STATE OF COLORADO
COUNTY OF HUERFANO
CITY OF WALSENBURG
City Council Regular Session Meeting
June 20, 2017 6:00 p.m.

Mayor James P. Eccher called the meeting to order at 6:08 p.m. The Pledge of Allegiance was recited. Council members present were: Dennis Hoyt, Charles Montoya, Manuel Lujan, Greg Daniels, Clint Boehler, and Mayor James P. Eccher. Others present included City Attorney Daniel Hyatt, City Treasurer James Moore, Finance Director Mark Ellis, and City Clerk Wanda Britt. Mayor Pro Tem Craig Lessar was absent.

Citizen Appearing before Council-Greg McClendon-Wahatoya Farms, a wholesale grow currently in the county. McClendon stated they have turned in an application for an annexation into the City. They would like to invite Council out to take a tour, it is State regulated that you would have to sign in and out. If you have any questions you can contact JR Burral, Johnny Sharp or McClendon. They have turned the annexation information into the City Clerk, but are waiting on the surveyors to complete the mapping. They should have the necessary paperwork in two weeks and will be back in front of Council then. Daniels asked what they would be asking for in two weeks. McClendon stated they will be asking to be annexed into the city. Daniels asked if they were currently on city sewer and water. McClendon stated "yes", the Holita Ditch runs through their place and the Cucharas runs behind them and 160 runs in front of their location. Boehler asked if they were good to go. McClendon stated "yes" with water/sewer service. Council thanked McClendon.

JR Burrell, owner of Wahatoya Farms, stated they will have to go before Planning and Zoning prior to coming into see City Council. David Roesch, Chairman Planning and Zoning stated they can put them on the agenda for the fourth Wednesday, which is next Wednesday at 6:00 p.m. Burrell asked where they met. Roesch stated here in chambers. Burrell stated they have all their large and small maps ready to go, except for the full partial that includes the licensed facility they have a copy from 1984, but it is not reproducible to give the City the two maps for the city and the county to register. Burrell stated the engineers will get them in the next two weeks and they will have the necessary documents. Burrell stated the administrator will review the documents and let them know.

Kristy McClendon with ACU which is Huerfano County United. They will be having a fourth of July community picnic at the Heritage Park by the Train Depot. We asking you bring your families and a picnic lunch. They will be having a pie contest, Tuesday July 4th, 2017 from 11:00 a.m. to 1:00 p.m. Eccher thanked her for the information.

Correspondence Received: Eccher stated he received a request from Theresa Rudder, class of 66' and 67', they would like Council to do a proclamation for the week of August 4th, 5th, and 6th, to name it for those class reunions. Council agreed that would be a good idea to do at the next meeting.

Mayor/Council Report: Eccher stated he met with the County Economic and they had meetings with Companies from out of town who are looking at putting in businesses. The city is one out of five. Eccher stated they showed them around and they are in the preliminary stages

right now. They have the information and it is in their hands, to make the decision whether or not they want to come to Walsenburg, Hoyt was also a part of this meeting.

Eccher stated they hired Steven Rabe as Interim City Administrator, and he has hit the ground running, he was unable to be here tonight due to prior commitments. Eccher stated that he and Hoyt sat down with Rabe to set priorities that needed to be down first and move forward with. Eccher stated Council was presented a preliminary ordinance for the excise tax question that we would like on the ballot this year.

Staff Reports:

David Harriman, Project Manager, stated they have been working on the engineering of the street, and it should be ready in two weeks to go out to bid. Eccher commented on meeting with the County Commissioners, with Mike Graber for putting in for the 1041. Eccher discussed doing an IGA (Intergovernmental Agreement) with the County for further discussion. Hyatt advised Council on the different IGA's with the County. Eccher discussed the Train Depot. Hyatt stated he prepared a draft of the IGA for Council, the draft came back to Klusmire on what additional construction was done, and there have been discussions with the parties. Daniels stated his requests for the follow up and continued progress.

Montoya asked what streets would be engineered. Harriman stated Russell and Colorado and the intersection by the number five, between the Subway and Fire Station. Stout to Arizona with the two cul-de-sacs, Jackson off of Indiana. Montoya asked if all of them were going to be done now. Harriman stated just Indiana will be done this year with the monies they have. Montoya asked if Colorado was going to be included in that. Harriman stated the "100" block of Colorado will be included and two blocks on Welton.

Mark Ellis, Finance Director, stated Council has the financial statements for the month of May. Eccher stated it is in section D of their binders. Ellis stated Rubin Brown has started the audit and should be finishing by the end of this week, with the results of the audit by the end of July. Council discussed the financials. Eccher asked how the audit was going. Ellis stated they are ahead of where they were last year at this time. Ellis stated they have sent all the available data requested by Rubin Brown. Ellis went over the audit process and stated there have not been any major changes as of yet this year.

Eccher discussed the City Lake Dam project and the storage issues. Eccher stated they should be able to get some grant monies from the CWBG and Arkansas Valley Roundtable that would help with the dam repair. They are all working together and will meet in Breckenridge on July 19th, for the outcome of the loan request. Eccher felt they had a good chance.

Britt stated the first Council meeting in July lands on the 4th of July and the Mayor will not be available. Britt stated she asked the Mayor Pro Tem to chair the meeting and he stated since it was a holiday he would like to do the first meeting on July 11th, and the second on July 18th. Britt requested comment on the meetings. Council agreed they would like the 4th off. Eccher asked if Council wanted to make a motion. Daniels motioned to move the regular Council meeting of July 4th, 2017 to meet July 11th, 2017, seconded by Boehler. Passed on a roll call vote of 6-0.

Eccher stated Sheriff Bruce Newman is not present, so they will move to the next item on the agenda.

Consent Agenda:

Eccher stated the consent agenda consists of: Regular City Council Meeting

Minutes 05/16/17; Special Council Meeting Minutes 05/25/17; Special Council Meeting Minutes 06/13/17; Liquor License Renewal Ben & Joyce Trujillo d/b/a Silver Dollar; May 2017 Financials; Eccher noted the Regular Council meeting minutes of 06/06/17 were taken off the consent agenda. Hoyt moved to approve the Consent agenda, seconded by Daniels. Passed on a roll call vote of 6-0.

Approval of Agenda: Daniels moved to approve the agenda with changes, (13 a, b, c off of the agenda) seconded by Lujan. Passed on a roll call vote of 6-0.

Hyatt requested the Mayor call the Public Hearing to Order and he would proceed.
Eccher called the Public Hearing for Spanish Peaks Growth Alliance LLC to order:

Public Hearing: Spanish Peaks Growth Alliance LLC
Hyatt: City Council members you are conducting this hearing as the local marijuana licensing authority. This is a quasi-judicial hearing. You may only consider the testimony and the evidence presented to you during the hearing. You may not be lobbied for or against the issuance of the license before your today. Has any member of the City Council been lobbied for or against this license? For the record, Hyatt sees that no member has been lobbied.

The Spanish Peaks Growth Alliance LLC has applied for the City of Walsenburg Retail Marijuana Cultivation Facility License that would allow the growth of 1,800 marijuana plants or fewer at 500 Parsons Road, Walsenburg, Colorado 81089 in the County of Huerfano. The premises is located in an area zoned as A-O. "Agricultural-Open District". Ordinance No. 1058 Article III, Sec. 1.2 provides that such a use is a use by right. As a matter of law, no issue exists with respect to zoning.

Ordinance No. 1057 requires that the city council conduct a public hearing to determine whether the applicant meets the requirements for a Retail Marijuana Cultivation Facility License set forth in Ordinance No. 1057. You are also required to determine if the use is permitted in the district where the premises will be located. Hyatt stated he has already addressed that for Council.

The requirements for a Retail Marijuana Cultivation Facility License are as follows.
1. A License cannot be issued if a similar license application for a location within 1,00 feet of the site for which a license is sought today was denied within 2 years of the current application date.
2. The applicant must be entitled to possession of the premises for the duration of the entire period of the license which is one calendar year from the date of issuance.
3. The applicant or the officers of the applicant must be a good moral character.
4. The applicant may not be a sheriff, deputy sheriff, police officer, or prosecuting officer, or an officer or employee of the local licensing authority.
5. The person must be a resident of the state of Colorado for at least two years prior to the date of the application.
6. A Retail Marijuana Cultivation Facility License may be issued only to a person who cultivate retail marijuana for sale and distribution to licensed retail marijuana stores,

retail marijuana products manufacturing licensees, or other retail marijuana cultivation facilities.
7. Prior to receiving the license, the establishment must post the signs required in Ordinance No 1057 Section 22.
8. Prior to receiving the license, the premises must be inspected by the sheriff or designee and by the City's building inspector. No license may be issued if the premises does not comply with the city's building codes and the fire code pursuant to Ordinance No. 1057 Section 15.
9. The applicant must pay the appropriate fees.

Hyatt stated by side note he will inform Council that paragraphs 7 and 8 talk about prior to receiving a license, does not prohibit Council from approving the license, it just can't be issued to them until they meet those requirements, Council can approve it tonight then the Clerk can hold it, until those requirements have been met.

Mr. Chairman I move for the admission of the following exhibits.
a. Retail Business License Application
b. Investigation Authorization
c. Marijuana Ownership and Funding Certificate
d. Statement of Understanding
e. Colorado Driver's License of Judy Ann Marquez
f. Conceptual Site Plan of 500 Parson's Road
g. Articles of Organization for Spanish Peaks Growth Alliance LLC
h. Statement of Change Changing the Principal Office Address
i. Statement of Change Changing the Registered Agent Information
j. Certificate of Good Standing for Spanish Peaks Growth Alliance LLC
k. Letter regarding Funding of Loan Agreement dated January 28, 2017
l. Loan Agreement dated January 28, 2017
m. Land Sublease dated January 2, 2017 for a five year term
n. Commercial Land Lease dated September 1, 2016
o. LLC Operating Agreement of Spanish Peaks Growth Alliance, LLC
p. Colorado Retail Marijuana Conditional License conditioned on Local Authority Approval.
q. 3 photos of posting of Hearing Notice on Premises
r. Associated Key License Application form for Judy Ann Marquez
t. Investigation Authorization
u. Employer Identification No. Assignment
v. CBI criminal background report dated May 6, 2017.
w. Photo copy of License fees paid to the City of Walsenburg

MAYOR: Ms. Marquez are you representing Spanish Peaks Growth Alliance LLC?
Judy Ann Marquez: Yes, I am.
MAYOR: You have the burden of proof and the right to proceed first. However, it may be easier if you allow Mr. Hyatt to proceed first. Do you have any objection to that procedure?
Judy Ann Marquez: No.

MAYOR: Ok after he asks a witness question you may cross examine the witness.
Mr. Hyatt do you have any witnesses you would like to call?
Hyatt stated prior to that he would ask the Mayor to emit the exhibits as evidence.
Mayor entered exhibits a-w into evidence.

HYATT: I call Wanda Britt.
Please raise your right hand, do you solemnly swear or affirm that the testimony you are about to give is the truth the whole truth and nothing but the truth under penalty of law.
Britt: yes
Please state your name and spell your last name.
Britt: Wanda A. Britt B R I T T
Hyatt: What is your business address?
Britt: 525 South Albert, Walsenburg, Colorado 81089.
Hyatt: What is your title?
Britt: City Clerk for the City of Walsenburg.
Hyatt: Are you aware of 500 Parson and the information he stated earlier.
Britt: Yes sir.
Hyatt: And what is the request for 500 Parsons
Britt: They are requesting a Cultivation License.
Hyatt: Did you post the premises for this hearing.
Britt: Yes sir
Hyatt: When did you do that?
Britt: Not exactly sure of the date.
Hyatt: did you post it ten days or more prior to the hearing.
Britt: Yes sir it was.
Hyatt: Did you cause photos to be taken of the posting.
Britt: Yes sir
Hyatt: Were those photos part of the exhibits to be emitted this evening?
Britt: Yes sir
Hyatt: Did you cause a notice of this hearing to be published in a local newspaper?
Britt: Yes sir
Hyatt: Did that publication occur at least ten days prior to this hearing.
Britt: Yes sir
Hyatt: Do you know if the applicant paid all the required application fees.
Britt: Yes sir
Hyatt: Do you know if any other license (Marijuana) for the same premises or within a thousand feet of the same premises has been denied by the City of Walsenburg in the last two years.
Britt: No, none has been denied.
Hyatt: That's all the questions I have for Ms. Britt.
MAYOR: Ms. Marquez do you have any questions for Ms. Britt.
Marquez: No I do not.
Mayor: Mr. Hyatt do you have any additional questions.
Hyatt: At this time I would like to call Judy Marquez. Ms. Marquez will you raise your right hand, do you solemnly swear or affirm that the testimony you are about to give is the truth the whole truth and nothing but the truth under penalty of law.

Marquez: I do.
Hyatt: Please state your name and spell your last name.
Marquez: Judy Ann Marquez M A R Q U E Z
Hyatt: Ms. Marquez what is your relationship with Spanish Peaks Growth Alliance LLC
Marquez: I am the sole member currently.
Hyatt: Did you cause the application to be filed with the City of Walsenburg.
Marquez: Yes I did.
Hyatt: You are asking for a Cultivation License from the City.
Marquez: Yes
Hyatt: In the items admitted as evidence by the Chairman, was a lease are you familiar with that lease and sub lease.
Marquez: Yes
Hyatt: What period of time does Spanish Peaks Growth Alliance, LLC obtain the property in that lease.
Marquez: For five years.
Hyatt: Are you a sheriff, deputy sheriff, police officer, or prosecuting officer, or an officer or employee of the local licensing authority.
Marquez: No I am not.
Hyatt: How long have you lived in the State of Colorado.
Marquez: All my life, 39 years.
Hyatt: What is the purpose of growing retail marijuana, what do you wish to do with it.
Marquez: to turn it over to retail vendors that are authorized.
Hyatt: to turn over, do you mean to sell.
Marquez: Yes, to sell to retail vendors.
Hyatt: Do you understand if the local licensing authority approves the license that it can't be issued until you post certain signs at the premises.
Marquez: Yes
Hyatt: Do you intend to construct a structure or building on the premises.
Marquez: Yes, Commercial green house and an ancillary building
Hyatt: do you understand that those will have to be inspected by the building inspector and meet all city requirements.
Marquez: yes, I do.
Hyatt: Have you paid all appropriate license fees to the City of Walsenburg
Marquez: Yes I have.
Hyatt: You did receive a license from the State of Colorado for this purpose.
Marquez: Yes.
Hyatt: Was that license conditioned.
Marquez: Yes.
Hyatt stated he had no further questions and Ms. Marquez has the right to make any statement since she can't cross exam herself.
Marquez: Stated she has nothing else to say.
Hyatt asked the person standing next to Ms. Marquez, if he was here to testify.
Thomas Hawkins H A W K I N S
Hyatt stated the City Council has the right to ask Hawkins questions.
Hyatt will swear Hawkins in: Hawkins raise your right hand, do you solemnly swear or affirm that the testimony you are about to give is the truth the whole truth and nothing but

the truth under penalty of law.
Hawkins: I do.
Hoyt stated the County is having concerns about odor. Do you have anything to abate obnoxious odors?
Marquez: They will be using the greenhouses and try to minimize it the best they can. Right now there is nothing. They are on the Eastside of the City.
Hoyt stated his concerns and asked Hyatt if he was aware of Pueblo County's problem.
Hyatt stated he was not aware of the issues and would look into it.
Montoya asked where the area was.
Marquez gave a description of the area.
Montoya asked if they have the water and sewer.
Marquez stated they are looking into getting it.
Montoya stated he thought they were all hooked up to the new system.
Marquez stated they are moving forward to connect, but in the meantime were working on a septic tank.
Eccher stated they would have to get Council's approval first.
Daniels asked if they would grow.
Marquez stated they would start indoor, then planned on an outdoor grow.
Daniels asked if there future plan was to increase the plant count.
Marquez stated in the future "yes", but not at this time, eventually to the tier two.
Daniels stated his concern for the odors of the outdoor grow, and would find out in the future, when and if it takes place.
Boehler had no questions.
Eccher asked if there were any other questions. Seeing none.
Hyatt read the Finding of Fact and Order.
Finding of Fact:
The City Council of the City of Walsenburg acting as the Local Marijuana Licensing Authority makes the following findings of fact.
1. No similar license application for a location within 1,000 feet of the site for which the license is sought by the applicant was denied within two years of the current application date.
2. The applicant is entitled to possession of the premises for a period of five years which exceeds the duration of the entire period of the license which is one calendar year from the date of issuance.
3. The applicant or the officers of the applicant is of good moral character.
4. The applicant is not a sheriff, deputy sheriff, police officer, or prosecuting officer, or an officer or employee of the local licensing authority.
5. The applicant has been a resident of the State of Colorado for at least two years prior to the date of the application having obtained her current driver's license in 2014.
6. An applicant intends to cultivate retail marijuana for sale and distribution to licensed retail marijuana stores, retail marijuana products manufacturing licensees, or other retail marijuana cultivation facilities.
7. The applicant has paid all appropriate license fees.
8. Prior to issuing a City of Walsenburg Retail Marijuana Cultivation Facility License to the applicant, the applicant must post the signs required in Ordinance No. 1057 Section 22.
9. Prior to issuing a City of Walsenburg Retail Marijuana Cultivation Facility License to

the applicant, the premises including all structures in which retail marijuana will be grown must be inspected by the sheriff or designee and by the City's building inspector to assure the premises complies with the city's building codes and the fire code pursuant to Ordinance No. 1057 Section 15.
10. Growing of Marijuana may create noxious odors.

ORDER

The City of Walsenburg Local Marijuana Licensing Authority orders the City Clerk to issue a City of Walsenburg Retail Marijuana Cultivation Facility License to Spanish Peaks Growth Alliance, LLC upon receiving evidence that Spanish Peaks Growth Alliance, LLC has met the requirements of paragraph 8 and paragraph 9 above as required by Ordinance NO. 1057. The license shall be effective on that date and shall remain in full force and effect for one calendar year from the date of issuance.
This license is condition on the licensee taking appropriate steps up to and including installation of air filtration system to prevent neighbors from experiencing noxious odors.
That will be signed by the Mayor on behalf of the local licensing authority.
Eccher asked at this time is there any other comments.

Eccher called this public hearing adjourned and go back into regular session.

Spanish Peaks Alliance LLC Marijuana License for Retail Marijuana Cultivation. Eccher asked if there was a motion to approve or deny the license. Daniels moved to approve the Findings and Facts Order, seconded by Boehler. Passed on a roll call vote of 6-0.

Waiver of Building Permit-Huerfano County. Eccher gave an overview of the request. Daniels moved to approve the Waiver of Building Permit for Huerfano County for the Fuel Tank improvements, seconded by Lujan. Passed on a roll call vote of 6-0.

Aqua Flow-Water Haul Meter: Harriman gave an overview. Daniels moved to approve Mr. Harriman to move forward providing all the previous agreement are continued to be met, seconded by Montoya. Passed on a roll call vote of 6-0.

Water/Sewer Application Old Ranch Land Co, LTD or Septic Tank Request: Eccher gave an overview of the application. Brian Trani stated he could answer any questions Council had. Eccher asked if they would hook into the main line once the main infrastructure comes in. Trani stated "yes" and gave an overview of the properties. Council discussed the possibility of Martra hooking up to the Main line in the future. Trani discussed the process and where the lines would connect to the current system. Council asked if they could hook into Martra's system. Trani gave an overview of why they could not without a lift station. The goal is to get a septic system approved until there is a gravity main. Montoya asked where the water was coming from. Trani stated they are also asking for a tap into Stacy Drive. Daniels asked would absorb the cost of the water taps. Trani stated the tenant. Council discussed the septic tank approval process. Hoyt asked for Harriman's opinion. Harriman stated the water tap would have to connect into Stacy Drive. Harriman gave an overview of the future plans for the water line. Hoyt stated this is compatible with the future plans for the City. Harriman stated "yes".

Harriman stated the septic is within the ordinance guidelines. Trani discussed the GMS engineering for this project. Trani stated his concerns with the previous administrator having the information. Trani went over the plans with Council. Daniels moved to approve, seconded by Boehler. Passed on a roll call vote of 6-0.

Martra Operating Partnership, LP- Items were taken off of the agenda. Trani expressed his concerns.

Adjournment

Daniels made a motion to adjourn, seconded by Lujan. The vote passed on a unanimous vote of 6-0. City Council meeting adjourned at 7:15 p.m.

CITY OF WALSENBURG

James P. Eccher
Mayor

ATTEST:

Wanda A. Britt
City Clerk

The preceding minutes were prepared according to §47 of Robert's Rules of Order, i.e. they contain a record of what was *done* at the meeting, not what was *said* by the members. Tape recordings of the meeting are available for 6 months thereafter only for listening in the City Clerk's Office as well as copies of Ordinances and Resolutions

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