



**North
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Biotechnology
Center**

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July 29, 2008

Ms. Valeria L. Lee, President
Golden LEAF Foundation Inc.
107 S.E. Main St., Suite 500
Rocky Mount NC 27801

Dear Ms. Lee:

We received from Golden LEAF the proposed Grantee Acknowledgment and Agreement concerning the Granville County NBAF Community Education Program. We have reviewed it internally and with our lawyers.

■ The timetable in the proposed Agreement is unrealistic. It requires the Grantee to present a revised work plan and budget to Golden LEAF for its consideration before any release of funds; but it also requires delivery of an Interim Report to the Foundation by September 15, 2008.

■ The procedures set out in the Agreement to govern the responsibilities of the Foundation and the grantee are extraordinarily complicated, and they are virtually unworkable from an administrative perspective. The Agreement provides that the grant could effectively "self destruct" at the option of Golden LEAF with the grantee then obligated to repay grant funds. It states that a grantee would have to agree in advance to new and unspecified grant termination and rescission rules not now existing and that Golden LEAF might decide to adopt in the future. Such new rules could result in termination of the grant when the work was not completed but the grantee nonetheless had legal obligations to persons retained to do grant work.

Taken as a whole, the proposed Agreement vests Golden LEAF with such involvement and decision making power over the details of the project that it ceases to be a grant supporting independent, objective work and analysis. Although the Agreement purports to involve a "grant", it would require that publication of information about NBAF be submitted to Golden LEAF for its review and for its possible veto before articles, written materials or statements about NBAF could be released to the public. Thus, while supposedly acting as a "grantor", the Foundation would in fact be retaining control of editorial content over what views and opinions are expressed about NBAF's merits or demerits. Since the Agreement also declares that the grant funds involved are "State funds", the prior submission procedure also raises constitutional issues concerning impermissible prior restraints on speech protected by the First Amendment.

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Having carefully considered the provisions of the proposed Agreement, we have concluded that it would not be wise or appropriate for the North Carolina Biotechnology Center to proceed on this NBAF Community Education Grant. Thus, the Center will not seek or accept a grant from Golden LEAF to carry out a community education program concerning the proposal to locate the National Bio-and Agro-Defense Facility in Granville County.

Sincerely,



E. Norris Tolson
President and Chief Executive Officer

cc: Ted Lord, Golden LEAF Foundation, Inc.
Mark Sorrells, Golden LEAF Foundation, Inc.
Warwick Arden, NCSU