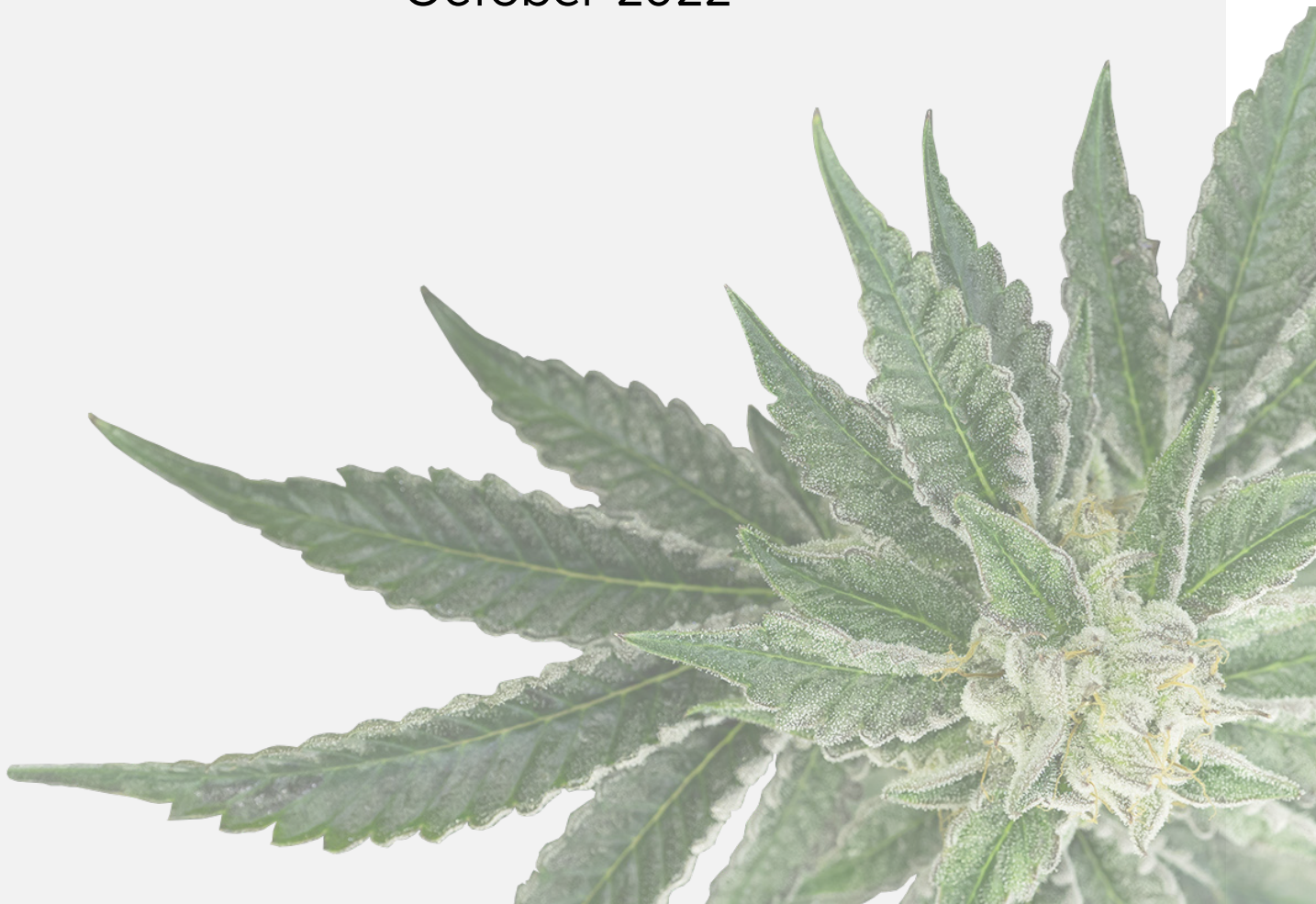




Department of
Cannabis Control
CALIFORNIA

Cannabis Academic Research Grants

Request for Proposals
October 2022



Appendix A. Grant Agreement: Changes to California Model Agreement

The following deviations from the CMA will be included as part of Exhibit G in the final Grant Agreement:

Changes to Exhibit B:

Template Exhibit B-3, Invoice and Detailed Transaction Ledger Elements, is not applicable.

Changes to Exhibit C. University Terms and Conditions (UTC):

UTC Section 4. Liability

Subsection D. The following language is added:

D. Under no circumstances will the State, its agents or employees, be liable to the Grantee for any direct, indirect, incidental, special or consequential damages that arise from this agreement.

UTC Section 7, Termination.

Subsection A is replaced in its entirety with the following:

A. The State's Authorized Official may terminate this Agreement with or without cause upon thirty (30) calendar days written notice to the University. Upon receipt of the State's notice of termination, the University shall take reasonable efforts to limit or terminate all financial commitments and will not incur new obligations under this Agreement and University will return to the State any unspent, unobligated funds (but not costs incurred due to non-cancellable obligations).

Subdivision D is replaced in its entirety with the following:

D. In the case of early termination, the University will submit, within ninety (90) days of the termination date, a Close-out Report as defined in Exhibit A1 - Deliverables describing expenses incurred up to the termination date. Any Deliverable as described in this Agreement, that is fully or partially completed up to the termination date (work product), will be provided to the State.

Subdivision E is removed in its entirety.

Subdivision F is renumbered to Subdivision E.

Subdivision G is renumbered to Subdivision F and is replaced in its entirety with the following:



F. Pursuant to a Governor’s Executive Order or equivalent directive, such as a court order or an order from a federal or state regulatory agency, the State may issue a Suspension Notice. The Notice must identify the specific Executive Order or directive and the Agreement number(s) subject to suspension. Work charged to the State must stop immediately upon receipt of the Notice.

Subdivision H is renumbered to Subdivision G.

Subdivision H is added as follows:

H. Regardless of whether this Agreement terminates prematurely or expires upon its end date as noted on STD-213, and pursuant to 16 CCR 42 §5903(d), any funds that are not used prior to the completion of the research project and within the Term of this Agreement shall be forfeited and promptly returned to the State.

UTC Section 8. Confidential Information.

Subsection D is amended to substitute “five (5) years” and “five year” with “seven (7) years” and “seven year” when referenced to be consistent with the Audit records retention requirements.

UTC Section 11. Subawards.

Subsection A. The following is added:

Subawardees not included within the initial proposal must be added pursuant to the amendment process. Prior to entering into any Subaward hereunder, University shall provide a copy of the draft Subaward to the State for review. State objections may be founded upon (i) incomplete or improper flow down of applicable terms to subawardee, (ii) unknown subawardee not named in the applicable proposal, or (iii) prior violations of a DCC grant agreement.

UTC Section 12. Budget Contingency

This section is replaced in its entirety with the following:

This Agreement is valid and enforceable only if sufficient funds are made available to the State from the California Cannabis Tax Fund disbursed by the Controller pursuant to California Revenue and Tax Code section 34019(b). University agrees that the State’s obligation to pay any sum under this Agreement is contingent upon availability of funds disbursed from the Controller. If there is insufficient funding, the State shall have the option to either:



- A. Terminate this Agreement, whereby no party shall have any further obligations or liabilities under this Agreement, or
- B. Negotiate an Agreement amendment with University to reduce the Grant Award and modify the Scope of Work to be provided under this Agreement.

UTC Section 14. Payment & Invoicing

This section is replaced in its entirety with the following:

- 14. Single Disbursement of Funds, Budget, and Supporting Documentation
 - A. As consideration for the total amount of funds disbursed under this Agreement, which shall not exceed the total amount listed on the STD 213, University agrees to perform the work described in the Scope of Work (Exhibit A) and provide the Deliverables (Exhibit A1). State shall disburse the funding amount listed on STD 213 in a single payment to university upon execution of this Agreement. Fund disbursement will occur as a one-time lump sum payment, rather than by reimbursement of expenses.
 - B. Costs for this Agreement shall be computed in accordance with the Generally Accepted Accounting Principles (GAAP).
 - C. University shall adhere to the line-item budget as provided in Exhibit B, with adjustments permitted only as authorized in Article 15, below. University shall not expend funds on costs incurred prior to this Agreement or after the end of the Agreement term. Further, University shall not expend funds on (i) establishing a reserve fund, (ii) the purchase of land, or (iii) travel costs for any presentation on project findings or results.
 - D. University must retain supporting documentation that substantiates actual costs and shall be available for review by the State upon request. Supporting documentation may include, but is not limited to, time reports and/or calendar entries. University will maintain financial documentation in accordance with Section 16, Audit.
 - E. Indirect Costs shall be calculated in accordance with the University budgeted indirect costs in Exhibit B, Budget. Subject to Exhibit D, the rate in effect for the first year of a multi-year project will be the rate used for the entire project. If additional funds (not previously appropriated or budgeted) are awarded, the proposed budget for these additional funds may include a different indirect cost rate as mutually agreed between the parties.

UTC Section 15. Prior Approval Requirements and Budget Flexibility.

New Paragraph (8) is added to Subsection A:

(8) Any change to the approved budget not specified in provision B. Budget Flexibility.

Subsection B is replaced in its entirety with the following:

B. Budget Flexibility

The University may make the following budget adjustments during the term of this Agreement without prior approval of the State:

- 1) Up to 10% of the award amount or \$10,000, whichever is less, may be transferred between approved Budget cost categories.
- 2) Notwithstanding 15.B.1, any amount of budgeted travel costs may be transferred to another approved Budget cost category.
- 3) Notwithstanding 15.B.1, any amount of budgeted publication costs may be transferred to another approved Budget cost category.
- 4) The University shall report the amount transferred and the category to which it was transferred in the next progress report.
- 5) Budget transfers that would cause any portion of the funds to be used for purposes other than those consistent with the original intent of this Agreement are not allowed.
- 6) Budget transfers that would result in the need for additional funding above the total awarded amount are not allowed.

Subsection D is added as follows:

D. The University shall immediately notify the State in writing upon receipt of any litigation or imminent threat of litigation directly related to the PI's use of this funding to perform the Scope of Work.

UTC Section 16. Audit

This section is replaced in its entirety with the following:

The University agrees that the awarding State agency, the Department of General Services, the California State Auditor, or their designated representative shall have the right to audit and/or review and copy any records and supporting documentation pertaining to the performance of this Agreement. Pursuant to 16 CCR 42 §5905, University shall retain all research and financial data necessary to substantiate the purposes for which the funds were spent for the duration of the funding, and for a period of seven (7) years after completion of the research project. University shall provide such documentation to the State upon request. If any litigation, claim, or audit begins prior to the expiration of the retention period, the records shall be retained until all litigation, claims or audit findings involving the records have



been resolved and final action taken. University agrees to refund to the State any amounts claimed for reimbursement and paid to University which are later disallowed by the State after audit or inspection of records.

UTC Section 17. Right to Publish.

Subsection A is renumbered to A(1)

Subsection A(2) is added as follows:

Prior to publishing any Data, University agrees that any Confidential Information including Preexisting Data provided by State to University shall be de-identified such that the remaining information does not identify a “person” and there is no reasonable basis to believe that the information can be used to identify a “person” as defined in Civil Code section 1798.3(f).

The following language is added to Subsection B:

Notification of publication and opportunity for review shall be for the entirety of the grant term and a period of 7 years after the conclusion of the grant term.

Subsections C(1) and C(2) are replaced in their entirety with the following:

- 1) Any publications shall contain the following acknowledgment and disclaimer: “This project was funded by the California Department of Cannabis Control using monies collected through the California Cannabis Tax Fund. Any opinions, findings, and conclusions or recommendations expressed in this material are those of the author(s) and do not necessarily reflect the official views or policies of the State of California.”
- 2) Authors must include in any publication their research limitations, delimitations and assumptions, e.g., study design, replication potential, shortcomings in data collection and questionnaire design, insufficient subgroups or data for robust statistical analysis, narrow time span for data collection, lack of consideration for seasonal differences and missing data, causal relationships, measurement errors, study setting, population or sample, ethical parameters, data collection/analysis, result interpretations and corresponding conclusions.

Subsection (D). Terms and Conditions Required for State-Funded Research Grants.



The following is added:

The California Taxpayer Access to Publicly Funded Research Act (at California Government Code §13989.6(e)) states that “Grantees are authorized to use grant money for publication costs, including fees charged by a publisher for color and page charges, or fees for digital distribution.” University agrees that for purposes of this Agreement, the University is only authorized to use funds under this Agreement for these purposes if the expenses are included in the Agreement’s Budget, are incurred during the Agreement term, and advance written approval is given by State for the specific publication. Execution of this Agreement shall not be deemed to satisfy such advance written approval requirement.

Subsection D(2) is replaced in its entirety with the following:

2) For a peer-reviewed manuscript accepted for publication, the University shall ensure that the peer-reviewed manuscript be available concurrently with the official date of publication on a publicly accessible repository approved by the State, including but not limited to:

(a) CSU ScholarWorks at the Systemwide Digital Library (<http://www.calstate.edu/library/>), or

(b) UC California Digital Library (<https://www.cdlib.org/>), or

(c) PubMed Central (<https://www.ncbi.nlm.nih.gov/pmc/>).

UTC Section 20. Use of Name and Publicity.

The following is added:

Any such press release by University shall be approved by the State in writing prior to release. State approval shall not be unreasonably withheld.

UTC Section 22. Notices.

The following is added:

University agrees to immediately inform the State of any changes to the name, address, phone number, and email of its contact person. Unless otherwise specified in this Agreement, any notice required or permitted to be given under this Agreement to the State shall be emailed to grants@cannabis.ca.gov.

UTC Section 24. Force Majeure

This section is replaced in its entirety with the following:



Neither Party shall be liable to the other for any delay in or failure of performance, nor shall any such delay in or failure of performance constitute default, if such delay or failure is caused by “Force Majeure.” As used in this section, “Force Majeure” is defined as follows: any fire, flood, earthquake, or public disaster, strike, labor dispute or unrest, embargo, riot, war, insurrection or civil unrest, any act of God, any act of legally constituted authority, or any other cause beyond the Party’s control which would excuse Party’s performance as a matter of law.

A. Time Extension. If by reason of force majeure Party’s performance hereunder is delayed or prevented, then the performance by Party may be extended for the amount of time of such delay or prevention.

B. Notice of Force Majeure. Party(ies) agree to provide the written notice of an event of force majeure under this Agreement within ten (10) days of the commencement of such event and within ten (10) days after the termination of such event, unless the force majeure prohibits Party(ies) from reasonably giving notice within this period. Party(ies) will give such notice at the earliest possible time following the event of force majeure.

UTC Section 28. Entire Agreement

This section is replaced in its entirety with the following:

Integration. This Agreement (including the exhibits hereto and any documents explicitly incorporated by reference, and any written amendments hereof executed by the Parties) constitutes the entire Agreement between the Parties related to this grant award and supersedes all prior agreements and understandings, oral and written, between the Parties with respect to the grant award described herein.

The following sections are added:

30. **Authority.** This Agreement is authorized and entered into pursuant to the Revenue and Taxation Code section 34019(b).

31. **Grant Term.** The performance period of this Agreement shall be as specified upon execution of this Agreement. Grant funds shall be expended only during the Grant Term.

32. **Grant Award.** Based on the State’s review of the application pursuant to the RFP and conditioned upon the requirements set forth in this Agreement, the State shall provide University a grant award amount as specified in the Grant Award Notification for the term of this Agreement. In no event shall the State be obligated to pay any amount in excess of the awarded amount. University waives any and all claims against the State



and the State of California for any costs that exceed the grant award amount identified in the Grant Award Notification.

33. **Assignment.** This Agreement is not assignable by University, either in whole or in part, without the consent of the State in the form of a written amendment.

34. **University Representations, Warranties and Assurances.** University represents, warrants and makes the following assurances that:

- A. University is an eligible applicant as set forth in the RFP.
- B. University is not a party to any agreement, written or oral, creating obligations that would prevent it from entering into this Agreement or satisfying the terms herein.
- C. All of the information in its grant application and all materials submitted to the State are true and accurate.
- D. University's governing body has authorized the University to enter into this Agreement and has designated by title the individual authorized to sign the Agreement on behalf of University.
- E. University agrees to administer this Agreement and require any Subawardees to administer their Subaward in accordance with this Agreement, and with all applicable local, State, and federal laws and regulations including, but not limited to, discrimination, wages and hours of employment, occupational safety, and to fire, safety, health, and sanitation regulations, directives, guidelines, and/or manuals related to this Agreement and resolve all issues using good administrative practices and sound judgment.

The University and its Subawardees shall keep in effect all licenses, permits, notices, and certificates that are required by law.

The University agrees to make reasonable efforts to ensure that all Subawardees/Vendors are properly licensed, certified, or have valid permits for the services being provided.

35. **Union Activities.** University acknowledges that Government Code Section 16645.2 applies to this Agreement. Pursuant to Government Code Section 16645.2, University certifies that none of the grant award will be used to assist, promote, or deter union organizing. If University makes expenditures to assist, promote, or deter union organizing, it shall maintain records sufficient to show that no portion of the grant award was used for those expenditures. University shall provide those records to the Attorney General upon request.



36. **Ambiguities.** Each Party has had the opportunity to seek the advice of counsel or has refused to seek the advice of counsel. Each Party and its counsel, if appropriate, have participated fully in the negotiation, drafting, review, and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.

37. **Necessary Acts and Further Assurances.** The Parties shall at their own cost and expense execute and deliver any further documents and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.

38. **Sections and Other Headings.** The section and other headings contained in the Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

39. **Executive Order N-6-22.** On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. “Economic Sanctions” refers to sanctions imposed by the U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine University is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. The State shall provide University advance written notice of such termination, allowing University at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State.



Appendix B. Grant Agreement: Additions to Exhibit E – Special Considerations for Security of Confidential Information

The following conditions will be included as part of Exhibit E in the final Grant Agreement:

- A. **General Compliance:** The Contractor must operate in accordance with California state and federal laws, and all other applicable laws, regulations and rules, as well as best industry practices, related to the protection of information assets and the timely and efficient management of security incidents, including corrective action. Each Party shall retain and provide the other with a copy of the compliance documentation, which include signed confidentiality statements, training certifications, and other documentation necessary to demonstrate compliance with this provision upon a Party's written request.
- B. **Security and Privacy Training:** Each Party shall ensure that any person authorized to access Confidential Information shall have completed information security and privacy training within the past 12 months that has been approved by the Party's own Information Security Officer. Upon request, such training may be audited by the other Party and any reasonable recommendations resulting from such audit will be incorporated into future training sessions.
- C. **Data Security:** Each Party and its Subawardees and Vendors who possess Confidential Information shall exercise and implement prudent security precautions, including any that are reasonably requested by the other Party's Information Security Officer in order to prevent unauthorized use, access, modification or disclosure/re-disclosure of any Confidential Information. Such security precautions shall include, at a minimum:
 - Compliance with the International Organization for Standardization and International Electrotechnical Commission (ISO/IEC) 27001, ISO/IEC 27002, and, if applicable, the California Information Practices Act of 1977 (IPA). Additionally, all sensitive and confidential electronic Data in transit and Data at rest, must at a minimum be encrypted in compliance with Federal Information Processing Standards Publication (FIPS) 140-2 Security Requirements for Cryptographic Modules and meet appropriate levels of security (confidentiality, integrity and availability).
 - Securely encrypting and otherwise complying with best practices in order to securely protect Confidential Information stored on portable electronic devices;
 - Securely locking any repository for Confidential Information;
 - Provide appropriate levels of security (confidentiality, integrity, and



availability) for the data based on data categorization and classification and FIPS Publication 199 or superior protection levels.

- Properly maintaining security of any and all computer systems (hardware and software applications) used to store or process Confidential Information, including installing all security patches, upgrades, and anti-virus updates;
- Designating a Security Officer to oversee such Party's Data security program, carry out privacy programs and to act as the principal point of contact responsible for communicating on security matters with the State;
- Immediately reporting to the State any breach of security, as that phrase is used in California Civil Code section 1798.29(d), to:

Information Security Office

Department of Cannabis Control
PO Box 419106
Rancho Cordova, CA 95741-9106
Office phone: 1-844-612-2322
Email: iso@cannabis.ca.gov

- Promptly taking corrective action to cure any breach of security, including immediately notifying the other Party and conducting an investigation of each breach and providing the other Party with a written report of the investigation within thirty (30) working days of the discovery of the breach. All Parties may be participants in the security breach investigation, or Parties may conduct their own independent investigations, in which all Parties shall fully cooperate. The Party who experienced the security incident as a result of their failure to perform or negligent acts of its personnel, which resulted in a data breach shall be responsible for all costs incurred, including the costs to provide notice to the individuals whose data has been lost or breached.
- Making and distributing copies of Data containing Confidential Information only as necessary to perform the obligations hereunder in full compliance with the other terms hereof, keeping accurate records of any such copies (including any back-ups), and legally and physically controlling such copies in a manner that prevents unauthorized duplication, use or disclosure.

