) Removal. Upon expiration or earlier termination of this Lease, Tenant shall, at Landlord’s direction (“**Notice of Removal**”), remove the Tenant Improvements, fixtures, and other improvements made under this Section, in which event any damage to the Building, the Premises, or the Real Property caused by removal, other than nominal damage (such as screw holes, bracket marks, etc.) shall be repaired by Tenant at its expense. The Notice of Removal shall be given by Landlord within sixty (60) days of the execution of any early termination notice pursuant to Section 7.03, or within three hundred (300) days of the end of the Term, as applicable. If Landlord fails to give a timely Notice of Removal or directs that the Tenant Improvements not be removed, then Tenant shall have no further responsibility with respect to such improvements and the title and ownership thereof shall vest in Landlord. Any linoleum, carpeting, or other floor covering that is affixed to the floor of the Building is deemed a permanent fixture and shall become the property of Landlord.

5.04 Security. Tenant and all Tenant employees, agents, contractors, and invitees shall be required to adhere to all Landlord security protocols as may be provided to Tenant from time to time (the “**Security Protocols**”). Landlord reserves the right to modify its Security Protocols at its sole discretion, and without prior notice to Tenant. Landlord shall supply Tenant with any identification necessary to adhere to the Security Protocols that exist as of the Commencement Date. Any security required by Tenant beyond the Security Protocols that exist as of the Commencement Date shall be installed and maintained by Tenant at Tenant’s sole expense.

5.05 Signage. Tenant shall not be permitted to install any vinyl signage on the front of any glass doors of the Building. Notwithstanding the foregoing, Landlord shall provide, at its sole cost and expense, wayfinding signage at elevators, walls leading to the Premises, and at the entry to the Premises. Except as

otherwise stated in Section 2.03, Tenant shall be responsible for, at its sole cost and expense, all internal signage within the Premises. All signage shall be subject to Landlords prior, written approval.

5.06 Liens. Tenant shall keep the Premises, and the Real Property, and Tenant's leasehold interest in the Premises, free from any liens arising out of any services, work, or materials performed, furnished, or contracted for by Tenant, or obligations incurred by Tenant. Tenant shall cause the discharge of any such lien within twenty (20) days after the date the same was filed.

ARTICLE VI

Insurance; Casualty

6.01 Insurance.

- (a) Required Insurance Coverages. During the Term, Tenant, at Tenant's expense, shall keep in force the following insurance:
- (i) To the extent required by the Virginia Code and other applicable Commonwealth laws and regulations, Workers' Compensation and Employers' Liability Insurance covering Tenant's employees engaged in activity on the Premises or on the Real Property and in amounts not less than the minimum required by the Virginia Code and other applicable laws and regulations; and
 - (ii) Commercial General Liability occurrence-based (not claims-made) insurance to include broad form Personal Injury and Property Damage Liability coverage insuring against claims for personal injury, including death, as well as against claims for property damage, which may arise in connection with the Premises related to Tenant, its employees, agents, contractors and invitees. The amounts of such Commercial General Liability insurance shall be not less than Five Million Dollars (\$5,000,000.00) per occurrence; and
 - (iii) Automobile Liability insurance, in the amount of One Million Dollars (\$1,000,000.00) combined single limit, including property damage, covering all owned, non-owned borrowed, leased, or rented motor vehicles operated by Tenant. In addition, all motorized equipment operated or used by Tenant will be insured under either a standard Automobile Liability policy, or a Comprehensive General Liability policy. Tenant warrants and represents that all such Tenant vehicles brought onto the Property will be covered under said automobile liability policy, and Tenant will not permit any such Tenant vehicle or motorized equipment that is not covered pursuant to this provision to enter the Property. The foregoing provisions relating to automobile insurance shall not apply to privately-owned or leased motor vehicles of Tenant's employees or business invitees.
- (b) Additional Requirements. The following terms apply to all policies of insurance:
- (i) The insurance must be issued by companies admitted within the Commonwealth with a Best's Key Rating of at least A. Foreign markets, including those based in London, and those surplus lines markets that

operate on a non-admitted basis, are exempt from this requirement provided that Tenant provides financial data to establish that a market is equal to or exceeds the financial strengths associated with Best's Key Rating of A: VI or better.

- (ii) Landlord and its employees and officers shall be named as an additional insured in the Commercial General Liability and Automobile Liability policies, which shall be reflected on the Certificate of Insurance and any endorsements therefor delivered to the Landlord.
 - (iii) The Certificate of Insurance shall provide that the insurer shall give prompt written notice to the Landlord of any lapse in the Tenant's insurance coverage and that the insurer shall give written notice of any change, cancellation, or non-renewal of the Tenant's insurance coverage to the Landlord at least forty-five (45) days prior to such change, cancellation, or non-renewal. The Tenant shall furnish a new certificate annually and prior to any change in coverage or insurer, or any cancellation date. Individual insurance policy declarations sheets or pages, and/or a specimen copy of individual policies shall be provided upon request. If an "ACORD" Certificate of Insurance form is delivered to Tenant, the words, "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company" in the "Cancellation" paragraph of such certificate shall be deleted or crossed out by the insurance broker providing such certificate.
 - (iv) Before Tenant or its employees, agents, contractors, or invitees enter upon the Premises, Tenant shall deliver to Landlord one or more valid Certificates of Insurance which show the foregoing insurance coverage to be in force and effect at the time of such entrance.
- (c) Failure to Provide Insurance. In the event that Tenant fails to obtain and maintain the insurance required by this Section 6.01, Landlord may, at its option, cause the required insurance to be issued and maintained, and Tenant shall pay the premiums for such insurance as Additional Rent.

6.02 Casualty.

- (a) Notice to Landlord. Tenant shall give immediate, written notice to Landlord of any damage caused to the Premises or Real Property by fire or other casualty.
- (b) Landlord's Obligation to Repair and Rebuild. If the Building or the Premises, or any portion thereof, are damaged or destroyed by fire or other casualty, and in the sole opinion of Landlord, the Premises are thereby rendered unfit for occupancy, either Landlord or Tenant may terminate this Lease by written notice to the other party within thirty (30) days after the fire or other casualty. If this Lease is not terminated, and Landlord elects in its sole discretion to repair or restore the Premises, there will be a proportionate abatement of Base Rent for the period during the period of repair and restoration for that portion of the Premises not substantially usable by Tenant. Landlord's obligation to repair and rebuild under this Section 6.02 is limited to restoring the Premises to substantially the condition the Premises were in as of the Commencement Date. Landlord's obligation is

further limited to the extent of insurance proceeds available to Landlord for such restoration.

6.03 Personal Property. Notwithstanding anything herein to the contrary, all personal property placed or kept in or on the Premises shall be at the sole risk of Tenant or the owner of such personal property, and Landlord shall have no liability for the loss, damage, or deterioration of such personal property for any reason.

6.04 Furniture. Unless otherwise requested by Tenant with sixty (60) days' prior written notice to Landlord, any furniture and equipment at the Premises (the "**Furniture**") as of the Commencement Date shall remain in the Premises, and any organization or reconfiguration of the Furniture shall be the sole responsibility of Tenant. Should Tenant request removal of the Furniture pursuant to this Section, Landlord shall remove such Furniture within sixty (60) days of receipt of Tenant's notice.

ARTICLE VII **Default and Termination**

7.01 Default. The occurrence of any of the events described in this Section 7.01 shall constitute an "**Event of Default**" by Tenant under this Lease:

- (a) Failure to Pay Rent. The failure by Tenant to pay Rent or any other sums due and payable by Tenant under this Lease within five (5) days after Tenant receives written notice specifying the payment was not made when due.
- (b) Failure to Perform. Except for a failure specifically covered by Section 7.01(a), any failure by Tenant to observe or perform any provision of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice to Tenant.
- (c) Abandonment. The abandonment of the Premises by Tenant for a period of four (4) months. Should Tenant abandon the Premises pursuant to this Section, this Lease shall automatically terminate without notice.

7.02 Rights after Event of Default. If either party shall breach any provision of this Lease, the non-breaching party may give written notice thereof to the breaching party. Except as otherwise provided in this Lease, the breaching party shall have thirty (30) days (which shall be extended to the extent reasonably necessary if a cure shall reasonably require more than thirty (30) days, provided the breaching party promptly commences the cure and diligently pursues completion thereof) from the receipt of the notice to cure the breach and, if not so cured (i) in the case of a Landlord breach, Tenant, at its option, may deduct from future Rent or other payments otherwise due to Landlord under the terms of this Lease the costs Tenant incurs in curing Landlord's breach, including curing a breach by Landlord of a failure to pay Tenant any sum of money by making such deduction, and/or Tenant may, at its option, exercise such rights as may exist at law or in equity, and (ii) in the case of a Tenant breach, Landlord may, at its option, exercise such rights as may exist at law or in equity, except that Landlord shall not take possession of the Premises by any self-help remedy. The provisions of this subsection shall not be construed as imposing any additional obligations on the non-breaching party to the extent that this Lease permits the non-breaching party to take certain actions as a result of a breach by the other party.

7.03 Termination. The termination of this Lease by Tenant pursuant to the provisions contained herein shall not be a default hereunder. If Tenant has not exercised its Renewal Option pursuant to Section 2.02, this Lease shall automatically terminate at the end of the current Term.

7.04 Surrender of the Premises. Upon expiration or earlier termination of this Lease, Tenant shall peaceably deliver up to Landlord possession of the Premises in the same condition as the beginning of the Term or may thereafter have been improved by Landlord or Tenant with Landlord's prior written approval, broom clean and free of all debris, nominal damage and normal wear and tear excepted, and subject to any agreement by Landlord to make repairs and restoration as otherwise provided in this Lease. Any personal property not removed by Tenant on or before expiration or earlier termination of this Lease shall be deemed abandoned by Tenant and title to the same shall thereupon pass to Landlord under this Lease as if by bill of sale, but Tenant shall remain responsible for the cost of removal and disposal of such personal property, as well as any damage caused by such removal. All obligations of Tenant under this Lease not fully performed as of the expiration or earlier termination of this Lease shall survive such expiration or earlier termination.

7.05 Holdover. If Tenant shall holdover upon the expiration or earlier termination of this Lease, such holdover shall be deemed a tenancy from month-to-month at one hundred fifty percent (150%) of the Base Rent then in effect hereunder for all of the Premises rented under this Lease, subject to all of the terms, conditions, covenants and agreements of this Lease. Tenant shall be liable to Landlord for all actual damage that Landlord suffers because of any holding over by Tenant, and Tenant shall indemnify Landlord against all claims made against Landlord resulting from Landlord's delay in delivering possession of the Premises to any other tenant or prospective tenant.

ARTICLE VIII **Miscellaneous**

8.01 Access by Landlord. Landlord and its representatives shall have the right to inspect the Premises during normal business hours and upon not less than twenty-four (24) hours' prior notice to Tenant. Notwithstanding the foregoing, Landlord and its representatives may enter the Premises at any time, without notice, to make emergency repairs, preserve the Premises, or to prevent or abate any nuisance, hazard, or unlawful conditions.

8.02 Assignment and Subletting. Tenant shall not (either voluntarily or by operation of law) assign or in any manner transfer this Lease or any estate or interest therein, or sublet the Premises or any part thereof or grant any license, concession, or other right of occupancy of any portion of the Premises without the prior, written consent of Landlord, which consent may be withheld in Landlord's sole discretion.

8.03 Commonwealth as a Party to this Lease. The parties acknowledge and agree that the Landlord and Tenant are instrumentalities of the Commonwealth, and therefore:

- (a) With respect to tort liability for acts or occurrences on or about the Real Property, including product liability, the Commonwealth is either: (i) constitutionally immune (or partially immune) from suit, judgment or liability; (ii) insured; or (iii) covered by a financial plan of risk management that is in the nature of self-insurance, all as determined by applicable laws, government policies and practices.
- (b) No equitable, quasi-contractual, or injunctive remedies, other than those specifically authorized by law, may be used or are effective against the Commonwealth. *No provision, covenant, or agreement contained in this Lease shall be deemed, in any manner, to be a waiver of the sovereign immunity of the Commonwealth from tort or other liability.*

- (c) If any session of the General Assembly of the Commonwealth fails to appropriate funds for the continuance of this Lease, this Lease and all obligations hereunder shall automatically terminate upon depletion of the then currently appropriated or allocated funds, if not sooner under the terms of this Lease.
- (d) No liens may be placed against, or shall attach to any property owned by the Commonwealth.

8.04 Governing Law. This Lease shall be governed by, and construed according to, the laws of the Commonwealth, and any legal action shall be instituted and maintained only in the state courts of the Commonwealth sitting in the City of Richmond.

8.05 Notices.

- (a) Notice Deemed Given; Effectiveness. All notices required or permitted under this Lease are deemed to have been properly given, and are effective, at the time such notice is (i) deposited with a nationally recognized overnight delivery service using no more than two (2) business day delivery service or (ii) hand delivered, each method of delivery being addressed to the party's address set forth in Section 1.01.
- (b) Notice Deemed Received; Time to Act. For any act that a party may or must take within a fixed period of time after having received notice required by this Lease, such period begins (i) for notice sent by a nationally recognized overnight delivery service, on the earlier of the date of actual receipt or two (2) business days after deposit of the notice with such carrier, or (ii) for hand delivered notice, on the date of actual delivery to the recipient or on which such hand delivery is refused.
- (c) Notice Address. Each party to this Lease shall notify the other party, in the manner provided above, of a new notice address, and unless and until notice of the new address is given, notices to such party are sufficient if given to the address set forth in Section 1.01. No party may use a United States Postal Service Post-Office (PO) Box ("**PO Box**") as a notice address, and no party has any obligation to send any notice required by this Lease to a PO Box.
- (d) Actual Receipt. Where notice is sent by an alternative method, the notice shall be effective, if actually received by the party or its appointed agent to whom the notice is addressed, as of the date of receipt.

8.06 Binding Effect. The covenants, agreements, and rights contained in this Lease shall bind and inure to the respective heirs, personal representatives, successors and assigns of Landlord and Tenant.

8.07 Presumptions; Independent Legal Counsel. This Lease will be construed without regard to any presumption or other rule requiring construction against the party drafting the Lease. The parties acknowledge that they have had a chance to review this Lease and have had an opportunity to engage and consult separate independent legal counsel of their own choice concerning the legal and other effects of the provisions of this Lease, the rights and interests waived and granted hereunder, and all other matters pertaining hereto.

8.08 No Joint Venture. Any intention to create a joint venture or partnership relationship between the parties to this Lease is hereby expressly disclaimed, it being the intent of the parties that the relationship between them is nothing more than that of landlord and tenant.

8.09 Brokers. Tenant and Landlord each warrant and represent to the other party that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease and that it knows of no other real estate brokers or agents who are or might be entitled to a commission in connection with this Lease.

8.10 No Waiver. No waiver by Landlord of any provision of this Lease shall be deemed to be a waiver of any other provision of this Lease. No waiver by Landlord of any breach by Tenant shall be deemed a waiver of any subsequent breach by Tenant of the same or any other provision. The failure of Landlord to insist at any time upon the strict performance of any covenant or agreement or to exercise any option, right, power, or remedy contained in this Lease shall not be construed as a waiver or a relinquishment thereof for the future. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent or approval of any subsequent act of Tenant. No act or thing done by Landlord or Landlord's agents during the Term shall be deemed acceptance of a surrender of the Premises, unless done in writing and signed by Landlord. The acceptance of Rent by Landlord following a breach of this Lease by Tenant shall not constitute a waiver by Landlord of such breach or any other breach. No waiver by Landlord of any provision of this Lease shall be deemed to have been made unless such waiver is expressly stated in writing signed by Landlord.

8.11 Authority of Tenant. Tenant hereby represents and warrants to Landlord, and covenants that throughout the Term, that (a) Tenant has all requisite power and authority to lease the Premises from Landlord; (b) the person and/or entity signing on behalf of Tenant is authorized to do so; (c) Tenant has provided Landlord with its current organizational documents, which as of the date hereof, have not been amended or modified and remain in full force and effect; and (d) no consents of any lender or any other third party are required for Tenant to enter into this Lease.

8.12 Entire Agreement; Amendment. This Lease, including all Exhibits attached hereto, contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease and not prior or contemporaneous written or oral agreement, understanding, or representation pertaining to any such matter shall be effective for any purpose. Neither party, nor any agent of either party, has any authority to alter, amend or modify any of the terms of this Lease, unless the amendment is in writing and executed by all parties to this Lease.

8.13 Severability. The invalidity or unenforceability of any provision of this Lease shall not affect the validity or enforceability of any other provision of this Lease.

8.14 Counterparts. This Lease may be executed in counterparts by the parties hereto, and each shall be considered an original, but all such counterparts shall be construed together and constitute one agreement between the parties hereto.

8.15 Right of First Refusal. Tenant shall have a right of first refusal on all space in the second floor of the Building made available to lease to third parties, subject to the terms and conditions set forth herein. If Landlord desires to lease any space in the Building to any third party, other than space which is available for lease on the date hereof (which space has not been leased since the date hereof), Landlord shall give Tenant written notice thereof, along with the proposed terms. Tenant shall have forty-five (45) business days following receipt of such notice to notify Landlord in writing that Tenant elects to lease such space. If such written notice is not timely given by Tenant, then Landlord shall thereafter be free to lease the same to such third party at any time during the subsequent six (6) months on substantially the same terms described in the aforesaid notice to Tenant. Upon the proper exercise of any option identified in this Section, the parties shall execute an appropriate amendment to this Lease. Any space leased pursuant to

this Section shall be referred to herein as “**Expansion Space.**” Any Expansion Space shall have the same terms and conditions as apply to the Premises generally, and all references in this Lease to the “Premises” shall be deemed to include the Expansion Space.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK.
SIGNATURES APPEAR ON THE FOLLOWING PAGES.]

IN WITNESS WHEREOF, the parties hereto have affixed their signatures and seals.

LANDLORD: THE COMMONWEALTH OF VIRGINIA, VIRGINIA
WORKERS' COMPENSATION COMMISSION

By: _____
Name: _____
Title: _____

COMMONWEALTH OF VIRGINIA
CITY/COUNTY OF _____, to wit:

The foregoing Lease Agreement was acknowledged before me this ____ day of _____,
20__, by _____ acting in his/her capacity as _____ of
_____, on behalf of Landlord.

My commission expires: _____

My registration no.: _____

Notary Public

TENANT: CANNABIS CONTROL AUTHORITY, AN
AUTHORITY OF THE COMMONWEALTH OF
VIRGINIA

By: _____
Name: _____
Title: _____

COMMONWEALTH OF VIRGINIA
CITY/COUNTY OF _____, to wit:

The foregoing Lease Agreement was acknowledged before me this ____ day of _____,
20__, by _____ acting in his/her capacity as _____ of
_____, on behalf of Tenant.

My commission expires: _____

My registration no.: _____

Notary Public

OFFICE OF THE ATTORNEY GENERAL
Approved as to form:

By: _____
Assistant Attorney General

RECOMMEND APPROVAL:
DEPARTMENT OF GENERAL SERVICES

By: _____
Director

APPROVED BY THE GOVERNOR:

Pursuant to Section 2.2-1150 of the Code of Virginia (1950), as amended, and as the official designee of the Governor of Virginia, as authorized and designated by Executive Order 88 (01) dated December 21, 2001, I hereby approve this Lease for and on behalf of the Governor of Virginia.

Secretary of Administration

Date

Exhibit A

Legal Description

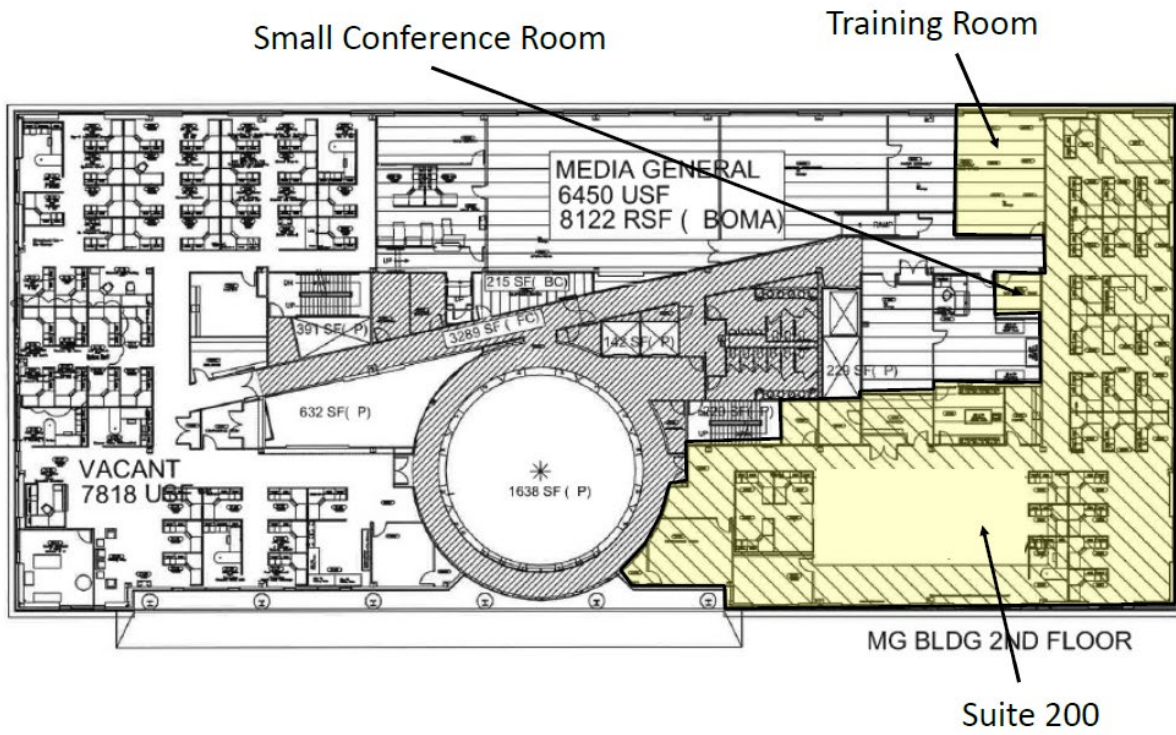
All that certain lot, piece or parcel of land, with all improvements thereon and appurtenances thereunto belonging, lying and being in the City of Richmond, Virginia, designated as "Parcel A" on plat of survey made by Jordan Consulting Engineers, P.C., entitled "ALTA Land Title Survey for Media General, Inc. Showing A 0.721 Acre Parcel Situated on the South Right of Way Line of East Franklin Street, City of Richmond, Virginia," dated March 14, 1997, which plat is attached to Instrument No. 97-10425 and in accordance with such plat is more particularly described as follows:

Beginning at a stone found at the intersection of the eastern boundary of the right of way line of 3rd Street and the southern boundary of the right of way line of East Franklin Street; thence with the southern boundary of East Frankly Street in an easterly direction S. 54° 30'00" E. 260.44 feet to a stone found at the intersection of the southern boundary of the right of way line of East Franklin Street and the western boundary of the right of way line of North 4th Street, thence with the western boundary of the right of way line of North 4th Street in a southerly direction S. 35°32'25"W. 120.00 feet to a railroad spike found at the intersection of the western boundary of the right of way line of North 4th Street and the northern boundary of the right of way line of a variable width public alley; thence with the northern boundary of the right of way line of the public alley in a westerly direction N. 54°46'31" W. 260.28 feet to a point, said point being the intersection of the northern boundary of the right of way line of the public alley and the eastern boundary of the right of way line of North 3rd Street; thence with the eastern boundary of the right of way line of North 3rd Street in a northerly direction N. 35°27'45" E. 121.25 feet to a stone found, said point being the Point and Place of Beginning.

Together with the easement to install and maintain tie back rods in property owned by AT. Massey Coal Company, Inc., as set forth in the Easement dated February 7, 1997, by and between A.T. Massey Coal Company, Inc. and Midlothian Enterprises, Inc. which easement is recorded as Deed No. 97-10424 in the Clerk's Office, Circuit Court, City of Richmond, Virginia and to which easement reference is made for a more particular description of the terms and provisions of said easement.

BEING a portion of the real estate conveyed to 333 East Franklin Street, LLC, a Virginia limited liability company, by Special Warranty Deed from Nexstar Broadcasting, Inc., a Delaware corporation, dated June 1, 2017, and recorded June 2, 2017, in the Clerk's Office, Circuit Court, City of Richmond, Virginia as Instrument Number 170011270.

Exhibit B
Space Plan



Proposed Spaces for CCA

Exhibit C

Firearms Signage

NOTICE



FIREARMS AND EXPLOSIVE MATERIAL PROHIBITED



It is unlawful for any person to carry any firearm or explosive material within the Capitol of Virginia, Capitol Square and the surrounding area, any building owned or leased by the Commonwealth or any agency thereof, or any office where employees of the Commonwealth or any agency thereof are regularly present for the purpose of performing their official duties.



SCAN FOR
TRANSLATION

Code 18.2-283.2 effective July 1, 2021

A violation of 18.2-283.2 is punishable as a Class 1 misdemeanor and any firearm or explosive material carried in violation of 18.2-283.2 is subject to seizure by a law enforcement officer.

Exhibit D

Exhibit D
Parking Exhibit



Exhibit E

Rules and Regulations

These Rules and Regulations (as may be amended, “Rules and Regulations”) are incorporated into the Lease. All capitalized terms not otherwise defined herein shall have the same respective meanings as set forth in the Lease. If anything contained in these Rules and Regulations conflicts with any terms of the Lease, then the terms of the Lease shall control.

These Rules and Regulations and any further rules and regulations hereafter adopted, are for the exclusive benefit of and enforceable only by Landlord. These Rules and Regulations shall not inure to the benefit of Tenant as against any other tenant of the Property or in favor of any such other tenant as against Tenant; nor does Landlord represent, warrant, or covenant to enforce these Rules and Regulations against any such other tenant.

Appliances; Extension Cords; Power Strips

Coffee or tea makers, toasters, toaster ovens, hot plates, microwave ovens and other food and beverage preparation appliances shall not be used outside of any Landlord designated food preparation area. All appliances shall have a United Laboratories designation of approval.

Frost-free refrigerators only, without ice-makers, are allowed in Landlord designated food preparation areas only. Stand-alone ice-makers are prohibited.

Heated potpourri pots, scented electric plug-in candles and other electrically heated scent devices, as well as burning any candles, are prohibited.

Small personal fans (8” or smaller blades only) are permissible.

Space heaters are prohibited.

Extension cords, if used, shall be used only on a temporary basis. Any extension cord used shall be United Laboratories approved, grounded (three-prong plug) and not more than six feet (6’) in length. Extension cords shall not be taped to the floor.

Power strips and surge protectors, if used, shall be plugged directly into a power outlet, and not into an extension cord. Only one power strip shall be plugged into any one outlet.

Animals

No animals or birds of any kind shall be permitted, except for a certified assistance dog in the performance of assisting a visually or physically impaired person, but not psychiatric or therapy dogs.

Fish and fish aquariums are prohibited.

Basement Space

As a part of the Lease, as a courtesy, Landlord will grant Tenant the right to access and use the Mediation Conference Rooms, Commissioner Conference Room, Training Room & Fitness Center. Tenant will be required to coordinate use of space with Landlord and follow all Landlord policies and procedures for utilizing the spaces. The right to use these spaces is at no additional lease costs and Landlord reserves the right to adjust or revoke the right to access and use these spaces at any point during the term of the Lease for any reason without advance written notice.

The Commissioner Conference Room is located in the east end of the basement. There room is video enabled and seats **16** at the table with additional seating along the perimeter walls. Access to the Commissioner Conference Room must be requested through the Clerk's Office of the Landlord. A calendar invite will be created through the Landlord calendar system and forwarded to a designated Tenant team member.

The Mediation Space consists of multiple conference rooms of various size. The rooms are located in the northeast side of the basement. Access to the Mediation Rooms must be requested through the Alternative Dispute Resolution department of the Landlord. A calendar invite will be created through the Landlord calendar system and forwarded to a designated Tenant team member.

The Training Room is located in the east end of the basement. There are **12** tables in three rows of four and **22 seats**. The tables can be rearranged to meet the training needs. The two tables, perpendicular to the wall, in each row are powered. Access to the Training Room must be requested through the Clerk's Office of the Landlord. A calendar invite will be created through the Landlord calendar system and forwarded to a designated Tenant team member.

The Fitness Center is located in the southwest area of the basement and is to be used only by Tenant employees. Tenants must sign a waiver to utilize the space. A signed waiver will give a Tenant badge access to enter the space. The room will have the following amenities:

1. Access to the fitness center will be available from 6 a.m. to 8:30 a.m. Monday through Friday.
2. Lockers will be located in the fitness center, must provide your own lock
3. 2 unisex showers, each will have a bench and will lock from the inside
4. Access to the fitness center will require you to enter our public areas. At no time during Landlord business hours (8 a.m. to 5 p.m.) will anyone using the fitness center wear workout clothes outside of the facility. Utilize the unisex restrooms or changing room within the fitness facility to change into and out of fitness attire.

TV Monitors

TV Monitors outside of the suite will be utilize by the Landlord to communicate facility, security, and any other related information to the Tenant employees. The monitors are not intended for Tenant use.

Chemicals

Tenant shall not cause or permit any gases, liquids or odors to be produced upon or permeate from the Premises, and no flammable, combustible or explosive fluid, chemical or other substance shall be brought or stored inside; provided however, that this rule shall not be deemed to apply to common office supplies in reasonable quantities, perfumes, cigarette lighters, and similar ordinary consumer products.

Children

Children and minors shall not be outside the presence of a supervising adult.

Clothing

Proper attire, consisting of upper and lower torso clothing and shoes consistent with the Landlord's business use of the Property, shall be worn. Because the Landlord is an agency of the Commonwealth of Virginia, and because the Landlord buildings operate as courthouses, business casual dress is expected. Clothing attire shall not be distracting or offensive. Any person not in compliance may be denied access or not allowed to remain on the Property.

Decorations

Trees and natural wreaths are prohibited.

Lights shall be United Laboratories approved.

Decorations shall not be attached in any way to any surface using nails or any adhesive that will damage the surface.

Decorations shall not be located outside of the suite.

Emergency Procedures; Fire and Casualty

Tenant shall follow the emergency protocols in place and all directions given by first responders in the event of an emergency.

If a fire or other potential casualty is suspected, immediately contact 911 and seek safety.

Energy Management

Tenant shall endeavor to engage in conservation practices and to curtail the excessive consumption of energy and water. Examples include:

- Participating in recycling programs.
- Closing blinds in the summer to keep the heat out and in the winter to keep the cold out.
- Opening blinds on sunny winter days to assist in warming interior spaces.
- Closing interior doors during non-working hours of winter months to prevent cold draft from migrating through the space.
- Turning off all lights at the day's close of business and any time an individual office or other area is not in use.
- Turning off computers and peripheral equipment at the day's close of business.
- Reminding users to conserve.
- Reporting dripping faucets and continuously running or leaking fixtures to the Landlord.

Entrances & Exits

Tenant shall not place objects or other items that obstruct or impede passage at entrances and exits, including driveways, service roads, sidewalks, lobbies, entrances, vestibules, corridors, hallways, elevators, stairways, and fire escapes. If Landlord has to remove items obstructing or impeding passage, then the Tenant shall reimburse the Landlord for the cost of removal.

Events

Tenant shall not use Landlord's Property other than the Premises for any event or gathering without the prior approval of the Landlord, exercised in its sole discretion and revocable at will.

Food & Beverages; Alcohol

Coffee grounds or tea leaves shall be disposed of in trash containers only; never in sinks, drinking fountains, toilets, or disposals.

Lavatories shall not be used to wash dishware, silverware, food containers, etc.

Coffee, tea, and other dry food shall be stored in sealed plastic or metal containers.

Perishable foods, such as fruits and vegetables, and other food and beverages that will spoil if not refrigerated shall only be stored in refrigerators located in Landlord designated food preparation areas.

Alcohol shall not be possessed or dispensed on the Property.

Freight Elevators

Freight elevators shall be used only when transporting freight, using carts to carry objects, or moving items from the 1st Floor loading dock to the 2nd Floor. If freight elevator use is needed, use should be coordinated with our Procurement & Operations Supervisor.

Fundraising/Solicitation

Canvassing, peddling, soliciting and distribution of handbills or any other written materials is prohibited.

Graffiti / Vandalism

If graffiti or vandalism is found or observed, inform the Landlord immediately.

Heating and Cooling Systems

No adjustments or modifications to thermostats, diffusers, dampers or any other part of the HVAC system shall be made. Contact the Landlord with any request for adjustments or modifications. For manual controlled thermostats, Tenant may only set the temperature range between 70° to 74° when outside temperatures are above 70° and between 68° to 72° when outside temperatures are below 70°.

Housekeeping

Paper towels, toilet tissue, and other janitorial supplies shall not be removed from restrooms or supply closets.

Motorized Vehicles

No vehicle (including bicycles, motorcycles, scooters, mopeds, or any other motorized recreation vehicle) shall be parked so as to impede or prevent ready access to any loading dock or any entrance to or exit from the Building or the Property, including any parking garage or parking lots. No such vehicle shall not be brought into or stored in the Building. Bike racks, if available, shall be used.

No vehicle shall be parked on the Property overnight or for an extended period of time.

Personal Items

All personal items brought into the building are the Tenant's responsibility. Landlord shall not be responsible for replacing personal items if they are stolen, broken, or lost.

Personal hygiene items, such as toothpaste, toothbrushes, hairbrushes, etc., shall not be stored in the restrooms.

Pictures & Posters

Nothing shall be hung on doors, walls, ceilings, or any building surface with nails, tacks, tape, glue, putty, or other similar fasteners without the prior approval of the Landlord, exercised in its sole discretion. Items affixed without the prior approval of the Landlord may be removed at the Landlord's sole discretion and Tenant shall reimburse the Landlord for the cost of removal.

Plants

Plants not otherwise prohibited by law are allowed unless they contain infestations of insects or other pests. Tenant shall protect the Premises from water damage by either placing all plants on tile surfaces or by placing them on furniture or windowsills with the protection of a water pan. No plant shall be set on heating or cooling units, or any other building equipment. Tenant shall reimburse the Landlord for any cost related to damage from spilled water or overflowing plant containers.

Fertilizer or plant food shall be stored in sealed containers.

Plumbing

Toilets, wash basins and sinks shall not be used for any purpose other than those for which they were constructed, and no sweeping, rubbish, or other obstructing or improper substances shall be deposited therein.

Prohibited Drugs

Use and possession of any drug, the use or possession of which is prohibited by local, state, or federal law, is not allowed on the Property.

Security

Landlord reserves the right to exclude or expel any person who, in the Landlord's sole judgment, is intoxicated, under the influence of alcohol or drugs, commits any act in violation of the law or these rules and regulations or constitutes a security risk. Landlord shall have no liability with respect to breaches of security, if any.

Card Readers & Badges

Card readers will be located at the front doors, stairway entrances, outside of and inside of the elevators, and to enter certain rooms and departments throughout the Building. In an emergency such as when the fire alarm is pulled the card readers will be disabled so as to move freely around the building.

1. Forget your badge? The security guard will have temporary badges for you to sign out and use for the day.

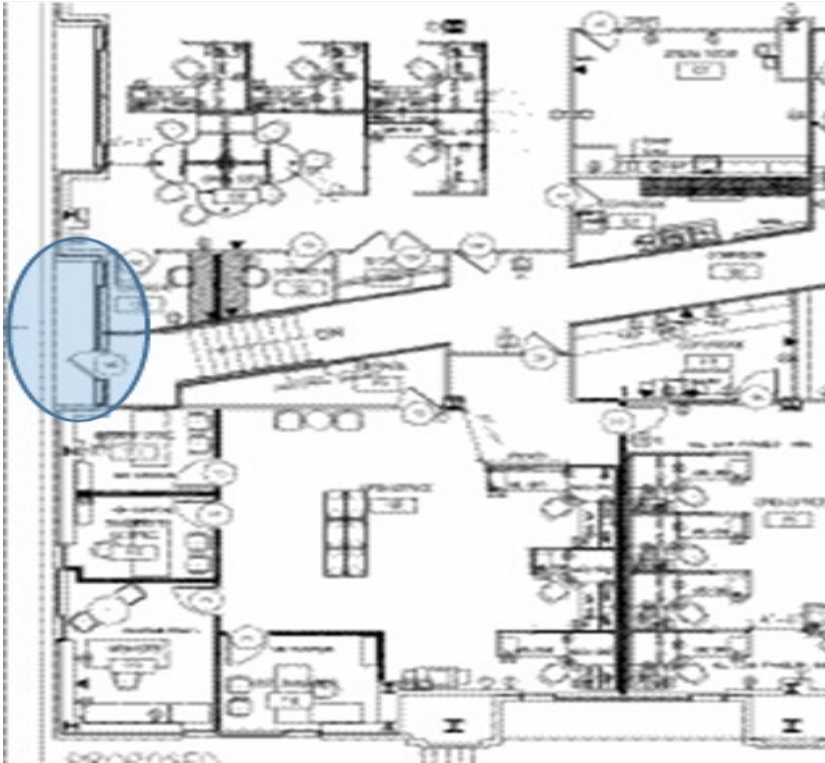
2. You will be **required** to wear your badge on your person at all times in the building for safety/security reasons as well as needing it to navigate the building.
3. In an emergency such as when the fire alarm is pulled the card readers will be disabled so as to move freely around the building.
4. We use a color code system for badges/holders as an added level of security. Employees, Tenants & Facility Contractors will all have a different color badge/holder for clear identification.
 - a. VWC Employees – Blue
 - b. Tenants – Green
 - c. Temp Badges – Yellow
 - d. Facility Contractors - Red

Smoking and Open Flames

Smoking, including cigarettes, cigars and e-cigarettes, shall not be permitted in the Premises or the Building. Smoking shall not occur within 25' of the storage of any flammable, combustible or explosive fluid, chemical or other substance or any Building entrance or exit. Cigarette butts and other unconsumed smoking items shall be disposed in the proper receptacles only; not discarded on the ground or in parking lots of the Property or anywhere else.

In no event shall a device or instrument of any kind be used to start a fire or to create an open flame within the Premises, in the Building, or anywhere on the Property.

Smoking will not be allowed in front of the building or on the 3rd St. side of the Building where employees and VWC visitors will walk. The designated smoking area will be near the emergency exit door area along 4th Street as identified below. Those using the smoking area will need to exit and enter through the front door.



Storage

No items shall be stored or stacked on building equipment, including fan coil units. No objects shall be placed in front of mechanical room doors or electrical equipment.

No items shall be stored indoors on pallets. Tenant shall be responsible for the disposal of the pallets. Pallets shall not be placed in any trash compactor or dumpster.

Health and Safety

Notwithstanding anything to the contrary contained in this Lease, any entry into the Premises by Tenant shall be in accordance with all health and safety guidelines, laws, regulations and protocols established or implemented by Landlord or the Commonwealth of Virginia, as such guidelines, laws, regulations and protocols may be modified from time-to-time.

Visitors

Visitors coming to the Building will have access to 32 spaces and once parked will have to notify security when they enter the Building. Ten shared spaces in our parking lot will be for handicapped to be used by employees and visitors. Security will direct the public as needed. We will also have Directional/Way Finding signage strategically placed throughout the building to navigate visitors.

1. Visitors Will have designated spots in the parking lot that will be clearly marked.

2. Each visitor that utilizes the visitor's section of the parking lot will need to register his or her vehicle (**make, model & license plate**) with the 1st floor security guard and present a photo id
3. All visitors will have to check in at the security desk and go through the metal detector.
4. Visitors must be escorted to the 2nd Floor by a member from the Tenant's staff.

Weapons

Weapons of the following type are prohibited on the Property, including the possession of, or open or concealed carrying of: (i) any firearm or other weapon designed or intended to propel a missile of any kind by action of an explosion of any combustible material; (ii) any knife, except a pocket knife having a folding metal blade of less than three inches; dirk; bowie knife; switchblade knife; ballistic knife; machete; razor; slingshot; spring stick; metal knuckles; or blackjack; (iii) any flailing instrument consisting of two or more rigid parts connected in such a manner as to allow them to swing freely, which may be known as a nun chahka, nun chuck, nunchaku, shuriken, or fighting chain; (iv) any disc, of whatever configuration, having at least two points or pointed blades which is designed to be thrown or propelled and which may be known as a throwing star or oriental dart; (v) any stun weapon or other device that emits a momentary or pulsed output, which is electrical, audible, optical or electromagnetic in nature and which is designed to temporarily incapacitate a person; and (vi) any weapon of like kind as those enumerated above.

Wheel Chairs and Electric Personal Assistive Mobility Devices

Individuals with mobility impairment may use wheel chairs or electric personal assistive mobility devices.

Wheel chairs or electric personal assistive mobility devices shall be operated in a manner that does not compromise the safety of the user or any other person or pose a risk of damage to the Property.

Windows

Any window shall always remain closed.

Cannabis Control Authority - FY'22 Budget Request

FY'22			Total Known & Estimated Costs:		\$3,478,737.00	****JLARC estimates for salaries can be found in Appendix O of JLARC's Nov. 2020 report
Expense	Item	Full year, 3/4 of a year, or 1/2 of a year?	Direct Cost for an entire year (Salaries; etc.)	Indirect Cost (benefits, etc)	Total Cost	Details of Expense
Board of Directors	Salaries for 4 Board Members	1.00	\$70,560.00	0.00	\$70,560.00	§ 4.1-607(E) - "Members of the Board shall receive annually such salary, compensation, and reimbursement of expenses for the performance of their official duties as set forth in the general appropriation act for members of the House of Delegates when the General Assembly is not in session"
	Salary for Chair of the Board	1.00	\$18,000	0.00	\$18,000.00	§ 4.1-607(E) - "[T]he chairman of the Board shall receive annually such salary, compensation, and reimbursement of expenses for the performance of his official duties as set forth in the general appropriation act for a member of the Senate of Virginia when the General Assembly is not in session."
	Cost of 6 Board Meetings	1.00	\$10,350.00	0.00	\$10,350.00	Statute requires Board to meet at least once every 2 mos; based this estimate off of the cost for each ABC Board meeting = \$300 stipend/board member + \$225 for lunch
	Cost of 3 additional Board Meetings	1.00	\$5,175.00	0.00	\$5,175.00	Possibility that Board will need to meet more frequently in the beginning
CEO's Office	CEO	0.75	\$185,000.00	74000.00	\$194,250.00	§ 4.1-608(A) - "The Chief Executive Officer shall receive such compensation as determined by the Board and approved by the Governor, including any performance bonuses or incentives as the Board deems advisable"; Salary range predicted by JLARC: \$175-185,000, based on other states
	Confidential Assistant to CEO	0.75	\$75,000.00	30000.00	\$78,750.00	§ 4.1-608(F); Appointed by Governor; JLARC predicts salary of \$65-75,000****
	Administrator	0.75	\$45,000.00	18000.00	\$47,250.00	Provide administrative support across departments; JLARC estimates salary of \$30-40,000; DHRM recommends \$40-55,000
Social Equity Team	Cannabis Social Equity Liaison	0.75	\$155,000.00	62000.00	\$162,750.00	§ 4.1-604(8) - "lead the Cannabis Business Equity and Diversity Support Team and liaise with the Director of Diversity, Equity, and Inclusion on matters related to diversity, equity, and inclusion standards in the marijuana industry"; JLARC estimates \$90-100,000 but the passed legislation envisions a larger role for this person than JLARC contemplated; Dr. Underwood's office informs us that salary will need to be \$120-155,000 to attract qualified candidates; DHRM agrees that JLARC's estimate is too low for role envisioned by legislation
	Business Equity Team Member 1 - Program Professional	0.50	\$75,000.00	30000.00	\$52,500.00	JLARC estimates \$45-75,000; estimate errs on the high side, given significance of this team in the legislation
	Business Equity Team Member 2 - Program Professional	0.50	\$65,000.00	26000.00	\$45,500.00	Social equity work should begin as soon as possible, but likely not realistic until after 2022 Reenactment; therefore, this salary is halved; JLARC estimates \$45-75,000
Administrative Support Team	Chief Administrative Officer	0.75	\$145,000.00	58000.00	\$152,250.00	Leads operations (HR; finance; procurement); JLARC did not envision a single person in this role but did estimate salaries of a Controller (\$125-135,000) & IT Director (\$125-135,000)
	IT Director	0.50	\$145,000.00	58000.00	\$101,500.00	JLARC estimates salary of \$120-140,000; DHRM thinks \$140-150,000 is more realistic, as these are difficult positions to recruit for
	HR Director	0.50	\$120,000.00	48000.00	\$84,000.00	JLARC estimates salary of \$55-60,000 for an HR <i>Specialist</i> ; DHRM estimates a salary of \$110-120,000 for an HR <i>Director</i>
	Controller	0.50	\$140,000.00	56000.00	\$98,000.00	JLARC estimates salary of \$125-135,000
	Business Manager/Budget Analyst	0.50	\$67,000.00	26800.00	\$46,900.00	JLARC estimates salary of \$62-72,000; DHMR estimates \$55-67,000;
	Accountant	0.50	\$67,000.00	26800.00	\$46,900.00	JLARC estimates salary of \$62-72,000
Policy & Communications Team	Chief Government & External Affairs Officer	0.75	\$105,000.00	42000.00	\$110,250.00	Leads policy, regulatory, and communications work; JLARC estimates salary of \$100-115,000;
	Public Information Officer	0.50	\$85,000.00	34000.00	\$59,500.00	JLARC estimates salary of \$80-90,000
	Analyst Manager	0.50	\$105,000.00	42000.00	\$73,500.00	JLARC estimates salary of \$100-110,000
	Analyst 1	0.50	\$72,500.00	29000.00	\$50,750.00	JLARC estimates salary of \$70-75,000
	Analyst 2	0.50	\$72,500.00	29000.00	\$50,750.00	JLARC estimates salary of \$70-75,000

	Cannabis Public Health Advisory Council Staffer	0.5	\$80,000.00	\$32,000.00	\$56,000.00	§ 4.1-604(10) - "Establish a position for an individual with professional experience in a health related field who shall staff the Cannabis Public Health Advisory Council, established pursuant to § 4.1-603, liaise with the Office of the Secretary of Health and Human Resources and relevant health and human services agencies and organizations, and perform other duties as needed"; position not contemplated by JLARC; DHRM estimates \$65-85,000
	Health Program Professional	0.5	\$70,000.00	\$28,000.00	\$49,000.00	
Investigations, Tax & Enforcement	Senior Enforcement Official	0.50	\$80,000.00	32000.00	\$56,000.00	Estimated salary based on amalgamation of JLARC estimates; unlikely to be hired before Spring 2022, so salary divided in half
General	Office space		\$158,928.00	0.00	\$105,952.00	8 months based on current market rates per DGS.
	Furniture				\$50,000.00	
	IT hardware, install			0.00	\$135,000.00	Provides ISP install, hardware, computer, desk phones, etc. Supports 30. employees for 6 months
	Software/cloud services			0.00	\$64,900.00	Collaboration tools, monthly phone service, cell phones, IT support. 30 employees for 6 months
	Travel for CEO & executive staff	1.00	\$20,000.00	0.00	\$20,000.00	Estimate from Dennis; Very likely CEO & some staff (up to 5 staff members) will need to travel within Virginia (meet legislators & stakeholders) and to other states (to learn from them)
	Consultant fees				\$80,000.00	Initial HR assistance
	Payroll processing				\$8,000.00	DOA can, for a fee, process the CCA's payroll.
	Lease Assistance	1.00	\$1,500.00	0.00	\$1,500.00	DGS can (and has already been), for a fee, help the CCA obtain office space. Fee = \$68/hour
	Office Supplies				\$8,000.00	
	Cost of OAG's counsel	1.00	\$135,000.00	0.00	\$135,000.00	billed at \$140/hr; estimated cost for 50% of one Asst. Attny. Gen.'s time -- OAG suggests this is high end of what costs could be
	Professional services - strategic planning and support				\$1,100,000.00	Provides support to establish agency strategic plan, initial planning for IT requirements, staffing support for education/HR, website management, educational material development, staffing support for policy/regulation development, etc.
	Professional services				\$50,000.00	Educational and policy development support including CANNRA membership, professional periodicals, staff training, etc.

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PURPOSE OF POLICY

The purpose of the Virginia Cannabis Control Authority (VCCA) Contract Administration Policy is to ensure the contractor's and agency's total performance is in accordance with the terms and conditions of the contractual agreement. Contract administration begins after award of the contract. The integrity of VCCA's purchasing process depends on effective contract creation, goods or services being furnished, received, invoiced and paid as specified in the contract. Planning and proactive management of a contract are crucial to effective contract administration and will minimize risk and maximize value for the agency. VCCA will work toward progressively establishing, implementing, and improving its Contract Administration Program as described herein as the organization matures.

DETAILED POLICY STATEMENT

I. STANDARDIZE WORKFLOW AND COLLABORATIVE NEGOTIATIONS

The Director of Procurement will establish standard workflows with set protocols and procedures to create, amend, approve and renew contracts. CORs and all procurement process partners (i.e. business owner, contract administrator, subject matter expert, etc.) will be trained on the processes and their responsibilities to ensure process effectiveness. The collaborative processes will include, but are not limited to:

- Vendor selection
- Vendor and contract deliverables
- Vendor contract negotiations and concessions

Formalized workflows will be developed to provide visibility to the stage gate status of the process component. The workflow will generate notifications of tasks to be completed and will escalate awareness of uncompleted task to the approver's manager. Workflow notifications will include processes for:

- Contract approval
- Contract renewal
- Vendor contract audit
- Others as applicable

II. CONTRACT, TERMS AND CONDITIONS CONTROL

The Director of Procurement or designee will ensure contracts are standardized based on the goods and services contract type, category or business function. An annual review of contract variations will be conducted to determine if opportunity exists to further standardize contract verbiage and increase efficiency in contract administration.

III. INDICES AND COST SAVINGS

Procurement will identify repositories of indices that enable pricing comparison of procured goods and services relative to applicable market indices. Terms and conditions of contracts shall contain escalation and de-escalation clauses to regularly review contract pricing against index market pricing during vendor reviews. The Director of Procurement will establish a protocol for each Contract Officer Representative (COR) to utilize, index and market benchmark pricing data for the negotiation of contracted goods and services. Examples of applicable goods and services include freight / transportation, labor rates per region, and commodities like paper and fuel.

Procurement will ensure that all cost savings and avoidances are captured by the CORs and reported (e.g. quarterly, annually, etc.). Actual savings for the current period and year to date cost savings and cost avoidances will be tracked and benchmarked against previous years as data is accumulated.

IV. CONTRACT METRICS

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The Director of Procurement will collaborate with CORs, contract administrators and goods and services users to define the critical deliverables and establish metrics for procured contracts or services, as applicable depending on the complexity. The CORs will clearly communicate the metrics to the contracted vendor to ensure transparency for contract compliance. The written communication will include a description of each metric, method of measurement and any data or documentation required from the vendor to support the measure. Metrics may include, but are not limited to:

- Compliance with pricing, terms and conditions
- On time delivery
- Other parameters that best align with the contract performance intent.

VCCA envisions the use of a scorecard to capture actual vendor performance against required service level and to determine contract risks to VCCA. Once implemented, the scorecard results will be shared with each measured vendor within a specified period of time (e.g. 10 business days) following the end of established period (monthly, quarterly, etc.). Face to face vendor reviews may be scheduled with selected vendors by the Director of Procurement or designated COR.

When evaluating risk to VCCA, the COR will consider:

- The contractor's past performance (and past performance of similar contractors)
- The dollar amount of the contract
- Variance between expected and actual performance
- Significant problems with payment requests
- How experienced the contractor is with the type of work to be performed
- Criticality of goods/services provided by the contractor
- Availability of the goods/services in the market (very few or many competitors)

CORs will review contract expenditures against the total contracted value for an established period (monthly, quarterly, etc.); determine if expenditures are tracking according to plan and escalate communication of expenditures that are +/- 10% of the plan, to the contract administrator, Director of Procurement and Director of Financial Management Services for further review and corrective action as applicable.

V. CONTRACT COMPLIANCE

The procurement process does not end when the purchase order or contract is issued. Monitoring vendor performance is a critical part of the process to ensure the proposed goods and services are delivered in a timely manner, in accordance with the solicitation specifications, and without substitution or partial completion (unless allowed by the contract terms or previously approved by the COR).

For most contracts, a contract administrator will be assigned to monitor the contract. The contract administrator has a vested interest in the procurement and will be responsible for the proper adherence to all contract specifications by the contractor. Contract administrator responsibilities include, but may not be limited to acceptance of goods or services, approval of invoices including milestone payments when acceptance criteria is met, scheduling and monitoring of project progress, coordination of the provision of VCCA or other resources when part of the contract, and favorable or critical feedback to the contractor and the COR. The COR will provide the contract administrator access to the contract including service level agreement (SLA) and identify measurable expectations outlined in the contract, since the COR who performed the procurement function is not normally the contract administrator. If the contract administrator is someone other than the COR, the contract administrator must inform the COR of any

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problems or potential problems regarding any contract or purchase order so that action will be taken before such problem becomes critical.

Regardless of the expenditure level, if a vendor fails to deliver as specified, or fails to deliver in a timely manner, the Contract Administrator must notify the vendor immediately and give the vendor a reasonable period of time to cure the failure (cure period). VCCA normally allows five (5) days after the first verbal notice and an additional ten (10) days after the written notice is provided. Deviations from the cure time must be approved by the Director of Procurement. Each incident of a vendor performance issue must be documented by the contract administrator and provided to the COR.

If the failure is not resolved within the cure time, the Director of Procurement must be notified so that additional actions can be initiated as appropriate. A vendor's failure to perform as contracted may lead to punitive actions up to vendor debarment based on the severity of the non-compliance.

VI. CONTRACT AUDIT

The Director of Procurement will establish a protocol to audit goods and services contracts to assist in ensuring contract compliance. The process will include the review of a minimum of 5 transactions, per contracted vendor, in a 12-month period. Examples of potential audit areas include, but are not limited to:

- Contracted price comparison against actual invoice price
- Invoice amounts that align with agreed upon volume discounts, tier pricing or index based pricing
- Clerical errors
- Contract administrator satisfaction
- User satisfaction
- Vendor site visit (if necessary)

Contract audit compliance will have an annual rating on the vendor scorecard. Ramification of failure to pass a contract audit will be determined by the Director of Procurement and in alignment with actions defined in contract compliance.

VII. CONTRACT CLOSE OUT AND RENEWAL

The contract close out and renewal processes will be established by the Director of Procurement and executed by CORs. A database of active contracts which contains contract period, expiration, review, renewal options and extension requirements, will be used to gauge historical contract cycle time. (Contract cycle time is the number of days consumed from the request of goods or services to the execution of the contract.) As new requests for goods and services are made, actual cycle time will be measured and recorded for each process step.

Actual contract cycle time data analysis will be used to strategically manage monthly and annual procurement renewals, close outs and estimated new contract requirements. Contract renewals may include the completion of market price benchmarking and vendor performance review to be renewed. The COR and the Business will collaborate on the decision to renew an existing contract or resolicit. Contracts slated for close out will require the completion of a close out check list by the COR along with associated responsibilities and business owner's responsibilities to ensure that all work has been completed, the services invoiced and all contract requirements met including close out of the purchase order.

DEFINITIONS

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COR – Contract Officer Representative; an individual who is designated and authorized in writing by to perform specific contract administration or technical functions on contracts or task/delivery orders.

RELATED POLICIES

Record Retention
Risk Management

Contracts

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PURPOSE OF POLICY

The purpose of the Virginia Cannabis Control Authority (VCCA) Contracts Policy is to define the circumstances when a multi-party contract will be established and the components which are to be included as part of the contract.

DETAILED POLICY STATEMENT

VCCA Procurement is responsible for the development and updating of standardized contract templates. Contract templates will be reviewed and updated at least annually. A contract between VCCA and a vendor (two party contract) will be established utilizing the appropriate standardized contract template for all procurements resulting from competitive negotiations and is required for most procurements exceeding \$150,000. A contract may be established for procurements with a total value less than \$150,000 if determined by the Contract Officer Representative (COR) to be in VCCA's best interest. Purchases from established contracts (e.g. State contracts, cooperative contracts, term contracts for specific goods or services previously solicited and awarded by Virginia, etc.) do not require a separate contract to be established by VCCA.

The contract will include Terms and Conditions as a basis, and will include all specifications, RFPs, vendor proposals and the like, as attachments where appropriate. The actual expenditure of funds against the contract will be authorized by the issuance of related vendor purchase orders, invoices and properly authorized receiving information.

Utilizing VCCA standardized contract templates including specified terms and conditions is required in most instances; however, there may be times where a supplier will not agree to the terms and conditions stated in the template. An Addendum to Contractor's Form may be used in these rare instances only with the approval of the Director of Procurement or COR. In addition, special terms and conditions may be negotiated by the Director of Procurement or COR; however, general terms and conditions may not be changed without input by the State's Office of Attorney General and approval by the CEO. A risk review must be conducted for all contracts valued at \$150,000 or more and may be required for purchases less than \$150,000 at the discretion of the COR.

DEFINITIONS

COR – Contract Officer Representative; an individual who is designated and authorized in writing by to perform specific contract administration or technical functions on contracts or task/delivery orders.

Debarred Vendors

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PURPOSE OF POLICY

The purpose of the Virginia Cannabis Control Authority (VCCA) Debarred Vendor Policy is to enable the Procurement Division to formally exclude vendors from participating in solicitations when the vendor is not in compliance with VCCA, Commonwealth of Virginia, Federal procurement and/or ethics policies.

DETAILED POLICY STATEMENT

A vendor (individual or firm) may be debarred (not allowed to do business with VCCA) for any of the following reasons:

- Breach (default) of contract
- Stating an unwillingness or inability to honor a binding bid
- Falsifying or misrepresenting their abilities relative to the procurement specifications and bids in order to appear responsive
- Conferring or offering to confer upon any VCCA employee participating in a procurement (which the entity has bid on or intends to submit a bid) any gift, gratuity, favor, or advantage, present or future in order to unduly influence the employee
- Any cause indicating the entity is not a responsible vendor
- A determination by VCCA's CEO that the vendor has used abusive language, threats, or other conduct deemed unprofessional or inappropriate during the conduct of business.
- Conviction of any criminal offense, antitrust law violations, or convictions indicating lack of moral or business integrity
- Debarment from doing business with the Commonwealth of Virginia agencies, authorities, institutions, and public localities/entities, or federal government.

The debarment period will be determined by the Director of Procurement based on the severity of the infraction.

Vendors considered for debarment will be notified in writing. The vendor will have the opportunity to address the Director of Procurement or his/her designee in person, or in writing, within 30 days of written notification by VCCA of the potential debarment, except for those vendors already debarred by the Commonwealth of Virginia. After due consideration of the vendor's position and consultation with the CEO, the Director of Procurement or his/her designee will make the final determination as to debarment. An individual or firm debarred by VCCA can apply for reinstatement at any time by submitting, in writing, to the Director of Procurement a request for reinstatement, citing actions taken to remedy the reason for debarment or actions taken to prevent recurrence of the situation that caused the debarment. A debarment may be lifted or suspended at any time if it is in the best interest of VCCA. Such determination may only be made by the Director of Procurement or his/her designee.

The VCCA Procurement division will monitor updated listings of debarred vendors on the [eVA](#) website at least quarterly.

DEFINITIONS

Debarred – Vendors prohibited from doing business with VCCA

Emergency & Urgent Purchases

Policy Authority: Director of Procurement & Support Services

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PURPOSE OF POLICY

The purpose of the Virginia Cannabis Control Authority (VCCA) Emergency and Urgent Procurement policy is to enable the purchase of goods and services in an emergency or urgent situation.

DETAILED POLICY STATEMENT

VCCA, when faced with an occurrence of an unexpected, sudden, serious or urgent nature that demands immediate action, may use the Emergency and Urgent Procurement procedures to purchase what is necessary to meet the needs of the emergency. The existence of such conditions creates an immediate and serious need for supplies or services that cannot be met through normal procurement methods and schedules. Further, the lack of these supplies or services could seriously threaten government functioning, property preservation and/or the protection, health or safety of any person or cause non-performance of any duty or obligation of the VCCA imposed by law or contract. Emergency procurements shall be limited to those supplies, services or items necessary to meet the emergency.

I. PROTECT PERSONAL SAFETY & PROPERTY

For an emergency purchase required to protect personal safety or property, VCCA's priority will be directed to finding a source and directing the contractor to proceed; however, such procurement will be made as competitively as is practicable under the circumstances. The situation does not relieve VCCA from negotiating a fair and reasonable price and subsequently documenting the procurement action.

The Contract Officer Representatives (COR's) are required to obtain the following documentation within a reasonable amount of time, **following the emergency**:

- Details of the Urgency or Emergency
- Details of Award:
 - Name of Vendor(s)
 - Detailed Description of goods/services
 - Date goods/services needed and provided
 - Pricing
 - Confirmation of Delivery
 - Documentation of negotiations conducted
- Prices obtained from other vendors as applicable.
- Confirmation from Business Director acknowledging the Urgency/Emergency.
- Approved Requisition and confirming Purchase Order.

II. OPERATIONAL URGENT OR EMERGENCY SITUATIONS

For Operational Urgencies and/or Emergencies, VCCA will seek competition to the maximum extent practicable. This situation does not relieve VCCA from obtaining a fair and reasonable price.

The COR's are required to obtain the following documentation **prior to Award**:

- Details of the Urgency or Emergency
- Details of Impending Award:
 - Name of Vendor(s)
 - Detailed Description of goods/services
 - Date goods/services needed and provided
 - Pricing
 - Documentation of negotiations conducted
- Prices obtained from other vendors as applicable.
- Confirmation from Business Director acknowledging the Urgency/Emergency.
- Approved Requisition and Purchase Order.

Emergency & Urgent Purchases

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Emergency Procurements over \$10,000 require a Procurement Supervisor's signature.

Emergency Procurements over \$150,000 require the Director of Procurement's signature and public posting in the e-Procurement System (eVA). The CEO will be consulted prior to approval of emergency procurements over \$150,000.

DEFINITIONS

COR – Contract Officer Representative; an individual who is designated and authorized in writing by to perform specific contract administration or technical functions on contracts or task/delivery orders

E-Procurement

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PURPOSE OF POLICY

The purpose of the Virginia Cannabis Control Authority (VCCA) E-Procurement Policy is to establish when and how electronic purchases are to be submitted.

DETAILED POLICY STATEMENT

Purchases, except for those listed below as optional, are to be placed through the Electronic Procurement System, in accordance with VCCA's policies and procedures. VCCA utilizes the electronic procurement system as a tool for source selection, requisitioning, approval flows, soliciting and receiving formal and informal proposals, tabulation and evaluation, electronic ordering, public posting, electronic receiving, electronic data record keeping and various reporting capabilities. The procurement tool is used when purchasing services, supplies and equipment, information systems equipment and supplies, or any other product that can be obtained in a cost effective, timely, and efficient manner.

I. COMPETITIVE REQUIREMENTS

Solicitations that are expected to exceed \$10,000 will be posted in the electronic procurement system in accordance with the VCCA Informal Solicitation and Request for Proposals policies.

II. ELECTRONIC FILES

Electronic files created in the electronic procurement system and any attached from other sources are acceptable as documentation to support the why, who, what, when, where and how of purchase transactions and receiving information. If the order is against a contract (VCCA term contract, state contract, etc.) then the contract number shall be included on the order. Paper documents need not be printed and maintained. Reports are available in the electronic procurement system to provide sufficient detail to support the basis and history of each purchase. Any transaction that cannot be fully documented electronically should contain a cross-reference (what and where) to any other documents, such as large drawings or other files maintained as a hard copy.

III. OPTIONAL USE OF ELECTRONIC PROCUREMENT SYSTEM

Non-procurement (payment) transactions and the following excluded procurement transactions are not required to be processed through the electronic procurement system, however, they may be processed through the electronic procurement system at the option of the business unit. The resulting benefit will allow for VCCA to have one source to enter all transactions (excluded and non-excluded purchase orders as well as payment transactions). This will also give VCCA the ability to report, track, and analyze all their transactions in one place.

- A.** Real estate leases
- B.** Advertisements such as in newspapers, magazines, journals, radio, television, etc.
- C.** Professional organizational membership dues and training classes sponsored by the professional organization when payment is made directly to the professional organization sponsoring the training
- D.** class.
- E.** Conference registrations
- F.** Petty cash purchases
- G.** Honoraria
- H.** Entertainment (speakers, lecturers, musicians, performing artists)
- I.** Accreditation fees and academic testing services
- J.** Exhibition rental fees
- K.** Award of grants by VCCA to public bodies or tax exempt non-profit charitable organizations. This exception does not apply to the expenditure of grant funds for the purchase of goods and/or

E-Procurement

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services.

- L.** Public Utilities (electric, natural gas, water, sewer)
- M.** Purchases made for items for resale (e.g. alcohol)
- N.** Purchases for Express Delivery Services.
- O.** Over the counter charge card purchases that are made at the site of the sale and picked up by the individual card holder (i.e., SPCC, Voyager).
- P.** Revenue contracts, e.g., scrap, recycling or contracts with \$0 payment made by the Commonwealth
- Q.** (e.g. Spirited Virginia magazine, vending operations).
- R.** Purchases from public auctions (non-electronic)
- S.** Surplus property
- T.** Individual travel and lodging
- U.** Financing when goods/services procured from one source are being financed by another (i.e. third party) source.

Ethics in Procurement

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PURPOSE OF POLICY

It is the policy and intent of the Virginia Cannabis Control Authority (VCCA) that all personnel having official responsibility for procurement transactions shall be knowledgeable about the provisions of this policy entitled "Ethics in Procurement" and conduct themselves accordingly to ensure the public's trust. It is up to each individual to ensure they do not violate the guidelines and the spirit of procurement ethics.

DETAILED POLICY STATEMENT

VCCA employees having official responsibility for a procurement transaction shall avoid any conduct that constitutes, or could reasonably be construed to constitute, a conflict of interest, inappropriate conduct with vendors or corruption. It is important that VCCA employees conducting procurements on behalf of VCCA ensure the public's trust by avoiding improprieties, as well as the appearance of such improprieties. The integrity and credibility of the procurement program requires VCCA employees to be impartial, fair and free of any relationships that may cause them to be unduly partial to any vendor or product. The procurement of goods and services will be limited to those necessary to the operation and mission of VCCA and its business interests.

I. PROSCRIBED PARTICIPATION BY VCCA EMPLOYEES IN PROCUREMENT TRANSACTIONS

No employee of the VCCA having official responsibility for a procurement transaction shall participate in a transaction on behalf of VCCA when the employee knows that:

- A.** The employee is employed by an offeror or contractor involved in the procurement transaction.
- B.** The employee, the employee's spouse or partner, or any member of the employee's immediate family holds a position with an offeror or contractor such as an officer, director, trustee, partner or the like, or is employed in a capacity involving personal and any participation in the procurement transaction, or owns or controls an interest of more than five percent;
- C.** The employee, the employee's partner, or any member of the employee's immediate family has a pecuniary interest arising from the procurement transaction; or
- D.** The employee, the employee's partner, or any member of the employee's immediate family is negotiating, or has an arrangement concerning, prospective employment with an offeror or contractor.

II. DISCLOSURE OF SUBSEQUENT EMPLOYMENT

No VCCA employee having official responsibility for procurement transactions shall discuss employment with any offeror or contractor with whom the employee has dealt in an official capacity during the course of a procurement transaction. Vendor may be subject to debarment if determined that discussions have taken place.

III. PROHIBITION ON SOLICITATION OR ACCEPTANCE OF GIFTS; GIFTS BY OFFERORS, CONTRACTORS OR SUBCONTRACTORS IS PROHIBITED

- A.** No VCCA employee having official responsibility for a procurement transaction shall solicit, demand, accept, or agree to accept from an offeror, contractor or subcontractor any payment, kickback, loan, subscription, advance, deposit of money, services or anything of value present or promised.
- B.** No offeror, contractor or subcontractor shall confer upon any VCCA employee having official responsibility for a procurement transaction any payment, kickback, loan, subscription, advance, deposit of money, gifts, services or anything of value. Vendor may be subject to debarment if determined that a violation of this policy has taken place.

IV. VENDOR ENGAGEMENT

VCCA employees should not speak or meet with vendors who are participating, or who are likely to participate, in an active procurement. In those cases where a vendor already has a contract with VCCA

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but could be participating in a separate procurement, employees should only meet and discuss with the vendor those issues covered under the existing contract. VCCA acknowledges that there will be informational and fact finding meetings with vendors from time to time. The Procurement Division should be notified ahead of these meetings in order to provide guidance and the opportunity to attend. The integrity and credibility of the procurement program requires VCCA employees to be impartial, fair and free of any relationships that may cause them to be unduly partial to any vendor or product. VCCA must ensure the public's trust by avoiding improprieties, as well as the appearance of such improprieties.

V. PARTICIPATION IN REQUEST FOR PROPOSALS (RFP) PREPARATION; LIMITATION ON SUBMITTING FOR THE SAME PROCUREMENT

No person who, for compensation, prepares a request for proposal for or on behalf of VCCA shall (i) submit a proposal for that procurement or any portion thereof or (ii) disclose to any offeror information concerning the procurement that is not available to the public. However, VCCA may permit such person to submit a proposal for that procurement or any portion thereof if the VCCA determines that the exclusion of the person would limit the number of potential qualified offerors in a manner contrary to the best interests of the VCCA (e.g. limiting VCCA to a sole source procurement).

VI. PURCHASE OF BUILDING MATERIALS, ETC., FROM ARCHITECT OR ENGINEER PROHIBITED

- A.** No building materials, supplies or equipment for any building or structure constructed by or for a public body shall be sold by or purchased from any person employed as an independent contractor by the public body to furnish architectural or engineering services, but not construction, for such building or structure or from any partnership, association or corporation in which such architect or engineer has a personal interest as defined in the Code of Virginia [§2.2-3101](#).
- B.** No building materials, supplies or equipment for any building or structure constructed by or for a public body shall be sold by or purchased from any person who has provided or is currently providing design services specifying a sole source for such materials, supplies or equipment to be used in the building or structure to the independent contractor employed by the public body to furnish architectural or engineering services in which such person has a personal interest as defined in Code of Virginia [§2.2-3101](#).

VII. MISREPRESENTATIONS PROHIBITED

No VCCA employee having official responsibility for a procurement transaction shall knowingly falsify, conceal, or misrepresent a material fact; knowingly make any false, fictitious or fraudulent statements or representations; or make or use any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry.

VIII. INSUFFICIENT AUTHORIZATION

No employee shall obligate VCCA without having received prior written authorization in accordance with VCCA's Procurement Authority Policy. Doing so is a misrepresentation of authority.

The willful violation of any of the above provisions may lead to disciplinary and/or legal actions. An annual certification of ethics compliance will be required for all employees who have official procurement responsibilities.

RELATED POLICIES

Code of Ethics

Gifts & Entertainment Policy

Guidelines & Planning

Policy Authority: Director of Procurement & Support Services

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PURPOSE OF POLICY

The purpose of Virginia Cannabis Control Authority (VCCA) Procurement Guidelines & Planning Policy is to provide general guidelines and suggestions when procuring goods and services, and to promote a greater understanding of expectations between Procurement and the business unit. Their intent is to assist business units in following generally acceptable procurement principles, yet provide maximum interpretive latitude in their application.

DETAILED POLICY STATEMENT

I. PLANNING/IDENTIFICATION OF NEED

Procurement planning consists primarily of anticipating future needs. This planning process must allow sufficient lead-time to process the request in accordance with Virginia VCCA policies and procedures. The initial step for the business unit is to determine what is needed, the quantity and date required. A request for purchase must convey, in a clear, concise and logical sequence, the information necessary to answer the basic questions of who, what, why, where, when and how. Procurement is available to assist business units and should be consulted as soon as a need is identified that (1) exceeds the single quote dollar limit, (2) includes complex specifications, or (3) may affect other business units.

Procurement is available to assist the business unit in determining the proper amount of lead time and OST to ensure goods and services are received in the timeframe needed by the business unit.

II. SELECTION OF PROCUREMENT METHOD

It is important to select the proper procurement method. Virginia VCCA Director of Procurement and Contract Officer Representatives (COR) are responsible for determining the appropriate and most desirable method for each procurement utilizing their professional judgement and training, as well as input from Virginia VCCA business units. The estimated or anticipated value/lifecycle cost of the contract is determined first, unless the purchase is an emergency. The anticipated value of the contract includes the dollar value for the initial period of the contract, and includes all possible renewal periods. When determining the total value of a contract, include all cost elements such as travel related expenses (e.g., travel, lodging, and meals) and direct bill expenses (e.g. postage, shipping and handling costs, etc.).

Lifecycle costing will be used to establish the total cost of ownership (TCO) and will include the sum of the initial one-time cost plus any internal, external and recurring costs for the lifespan (lifespan equals five years unless further lifespan is defined) of the contract (e.g. purchase price, installation cost, operating cost, maintenance and upgrade cost, time to acquire, etc.). The guidelines below will be used in determining the proper procurement method. Additional detail is provided in the Summary of Procurement Thresholds attached to this policy.

- Purchases up to \$10,000 follow Single Quote Policy
- Purchases > \$10,000 - \$150,000 follow Informal Solicitation Policy
- Purchases > \$150,000 follow Sealed Request for Proposals (RFP) Policy
- Emergency (if applicable) follow Emergency Purchase Policy
- Sole Source (if applicable) follow Sole Source Policy

Note: For all purchases exceeding \$150,000, regardless of sourcing method, an approved business case and review by the Risk Review Committee is required except for staff augmentation.

Departures from these guidelines must have the approval of the Director of Procurement unless otherwise specifically identified within the Policies & Procedures Manual. See the individual sections of the Policies & Procedures Manual for more specific details of each type of purchase.

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III. SERVICES

Professional services will be procured in accordance with the Professional Services Policy, and include, but are not limited to, work which must be performed by an entity licensed in the practice of accounting, actuarial services, architecture, land surveying, landscape architecture, law, dentistry, medicine, optometry, pharmacology, or professional engineering.

Non-professional services include all services not specifically listed as a professional service.

Selecting the method for contracting for professional and nonprofessional services will be in accordance with Virginia VCCA Procurement Policies and Procedures based on the estimated value of the service (e.g. Informal Solicitation, Sealed RFP, etc.). Purchases of services must include a written statement of work (SOW) detailing, at a minimum, requirements of the supplier, schedule, deliverables, acceptance criteria and payment milestones, and must be signed by the supplier and authorized Virginia VCCA personnel.

When contracting for services to be performed on Virginia VCCA property, the vendor or the vendor's employees may be required to be properly registered and licensed, hold a permit, or undergo a background check prior to performing specific types of services. Virginia VCCA Vendor Insurance, Performance Bonds and Bid Bonds and Contractor License Requirements policies should be reviewed for details prior to contracting for services.

Approvals Required - Approval for certain services is required as follows:

- Insurance – Department of Treasury/Division of Risk Management
- Banking and Bank - Related Cash Management Services - Department of the Treasury, Division of Cash Management and Investments

Virginia VCCA is responsible for assuring that the use and control of the services of private consultants is properly justified in terms of the mission, programs, priorities, and funding. As required by §4-5.02(c) of the Appropriations Act each year, Use Of Consulting Services, a determination of "return on investment" shall be made as part of the criteria for awarding or using contracts for consulting service.

IV. SPECIFICATIONS

It is Virginia VCCA's policy to ensure competitiveness and fairness in its procurements. This can be accomplished by describing goods or services in a manner which meets the Virginia VCCA's needs and encourages competition.

V. ORDER SPLITTING PROHIBITION

Order splitting is a highly inefficient practice and results in higher costs to Virginia VCCA and is prohibited. Requirements should be combined when practical to obtain quantity discounts and other efficiencies. Term contracts (annual or multi-year) should be considered where the anticipated cumulative annual costs for goods or services are over \$25,000 and a fixed price type contract or a unit priced requirements type contract can be awarded. In some instances, even though the annual amount is less than \$25,000, it may be advantageous to enter into a term contract and this should also be considered. Procurement, in collaboration with the business unit, will determine when it is in the best interest of Virginia VCCA to develop a term contract.

DEFINITIONS

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Lead-Time - Administrative lead-time is that period of time from initiation of the requirement by the business unit to issuance of an award. For routine procurements where informal written solicitations are used, the minimum time required to prepare, solicit, evaluate, and make an award may take from three (3) days up to thirty (30) days depending on the complexity. When a sealed solicitation is used, the time required by Procurement will generally be longer. This time period should be included in procurement planning.

Order/Ship Time – (OST); Order/Ship Time is the time after award required by vendors to fill an order and ship by designated means (truck, rail, or air) to the delivery point. These times vary widely by industry. Consideration should be given to market conditions which will affect delivery. Except for the most routine of expendable supplies, e.g., off-the-shelf items, a range of 30-90 days should be estimated in determining the OST. Custom made and complex items of equipment (e.g. vehicles, forklifts) normally take longer to obtain. This time period should be considered by the business unit when determining when a request should be submitted in order to receive the goods when needed.

Order Splitting - The placement of multiple orders within other than a reasonable time period to one or more vendors for the same, like or related goods and services in order to avoid using the appropriate method of procurement, or to remain within the delegated purchasing authority

Specifications - describe the item or type of service you need and can either enhance or inhibit competition

RELATED POLICIES

Contractor License Requirements

Emergency & Urgent Purchases

Informal Solicitation/Quick Quotes & Unsealed RFPs

Sealed Request for Proposals (RFP)

Single Quote

Sole Source

Vendor Insurance, Performance Bonds, Bid Bonds

Informal Solicitations/Quick Quotes & Unsealed RFPs

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PURPOSE OF POLICY

The purpose of the Virginia Cannabis Control Authority (VCCA) Informal Solicitations policy is to define the conditions and processes Contracting Officer Representatives (CORs) will use for informal solicitations in the procurement of goods and services for VCCA.

DETAILED POLICY STATEMENT

Informal solicitations are an efficient method for introducing limited competition into the procurement process. Informal solicitations may use either the Quick Quote or Unsealed RFP method for the solicitation of goods or services with an estimated lifecycle cost between \$10,000 - \$150,000, and are currently not available in a VCCA contract. Lifecycle costing will be used to establish the total cost of ownership (TCO) and will include the sum of the initial one-time cost plus any internal, external and recurring costs for the lifespan (lifespan equals five years) of the contract (e.g. purchase price, installation cost, operating cost, maintenance and upgrade cost, time to acquire, etc.). The anticipated value of the contract includes the dollar value for the initial period of the contract, and includes all possible renewal periods. For purchases of services, a written statement of work (SOW) detailing at a minimum the requirements of the supplier, schedule, deliverables, acceptance criteria and payment milestones will be negotiated as part of the informal solicitation process. Informal solicitations are likely the quickest way to obtain goods and services competitively, but cannot be utilized in every case.

DEFINITIONS

COR – Contract Officer Representative; an individual who is designated and authorized in writing by to perform specific contract administration or technical functions on contracts or task/delivery orders

Procurement Advertising/Award Notification

Policy Authority: Director of Procurement & Support Services

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PURPOSE OF POLICY

The purpose of Virginia Cannabis Control Authority (VCCA) Procurement Advertising/Award Notification Policy is to define when and where procurement solicitations are advertised.

DETAILED POLICY STATEMENT

Virginia ABC will advertise procurement solicitations which exceed \$150,000 on eVA. Notice of Award decisions that exceed \$150,000 will also be publicly posted.

Procurement will also maintain a list of all such procurements and awards, and will provide the list (for review) to interested parties.

Regardless of whether VCCA places such notices, the solicitation and award of business using public funds, regardless of the level of expenditure or type of good and service, is subject to the Freedom of Information Act (FOIA) in accordance with the VCCA FOIA Policy.

RELATED POLICIES

Freedom of Information Act (FOIA)

Procurement Documentation

Policy Authority: Director of Procurement & Support Services

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PURPOSE OF POLICY

The purpose of Virginia Cannabis Control Authority (VCCA) Procurement Documentation Policy is to maintain internal controls governing the documentation and maintenance of procurement records when procuring on behalf of VCCA.

DETAILED POLICY STATEMENT

Producing and maintaining adequate documentation of all procurement activity is another essential element of internal controls within VCCA. The documentation prescribed by this manual will be maintained in all instances. Chapters entitled "Standard Procurement Methods and Specific Authorizations and Rules" specify the documentation to be produced, depending on the type of goods or services being procured, the level of the expenditure, and the procurement method utilized. A complete file should be maintained in one place for each procurement transaction, containing all the information necessary to understand the why, who, what, when, where and how of the transaction.

Small purchase charge card holders are responsible for maintaining documentation for all procurements made via the small purchase charge card. Designated employees authorized by the Director of Procurement or Contract Officer Representative (COR) to procure goods and services on behalf of VCCA are responsible for maintaining adequate documentation for such procurements. The COR will maintain documentation for all other types of procurement.

Pursuant to the Code of Virginia [§59.1-485](#), [490](#), [491](#), [495](#), [496](#) procurement documentation referenced herein may be produced, submitted, approved and retained in electronic format.

DEFINITIONS

COR – Contract Officer Representative; an individual who is designated and authorized in writing by to perform specific contract administration or technical functions on contracts or task/delivery orders.

RELATED POLICIES

Small Purchase Charge Card

Purchase Orders

Policy Authority: Director of Procurement & Support Services

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PURPOSE OF POLICY

The purpose of Virginia Cannabis Control Authority (VCCA) Purchase Order Policy is to define the purchase order process and exceptions from the use of a purchase order when procuring on behalf of VCCA.

DETAILED POLICY STATEMENT

Purchase Orders (POs) will be prepared for nearly all purchasing transactions with the exception of small purchase charge card over the counter purchases, and contracts awarded at no cost to VCCA. The Director of Procurement may also approve other exceptions when a purchase order is deemed unnecessary.

Anytime a change is made to a purchase order, the document will be sent back through the approval flow as when originally submitted.

DEFINITIONS

COR – Contract Officer Representative; an individual who is designated and authorized in writing by to perform specific contract administration or technical functions on contracts or task/delivery orders.

RELATED POLICIES

Purchasing Charge Card

Receipt of Goods & Services

Policy Authority: Director of Procurement & Support Services

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PURPOSE OF POLICY

The purpose of Virginia Cannabis Control Authority (VCCA) Receipt of Goods & Services Policy is to establish the responsibility and process for receipt of goods and services.

DETAILED POLICY STATEMENT

The purpose of Virginia Alcoholic Beverage Control Authority (VCCA) Receipt of Goods & Services Policy is to establish the responsibility and process for receipt of goods and services.

The procurement process does not end when the purchase order or contract is issued. The division or business unit that purchases any goods or services is responsible for ensuring that such goods and services are received in a timely manner, and in good order, relative to the procurement specifications and contracts.

Finally, payment (other than charge card) for all items ordered and received will be made by the Financial Management Services Division only, based in part, on their receipt of all necessary procurement documentation and authorizing signatures.

IMPLEMENTATION PROCEDURES

Receipt of Goods & Services

Responsible & Responsive Offeror

Policy Authority: Director of Procurement & Support Services

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PURPOSE OF POLICY

The purpose of Virginia Cannabis Control Authority (VCCA) Responsible and Responsive Offeror Policy is to define the use and compliance requirements in validating responsible and responsive vendor compliance when VCCA is procuring goods and services.

DETAILED POLICY STATEMENT

I. RESPONSIBLE OFFEROR

In determining a responsible offeror, a number of factors, including but not limited to the following, are considered. The vendor should:

- be a regular dealer, vendor, or when required in the solicitation an authorized dealer of the goods or services offered
- have the ability to comply with the required delivery or performance schedule, taking into consideration other business commitments
- have a satisfactory record of performance
- have a satisfactory record of integrity and
- have the necessary facilities, organization, experience, technical skills, and financial resources to fulfill the terms of the purchase order or contract.

II. RESPONSIVE OFFEROR

To be considered for an award, an offer must comply in all material respects with the Formal or Informal Solicitation. Responsiveness relates to compliance with the provisions of the solicitation, including specifications, terms and conditions. Failure to comply with the requirements set forth in the solicitation may result in an offer being declared nonresponsive, (e.g., failure to sign the proposal, failure to return the required offer documents, substitution of vendor's terms, deletion of terms and conditions stated in the solicitation, failure to offer a product or service that meets the requirements of the solicitation, etc.) An offeror who fails to provide prices for all categories of labor in the pricing schedule of a time and materials service contract may be considered nonresponsive. Offerors who provide multiple prices for performing a service where a single price was solicited may also be considered nonresponsive.

DEFINITIONS

Offeror - a person or entity who makes a specific proposal to another (the offeree) to enter into a contract.

Risk Management & Review

Policy Authority: Director of Procurement & Support Services

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PURPOSE OF POLICY

The purpose of the Virginia Cannabis Control Authority (VCCA) Procurement Risk Management Policy is to provide general guidelines on the identification, communication and management of contractual and supplier management risks.

DETAILED POLICY STATEMENT

The guidelines of this Policy are strictly related to procurement and contracting risks; however, VCCA will work toward progressively establishing, implementing and improving its Risk Management Program as the organization matures. This includes standardizing risk management for the organization and having one risk register that captures risks for the entire organization (i.e. Procurement Risks, Project Risks, Business Risks, etc.) and is managed by one central person/department.

I. RISK TYPES:

All risks must be classified in the following facets and could likely fall into more than one of these categories.

- A. Financial** – A risk that affects revenue, budget, the ability to acquire assets and technology or the ability to collect monetary penalties.
Examples: lack of contractual remedies, insufficient SLAs, potential for excessive change orders, missed business requirements/ specifications, vendor viability, insurance requirements, fees, discounts, etc.
- B. Strategic** – A risk that affects the ability to carry out overarching goals and objectives.
Examples: information security, physical security, inadequate resource allocation, unclear or incorrect business requirements/specifications, poor organization change management, integration issues, product innovation, etc.
- C. Operational** - A risk that affects the ongoing business processes and procedures.
Examples: logistic concerns, inadequate training, poorly crafted deliverables and acceptance criteria, product defects, insufficient product maintenance and/or support, limited or lack of product warranty, personnel misalignment, poorly planned project or deployment schedule, etc.
- D. Compliance** – A risk that affects the ability to comply with laws, regulations, causes a conflict of interest or will bring about legal action (i.e. litigation).
Examples: modified or failure to comply with mandated contractual provisions, liability, termination clauses, information security, physical security, confidentiality, ethics, dispute resolution, insurance, intellectual property, etc.
- E. Reputational** – A risk that will affect the public's perception and reputation of VCCA and may invoke political issues.
Examples: vendor viability, confidentiality, termination clauses, failure to comply with mandated contractual provisions or Virginia Code, information security, ethics, etc.

Risk Type Example:

Risk: Vendor will not agree to a remedy in a Service Level Agreement "SLA" during negotiations or a contract already in place has no remedy associated with an existing SLA.

Risk Type Classification: Financial and Operational

- *Financial: VCCA would have no financial recourse for the missed services.*
- *Operational: ABC lacks contractual recourse that would otherwise provide Vendor with greater motivation to maintain service levels, which could possibly result in delayed or missed*

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product/services to VCCA and/or our customers.

II. RISK LEVEL IDENTIFICATION

Risks will be evaluated by the COR with input from the appropriate stakeholders (e.g. Evaluation Team, Business Owner, SME, Procurement Leadership and/or Risk Management Committee) based on their impact and probability of occurrence. The numeric scale and table below defines how to classify the risk level.

Probability of Occurrence

- 1 = Rare
- 2 = Unlikely
- 3 = Possible
- 4 = Likely
- 5 = Most Likely

Probability of Impact

- 1 = Low
- 2 = Medium Low
- 3 = Medium
- 4 = Medium High
- 5 = High

The table below is an example on how to determine your risk level.

		Probability of Occurrence				
		Risk Level	1 = Rare	2 = Unlikely	3 = Possible	4 = Likely
Impact	1 = Low	1	2	3	4	5
	2 = Med Low	2	4	6	8	10
	3 = Medium	3	6	9	12	15
	4 = Med High	4	8	12	16	20
	5 = High	5	10	15	20	25

Impact X Probability = Risk Level Score

Risk Ranking based on your Risk Level Score:

High (>15-25)	A risk that may have a significant impact (or possible failure) to a business service, product or project that is critical to VCCA. The impact or failure would have negative consequences and could possibly affect performance, cost, objectives or customer satisfaction. There is a strong or immediate need for remedial measures. An action plan or contingency plan must be put in place as soon as possible.
Medium (>5-14)	A risk that may have a moderate to serious impact on a business service, product or project that is of importance to VCCA. The risk has the potential to affect performance, cost, objectives or customer satisfaction. Remedial

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	actions are needed and a plan must be developed to incorporate these actions within a reasonable period of time dependent upon a risk analysis.
Low (1-4)	A risk that has a limited impact to a business service, product or project. A risk analysis must be completed to determine whether remedial actions are needed or if the risk should be accepted.

Risk Level Examples (These are only examples and are not representative of the actual risk level as this would be dependent upon the product or service):

Risk	Impact Score	Probability Score	Risk Level Score
Project deliverables are not tied to payment schedule and could result in VCCA paying for work not completed.	4	4	16
Lack of available VCCA resources to support vendor's resource allocation request to perform acceptance testing, which could result in delayed implementation	3	4	12
Limited SLAs in contract could result in vendor service disruption.	3	2	6
Product warranty is not provided, which means if the product fails there is no recourse for replacement or restitution	2	5	10
Vendor does not have a contingency plan in place to address inability to deliver products in the event of a disaster.	2	2	4

III. RISK MANAGEMENT PROCESS

A. Risk Identification and Communication:

Risk identification occurs at all phases of the Procurement process as defined below and continues after award during the vendor's delivery of services also known as Vendor Management.

1. Procurement Process

- Requirements/Specification Development
- Solicitation Creation (e.g. RFP, IFB, etc.)
- Proposal Evaluation
- Contract Negotiations
- Contract Award

2. Vendor Management:

- Implementation
- Operations and Maintenance

For any and all risks identified, the COR must immediately communicate and collaborate with the appropriate stakeholders (e.g. Evaluation Team, Business Owner, SME, appropriate Project Manager, Procurement Leadership and/or Risk Management Committee) to analyze for risk type, risk level, assessment and mitigation options. A cost benefit analysis should also be completed to determine the cost associated with the identified risk should it occur compared to the cost to

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remediate. The depth of the analysis should be suitable to the identified risk (i.e. additional diligence is required where the risk is higher or the consequences are substantial; such as the inability to move product out of the warehouse and into the stores).

B. Risk Tracking

The COR will document the risk in the Procurement Risk Register, which is a repository that will house all identified risks and their associated attributes. The risk will be assigned a unique identification number for tracking purposes and an owner for monitoring. Risk attributes that will require entry into the Register are:

1. Risk Description
2. Risk Consequences (e.g. potential impact if the risk became an issue)
3. Risk Category
4. Risk Level Score
5. Risk Ranking
6. Risk Owner (e.g. business owner, SME, EVT, COR)
7. Associated Solicitation and/or Contract
8. Action Plans and Documentation (e.g. risk mitigation strategies/corrective actions, contingency plans or prevention plans)
9. Risk Status Updates (e.g. action plan progress, risk level changes, risk review dates, etc.)
10. Risk Closure Documentation or Acceptance Approvals

C. Risk Action and Approval

The COR will interact with all impacted stakeholders to discuss and develop a risk action plan that details how the risk will be managed. Action plans can be created through brainstorming, open dialogue with the Vendor, and root cause analysis (e.g. problem solving for what prompted the risk) and should contain:

1. What steps or changes will occur to handle the risk
2. Who will carry out the plan
3. When will the steps or changes take place and for how long
4. Which resources are required
5. Who should be included in communications
6. Recommended course of action

NOTE: Low risks with a score of ≤ 3 require entry into the Procurement Risk Register, but do not require a risk action plan. On a case by case basis, the Business Director may also grant a risk action plan exemption for risks with a score of 4. There are four options to manage a risk and the COR and appropriate stakeholders will provide a recommended course of action based on the outcome of their findings. The recommended course of action will be one of the following:

- a. Risk Acceptance: A conscious decision to accept or tolerate the risk (acceptance of a risk shall not violate mandated contractual provisions, ethical standards of conduct, state or federal laws or subject persons to hazardous environments or activities).
- b. Risk Reduction: Identification of alternate strategies, options or corrective actions that can be taken to lower the risk level (e.g. modifying services, schedule, plans, resources, costs, identifying a work around, or obtaining a contractual commitment from the Vendor

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- to resolve the risk by an agreed upon date etc.)
- c. Contingency Plan: A course of action that details the steps to be taken if the risk were to occur (e.g. what could happen, what will we do in response to maintain service/product availability, what can we do in advance to prepare, etc.)
 - d. Preventative Plan: a plan that is implemented to address a weakness that is identified, but has not yet occurred (e.g. identifying opportunities for improvement by being proactive and may include review of operational procedures, data or trend analysis, etc.)

The risk action plan and recommendation to address any and all risks must be communicated and approved by the appropriate stakeholders as indicated below. If the risk is identified during contract negotiations, this approval must be obtained before contract award.

High Risks Significance Score between(>16-25)	Risk Management Committee (consists of the CEO, CAO, Procurement Director, ISO, Internal Audit Director and the CIO if technology related)
Medium/Medium High Risks Significance Score between (>7- 15)	Business Director
Low/Low Medium Risks Significance Score between (3- 6)	Business Contact

D. Risk Monitoring

Risk Monitoring is a continuous process and it is the responsibility of the COR to oversee their contractual and supplier management open risks. Monitoring will be accomplished through completion of the following:

1. Periodic contract reviews with the business unit
2. Vendor Performance reviews
3. Tracking the execution of risk action plans (e.g. risk reduction, contingency and preventative plans)
4. Ensuring risk management policies and procedures are followed
5. Regularly updating the Procurement Risk Register with new risks, risk level changes, progress updates and documentation
6. Continually reevaluating risks to determine whether the risk level has changed

Single Quote

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PURPOSE OF POLICY

The purpose of the Virginia Cannabis Control Authority (VCCA) Single Quote policy is to define the conditions for use and processes to be used by Contracting Officer Representatives (CORs) and Business Units in obtaining a single quote in the procurement of goods and services for VCCA.

DETAILED POLICY STATEMENT

The purpose of the Virginia Alcoholic Beverage Control Authority (VCCA) Single Quote policy is to define the conditions for use and processes to be used by Contracting Officer Representatives (CORs) and Business Units in obtaining a single quote in the procurement of goods and services for VCCA.

A single quote may be obtained for the solicitation of goods or services with an estimated value/lifecycle cost not to exceed \$10,000 that are currently not available in a VCCA contract or in the Supply Warehouse. Lifecycle costing will be used to establish the total cost of ownership (TCO) and will include the sum of the initial one-time cost plus any internal, external and recurring costs for the lifespan (lifespan equals five years) of the contract (e.g. purchase price, installation cost, operating cost, maintenance and upgrade cost, time to acquire, etc.). The anticipated value of the contract includes the dollar value for the initial period of the contract, and includes all possible renewal periods. Purchases of services must include a written statement of work detailing at a minimum the requirements of the supplier, schedule, deliverables, acceptance criteria and payment milestones, and must be signed by the supplier and authorized VCCA personnel. A single quote is likely the quickest way to obtain goods and services that are readily definable and available, but cannot be utilized in every case.

Occasionally, goods or services available in a VCCA contract or in the Supply Warehouse cannot be delivered within the timeframe the good or service is required by the business unit. In these rare cases, a single quote is allowed.

DEFINITIONS

COR – Contract Officer Representative; an individual who is designated and authorized in writing by to perform specific contract administration or technical functions on contracts or task/delivery orders.

Small Purchase Charge Card Policy

Policy Authority: Director of Procurement

Effective Date: November 1, 2021

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1. Policy Overview

1.1 Purpose of Policy

The purpose of the Virginia Cannabis Control Authority (VCCA) **Small Purchase Charge Card Policy** is to establish guidelines for use of an alternate method for paying for goods and services and simplifying the payment process. The Small Purchase Charge Card (SPCC) Program reduces the number of accounts payable transactions and administrative costs by consolidating multiple vendor invoices into one monthly invoice from the charge card vendor.

1.2 Detailed Policy Statement

A Contract Officer (CO) will act as VCCA's SPCC Program Administrator. The Program Administrator is the liaison between VCCA and the charge card vendor. The Program Administrator is responsible for card issuances, card cancellations, management reports, and communicating with the charge card vendor. The VCCA Financial Management Services (FMS) division is responsible for the monthly review of charges, coding, and payment of the invoice from the charge card vendor.

1.3 Policy Scope and Applicability

This policy applies to those VCCA employees with responsibility for a Small Purchase Charge Card in any capacity (i.e. cardholder/member, cardholder/member's direct supervisor and division director, group approver, group proxy reconciler).

2. Uses of Purchasing Card

The purchasing card will be used to purchase low dollar, non-stock, goods and services for VCCA operations, maintenance, and repairs.

3. Purchasing Card Issuance, Suspensions, and Cancellations

Purchasing cards may be issued to full or part-time employees, but not contract workers, upon the request of their division director or designee with designated purchasing authority. The card will be issued in the name of the designated employee.

4. Internal Control and Monitoring

VCCA's Director of Internal Audit or designee is responsible for Program oversight and will routinely monitor card activity. Questionable card transactions will be flagged and reported to VCCA's SPCC Program Administrator for further investigation.

Purchase card records are subject to audit by VCCA's Procurement staff, the Director of FMS or designee, the Director of Internal Audit or designee, and the Auditor of Public Accounts.

Small Purchase Charge Card Policy

Policy Authority: Director of Procurement

Effective Date: November 1, 2021

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5. Records Retention

All SPCC cardholders must maintain copies of the expenditure documents (receipts, logs, quotes, statements, etc.) for three (3) years.

6. Glossary

Term	Definition
Contract Officer (CO)	An individual who is designated and authorized in writing to perform specific contract administration or technical functions on contracts or task/delivery orders.

Sole Source Purchasing

Policy Authority: Director of Procurement & Support Services

Effective Date: November 1, 2021

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PURPOSE OF POLICY

The purpose of the Virginia Cannabis Control Authority (VCCA) Sole Source policy is to define the conditions and processes Contracting Officer Representatives (CORs) will use for sole sourcing in the procurement of goods and services for VCCA.

DETAILED POLICY STATEMENT

VCCA will exempt procurements of goods and services for competition when it is determined there is only one source practically available for the goods or services required. Competition is not available in a sole source situation; thus distinguishing it from a proprietary purchase where the product required is restricted to a specific brand, make or model, but is sold through distributors, resellers, and dealers and competition between them can be obtained. Sole source justification based solely on a single vendor's capability to deliver in the least amount of time is not appropriate since availability alone is not a valid basis for determining sole source procurement.

NOTE: For sole source requirements exceeding \$10,000, a written quotation must be obtained from the vendor.

Sole source purchases require a justification of the factors leading to the determination of sole source. Authorization of a sole source indicates that in management's judgement; no other viable sources are practicably available who can supply the required good or service in the required timeframe. It is the responsibility of the CORs to verify the validity of sole source justification provided by the user. A completed sole source justification in memorandum format must accompany the user's request, which addresses the following points:

- Explain why this is the only product or service that can meet the needs of the VCCA.
- Explain why this vendor is the only practicably available source from which to obtain this product or service.
- Sole Source Procurements over \$10,000 require a Procurement Supervisor's signature and approval by the CIO for technology procurements.
- Sole Source Procurements over \$150,000 require the Director of Procurement's signature and approval by the CIO for technology procurements, in addition to public posting in the e-Procurement System (eVA). The CEO will be consulted prior to approval of sole source procurements over \$150,000.

DEFINITIONS

COR – Contract Officer Representative; an individual who is designated and authorized in writing by to perform specific contract administration or technical functions on contracts or task/delivery orders.

RELATED POLICIES

Signature Authority Policy

Procurement Responsibility & Authority

Sources of Supply

Policy Authority: Director of Procurement & Support Services

Effective Date: November 1, 2021

Page 1 of 1

PURPOSE OF POLICY

The purpose of the policy is to identify the sources of supply available to the Virginia Cannabis Control Authority (VCCA).

DETAILED POLICY STATEMENT

The Procurement Division will establish term contracts for goods and services as needed for use by VCCA. Term contracts are intended to secure more favorable prices through volume purchasing and to reduce lead-time and administrative cost and effort. Business units may not purchase the same or similar goods or services that are currently available using an established term contract without the approval of the Director of Procurement.

I. SUPPLY & EQUIPMENT WAREHOUSE

The Supply and Equipment Warehouse Supervisor will maintain a Supply Warehouse which contains an adequate supply of materials and items commonly used or critical to maintain business operations in which departments and retail stores may utilize for VCCA business purposes. The Supply Warehouse shall be the first source for such items (exceptions may be granted on a case by case basis by the appropriate COR, Contracts Supervisor, or Procurement Director).

II. STATE CONTRACTS & CATALOGS

Although not considered mandatory, VCCA encourages the use of State contracts and catalogs when required goods or services can be readily obtained through the contracts and/or catalogs in a cost effective, timely and efficient manner.

III. COOPERATIVE PROCUREMENT

With approval of the Contract Supervisor or Director of Procurement, or applied conditions with the approval, VCCA may use other public entities' (e.g. GSA through federal government, localities, institutions of higher institution, etc.) solicitations, awards and contracts when required goods or services can be readily obtained through these mechanisms in a cost effective, timely and efficient manner. Purchases of services must include a written statement of work detailing, at a minimum, requirements of the supplier, schedule, deliverables, acceptance criteria and payment milestones, and must be signed by the supplier and authorized VCCA personnel.

IV. OTHER SOURCES OF SUPPLY

Sources of supply can be identified through a variety of methods including, but not limited to:

- eVA (Virginia's electronic procurement portal), trade journals, trade shows and exhibitions, Yellow Pages, Thomas Register
- Networking with other purchasing offices
- Other organizations such as the [Virginia Department of Small Business and Supplier Diversity](#), Virginia Minority Supplier Development Council (VMSDC) and local Chambers of Commerce
- Internet – search on "business" or particular industries or products. Sites such as www.virginiabusiness.com may offer information on sources of supply. National purchasing organizations such as the National Institute of Governmental Purchasing (NIGP) at www.nigp.org or the Institute for Supply Management (ISM) at www.ism.ws also provide resource information.

DEFINITIONS

COR – Contract Officer Representative; an individual who is designated and authorized in writing by to perform specific contract administration or technical functions on contracts or task/delivery orders.

Three Quotes for Non-Contracted Goods and Services Policy

Policy Authority: Director of Procurement

Effective Date: November 1, 2021

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1. Policy Overview

1.1 Purpose of Policy

The purpose of the Virginia Cannabis Control Authority (VCCA) Three Quotes for Non-Contracted Goods and Services Policy is to establish guidelines for purchasing goods or services not covered under a VCCA-approved contract (e.g., state contract, VCCA term contract, another public body's cooperative contract, etc.).

1.2 Detailed Policy Statement

When a VCCA-approved contract for goods or services (e.g., state contract, VCCA term contract, another public body's cooperative contract, etc.) is not practical as determined by the contract officer (CO) or Director of Procurement, this policy may be used to procure the needed goods or services to continue VCCA operations.

1.3 Policy Scope and Applicability

This policy is available for use by the VCCA Procurement Office as determined by the CO or Director of Procurement, and as approved by the CEO or designee.

2. Guidelines and Eligibility Criteria for Policy Use

2.1 Guidelines for Policy Use

When using this policy, the following guidelines apply:

- The Procurement Office must be engaged in the purchase transaction.
- The purchase must be over \$10,000.
- The purchase is exempt from the competitive requirements outlined in the VCCA e-Procurement Policy.
- A minimum of three written quotes must be obtained. VCCA does not have to select the lowest priced quote, however, the reason for vendor selection must be documented.

2.2 Eligibility Criteria for Policy Use

In order to use this policy, at least one of the following criteria must apply:

- Confidentiality of the purchase is business and operationally essential to VCCA.
- There is a business requirement for ABC to use a particular vendor due to previous work experience/work history with the authority in a specialized capacity. Examples include, but are not limited to:
 - The vendor has previously and successfully provided branded materials to VCCA.
 - The vendor has previously and successfully provided services for/on VCCA-proprietary systems/equipment.
 - The vendor has in-depth knowledge of unique VCCA operations.

3. Standards for Use

Three Quotes for Non-Contracted Goods and Services Policy

Policy Authority: Director of Procurement

Effective Date: November 1, 2021

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When using this policy, the following will apply:

- The end user must enlist the Procurement Office for assistance in processing the request (e.g., follow the standard process of submitting a procurement intake form and a footprints ticket, specifications to be included).
- The CO will communicate with the end user about the request and will need to understand why the good or service cannot be procured through other procurement methods (e.g., QQ, IFB, RFP).
- If the CO or Director of Procurement determines the best course of action is to use this policy, the CO will request quotes from vendors.
- Vendors must provide quotes back to the CO.
- The CO will share the quotes with the end user and they will come to a final decision on vendor selection.
- The CO will document the reason for the vendor selection in the procurement file.
- The purchase order can be issued via standard operating procedures.

4. Related Documents

The list below includes some VCCA policies, procedures and other documents that are generally applicable to this policy.

- VCCA e-Procurement Policy

5. Glossary

Term	Definition
Contract Officer (CO)	An individual who is designated and authorized in writing to perform specific contract administration or technical functions on contracts or task/delivery orders.

Vendor Appeals, Disputes & Remedies

Policy Authority: Director of Procurement & Support Services

Effective Date: November 1, 2021

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PURPOSE OF POLICY

The purpose of Virginia Cannabis Control Authority (VCCA) Vendor Appeals, Disputes, and Remedies Policy is to define the parameters and methods for vendor appeals and disputes, along with remedies for such appeals. VCCA has established the following policy to preserve the integrity and confidence in VCCA's procurement operations.

DETAILED POLICY STATEMENT

I. PROTEST OF AWARD

Any offeror submitting an offer or proposal in response to a solicitation may protest the announcement of an awarded contract; however, to be considered by VCCA the protest must meet the following conditions:

- the protest must be submitted in writing to the Director of Procurement no later than five (5) calendar days after the announcement of the award
- the written protest submission must include either:
 - (1) a certified check or money order in the amount equal to the lower of 5% of the proposal amount or \$5,000, reduced to the lesser of 2% of the proposal amount or \$2,000 for SWaM certified vendors, or
 - (2) evidence of an escrow payment of said amount. If the protest is upheld, the funds will be returned to the vendor.

The Protest of Award and check or Evidence of Escrow Payment must be mailed or hand delivered to the Cannabis Control Authority (VCCA).

The protest shall include the specific basis for the protest and the relief sought. The Director of Procurement or designee will review the protest and issue a decision in writing within 5 calendar days stating the reason for the action taken. A claim that the selected offeror is not a responsible offeror will not be considered a basis for protest. An offeror may not challenge the validity of the terms or conditions of the solicitation.

II. APPEAL OF DECISION DENYING PROTEST OF AWARD

An appeal must be initiated by the filing of a Notice of Appeal with VCCA's Chief Executive Officer (CEO) within five (5) calendar days after the offeror's receipt of the Director of Procurement's written decision denying the award protest. The Notice of Appeal must be in writing and state:

- That an appeal is being filed
- The decision for which the appeal is being taken
- The solicitation / contract / reference number
- The basis for the appeal
- The relief sought

The Notice of Appeal must be mailed or hand delivered to the Cannabis Control Authority (VCCA).

The CEO will review the protest and the Director of Procurement's decision and issue a decision in writing within 3 business days to uphold or overturn the decision denying the protest. If the CEO overturns the Decision Denying the Protest, the relief granted shall be as follows:

Vendor Appeals, Disputes & Remedies

Policy Authority: Director of Procurement & Support Services

Effective Date: November 1, 2021

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- If performance has not yet begun, VCCA will cancel the contract and revise the award to comply with the regulations.
- If performance has begun, VCCA may in its sole discretion declare the contract void upon a finding that this action is in its best interest. Where a contract is declared void, the performing contractor shall be compensated for the cost of performance up to the time of such declaration. In no event shall the performing contractor be entitled to lost profits.

III. APPEAL OF DENIAL OF REQUEST TO WITHDRAW AN OFFER OR PROPOSAL

Any offeror who has been denied a request to withdraw an offer by a Contract Officer Representative (COR) must submit a written appeal to the Director of Procurement within 5 calendar days after receipt of the decision denying the request to withdraw.

The Appeal of Denial of Request to Withdraw an Offer or Proposal must be mailed or hand delivered to the Cannabis Control Authority (VCCA).

If the COR's initial decision is overturned, the sole relief shall be allowance of offer withdrawal. If the COR's initial decision is upheld, the offer or proposal may not be withdrawn.

IV. APPEAL OF NON-RESPONSIBILITY DETERMINATION

An offeror found non-responsible for a particular procurement by the COR will be notified of the determination and the basis therefore in writing. A written appeal of this determination must be received by the Director of Procurement within five (5) calendar days after receipt of the COR's determination. The appeal must be mailed or hand delivered to the Cannabis Control Authority (VCCA).

If the Director of Procurement overturns the COR's determination, the relief shall be as follows:

- If the award has not been made and the offeror initially declared non-responsible is now the best value responsive and responsible offeror, the award shall be made to that offeror.
- If the award of the contract has been made but performance on the contract has not begun, the contract shall be canceled and awarded to the offeror initially declared non-responsible if the offeror is now the best value responsive and responsible offeror.
- Where the award of the contract has been made and the performance of the contract has begun, VCCA in its sole discretion may elect to terminate the contract if termination is determined to be in the best interest of VCCA. The performing contractor will be compensated for the cost of performance up to the time of termination, but will in no event be entitled to lost profits.

VCCA has not established any independent administrative appeals process, such as binding arbitration. Unless negotiated otherwise in the contract with the vendor, the vendor shall retain full rights to file legal action if the VCCA appeals process is not deemed satisfactory.

An appeal or dispute by a vendor shall have no effect upon any existing contracts that have been awarded and accepted in good faith, awards that must be made to ensure the continued operation of critical functions of VCCA, or any other proposals that will expire.

DEFINITIONS

Vendor Appeals, Disputes & Remedies

Policy Authority: Director of Procurement & Support Services

Effective Date: November 1, 2021

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COR – Contract Officer Representative; an individual who is designated and authorized in writing by to perform specific contract administration or technical functions on contracts or task/delivery orders.

Vendor Management

Policy Authority: Director of Procurement & Support Services

Effective Date: November 1, 2021

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PURPOSE OF POLICY

The purpose of Virginia Cannabis Control Authority (VCCA) Vendor Management Policy is to establish processes that enable VCCA to control costs, drive service excellence and mitigate risks to gain increased value and efficiencies from their vendors throughout the service contract life cycle. VCCA will work toward progressively establishing, implementing and improving its Vendor Management Program as described herein as the organization matures.

DETAILED POLICY STATEMENT

I. VENDOR SELECTION

The Director of Procurement or designee, in collaboration with business units, will establish vendor selection and performance criteria for VCCA's vendor management program. All vendors should be managed, but it is impractical to use a vendor management program for all vendors: therefore, the program focus will be on vendors who are strategic and critical to the efficiency and success of VCCA.

The first step of the process is to strategically determine the vendors to include in the vendor management program. It is best practice to categorize vendors as:

- Strategic: vendor has an excellent alignment to VCCA's business requirements and with whom VCCA has a deeply embedded set of services and are identified by the size of VCCA's spend with these vendors.
- Legacy: vendor services support potentially critical aspects of the business (maybe a critical legacy software system), but the drive and commitment to continue developing the relationship and business model is waning (their attentions may lie elsewhere)
- Emerging: vendor aims to service a need in a market where competition is low
- Tactical: vendor represents a low spend relationship or provides a commodity in a market that is saturated with competitors. Vendor provides a commodity that should be easy to switch to an alternate vendor.

Relative to high, medium or low impact in the areas of:

- Existing / current contract spend with the vendor
- Anticipated future contract spend with the vendor
- Vendor strategic alignment
- Vendor dependency (critical to the mission of the business)
- Breadth of products and / or services

Initially, vendors with high rankings in the strategic category will be selected to engage in the vendor management program. As the program matures, Procurement will re-evaluate vendors based on the business needs of VCCA and expand the program to include additional vendors.

II. METRICS & DATA COLLECTION

Data collection and analysis that support vendor metrics and VCCA strategic procurement goals will be established by Procurement. The process will identify the set of metrics that meet contract and business objectives and will define where and how the data will be collected.

III. DATA ANALYSIS

The Director of Procurement will establish a process for data analysis and credence that meets the vendor management strategy for VCCA. Data analysis will be completed by Procurement and reported to VCCA's leadership team and vendors on a predetermined basis (e.g. monthly, quarterly, etc.). Vendor communication frequency will be determined by the Director of Procurement based on business needs

Vendor Management

Policy Authority: Director of Procurement & Support Services

Effective Date: November 1, 2021

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but one on one vendor review frequency typically will not exceed 3 months and will include the participation of the contract administrator.

IV. SCORECARD

Procurement will establish a scorecard methodology for measuring vendors, which will define the scorecard content, process owner and methods of gathering and disseminating data. The purpose of the scorecard will be to identify

- Gaps between actual vendor performance and expected vendor performance
- The impact of gaps on the business
- Risks associated with the vendor's performance

The scorecard data will drive action to

- Prioritize gaps to be managed
- Communicate the priorities of the gaps with the vendor
- Request a remediation plan
- Follow up with vendor and business owners to ensure that the plan is executed

The scorecard process will be completed on a predetermined basis (e.g. monthly, quarterly, etc.), or more frequently based on business needs/risk, for all vendors participating in the vendor management program.

The scoring process will include a performance based point system that is primarily quantitative but includes qualitative data.

Scoring components will be created that include metrics and controls that support vendor evaluation and performance rankings in periodic reviews.

The Director of Procurement and CORs will utilize vendor performance scorecard data when strategically selecting vendors that are best for the business of VCCA.

V. CONTINUOUS IMPROVEMENT

The Director of Procurement will establish a continuous improvement process. The process will define the process owner who will continually manage, review, communicate and adjust the vendor management program as the business needs change. The vendor management process owner will conduct an annual review of the vendors participating in the program and may, at the discretion of the Director of Procurement and VCCA, include a recognition program for high performing vendors as well as recommendations for vendors not performing to expected standards.

The vendor management program will be most successful when

- Vendor performance is tracked on an ongoing basis
- The vendor management program is sustainable
 - Provides a core foundation for measuring, analyzing and improving vendor performance
- Contractual relationships encourage creation of efficiencies and increased value from VCCA's vendors through innovative, performance-based goals.
- Implemented using a technology platform, so it is repeatable and consistent, scalable to support growth, and change

DEFINITIONS

COR – Contract Officer Representative; an individual who is designated and authorized in writing by to perform specific contract administration or technical functions on contracts or task/delivery orders.



Membership Benefits, Eligibility & Fees

Member Eligibility

Voting Membership: Voting memberships may be held by any the state, or U.S. territorial government agency that has primary responsibility for the administration of the recreational or adult use cannabis laws and regulations in the state or U.S. territory. In states where recreational or adult use cannabis is not lawful, voting membership is available to the state or U.S. territorial agency with primary responsibility for the administration of the medical cannabis laws and regulations.

Associate Membership: Associate memberships may be held by any national, state, territorial, county, municipal, or local government agency, office, or department exercising regulatory or policy control over cannabis within their jurisdiction.

Affiliate Organization Membership: Other individuals or organizations that do not qualify as members or associate members but are otherwise engaged in cannabis regulation, cannabis policy, cannabis research, or other areas relevant to the CANNRA's mission may be accepted as an "affiliate" in accordance with Article VII, Section 6, and subject to final approval by the executive committee.

Statewide Membership: Statewide memberships may be held by any state or U.S. territory. Statewide membership grants one voting membership and an unlimited number of associate memberships, to any statewide or territory-wide agencies, departments, or offices within the jurisdiction of the statewide member. This membership category is ideal for jurisdictions with many state or territory offices and departments that engage in cannabis policy and regulation.

Current Voting Members include the primary cannabis regulatory agencies of:

- Arizona
- California
- Colorado
- Connecticut
- Delaware
- Florida
- Georgia
- Hawaii
- Illinois
- Iowa
- Louisiana
- Maine
- Massachusetts
- Maryland
- Michigan
- Minnesota
- Montana
- Nevada
- New Jersey
- New York
- North Dakota
- Ohio
- Oregon
- Rhode Island
- South Dakota
- Utah
- Washington
- Washington, DC



Member Benefits

- Access to institutional knowledge and subject matter experts in the cannabis industry and regulatory approaches for industrial hemp, medical cannabis, and adult use cannabis.
- Updated website with Members Only privileges (e.g. presentations, educational resources)
- Access to cannabis policy tracking and analysis from member jurisdictions
- Access to market data and public health data from member jurisdictions
- Access to educational programming and training events
- Access to regulator networking and peer development events
- Eligibility to attend biannual “Regulator Roundtable” conferences
- Eligibility to attend regulator webinars featuring subject matter experts
- Opportunity to participate in planning committees, conference panels, and special committees*
- Access to association newsletters, alerts, and notices on current issues and events in the industry and regulatory arena
- Access to a national registry of member regulators and their contact information
- Resources for cannabis policy development and staff training
- Ability to access, and participate in the development of, model regulatory standards, administrative resources, and best practices for cannabis regulation including but not limited to: packaging, labeling, advertising, testing, licensing, social equity, seed to sale tracking, inspections, enforcement, pesticide use, product approval, tax structures, tax collection, patient qualification and enrollment, product processing and manufacturing, industrial hemp and CBD products, banking, payment processing
- Ability to access, and participate in the development of, model public education campaigns and public health monitoring systems.
- Access to federal cannabis policy and legislative analysis
- Access to exchanges and forums between members and third party stakeholders such as cannabis industry associations, advocacy groups, academic institutions, research organizations, federal regulatory agencies and federal elected officials.

*Special Committees Include:

- Special Committee on Social and Economic Equity
- Special Committee on Analytical Testing and Product Safety
- Special Committee on Public Education, Awareness, and Youth Prevention
- Special Committee on Public Health and Safety Monitoring and Surveillance
- Special Committee on Packaging, Labeling, Advertising, and Marketing
- Special Committee on Energy and Environmental Policy
- Special Committee on Medical Use and Clinical Research
- Special Committee on Cannabinoid Hemp
- Special Committee on Municipal and County Regulation and Coordination
- Special Committee on Licensing, Inspections, Compliance, and Enforcement
- Special Committee on Banking, Finance, and Insurance
- Special Committee on Market Structure and Taxation
- Special Committee on Impaired Driving and Workplace Safety



- Special Committee on Federal Policy and Engagement
- Special Committee on Interstate Coordination

Annual Membership Dues:

Statewide Membership:

The standard annual dues for a Statewide Membership are \$10,000.

Voting Membership

The standard annual dues for voting members are \$2,500 per voting member unless alternate dues have been recommend by the membership committee and approved by the executive committee.

Associate Membership

The standard annual dues for associate members are \$1,000 per associate member unless alternate dues have been recommend by the membership committee and approved by the executive committee.

Affiliate Organization Membership:

The standard annual dues for an affiliate organization membership are \$10,000 per affiliate organization unless alternate dues have been recommend by the membership committee and approved by the executive committee.

Alternate Annual Membership Dues

Upon application or renewal, an applicant or member may submit justification to pay alternate dues. This justification may include, but not be limited to the following criteria;

- A) Insufficient program budget to support the standard dues amount.
- B) Inability to obtain legislative expenditure approval for the standard dues amount.
- C) Inability to pay the entire dues amount in the first year of membership due to the prospective member jurisdiction's fiscal calendar and appropriations schedule.
- D) Any other justification endorsed by the membership committee and approved by the executive committee.





Membership Application

Name: _____

Title/Position: _____

Jurisdiction: Choose an item.

Email (organization/office email): _____

Organization/Office/Agency: _____

Mailing Address : _____

Organization/Office/Agency Website: _____

Phone: _____

What area(s) of the cannabis industry do you regulate or focus on? (select all that apply)

- Medical Marijuana Industry
- Adult-Use Cannabis Industry
- Industrial Hemp Farming/Agriculture
- Cannabinoid Hemp Product Industry (such as CBD products)
- Non-consumable Industrial Hemp Applications (fiber, textiles, building materials, etc)
- Cannabis Industry Licensing
- Cannabis Product Safety/Laboratory Testing
- Social Use Disorder/Addiction Treatment
- Public Health Monitoring and Surveillance of Cannabis Use
- Impaired Driving/Use in the Workplace
- Medical/Clinical Cannabis Research

I am a (check all that apply)

- Regulatory Official
- Law Enforcement Officer
- Public Health Official
- Researcher
- Other (please specify: _____)



Membership Application

What CANNRA committee(s) are you or your organization interested in participating in?

- Special Committee on Social and Economic Equity
- Special Committee on Analytical Testing and Product Safety
- Special Committee on Public Education, Awareness, and Youth Prevention
- Special Committee on Public Health and Safety Monitoring and Surveillance
- Special Committee on Packaging, Labeling, Advertising, and Marketing
- Special Committee on Energy and Environmental Policy
- Special Committee on Medical Use and Clinical Research
- Special Committee on Cannabinoid Hemp
- Special Committee on Municipal and County Regulation and Coordination
- Special Committee on Licensing, Inspections, Compliance, and Enforcement
- Special Committee on Banking, Finance, and Insurance
- Special Committee on Market Structure and Taxation
- Special Committee on Impaired Driving and Workplace Safety
- Special Committee on Federal Policy and Engagement
- Special Committee on Interstate Coordination

Membership Types and Fees:*

- State-Wide Membership (\$10,000)
- Voting Membership (\$2,500)
- Associate Membership (\$1,000)
- Affiliate Organization Membership (\$10,000)

**Financial assistance available to those who qualify. Please consult membership overview document for more information about membership criteria, benefits, and the process to request financial assistance.*

Please briefly describe your/your office or organization’s role in regulating cannabis or in supporting cannabis regulation, research or policy development: _____



Membership Application

Do you (or does your organization) currently have any financial interest, investment or business relationship with any cannabis license holders or cannabis industry participants, or accept funding from any cannabis license holders or cannabis industry participants?(If yes, please describe)
