

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE TABERNASH MEADOWS WATER AND SANITATION DISTRICT**

TMWSD Water Plant, 729 County Road 5141, Tabernash, Colorado
August 19, 2014
6:00 p.m.

The meeting was called to order at 6:00 p.m.

DIRECTORS:

STAFF/CONSULTANTS:

Irene Cooke, President (telephonically) Susan Koenek, Director Molly Lipke, Director Sid Logemann (excused absence)	Lauralee Kourse, Manager/Operator Georgia Noriyuki, General Counsel
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Public in Attendance:

Janice and Lee Reynolds (Unit 15 A Lakeside), Ken and Trudy Rozas (Lakeside Unit 5A), Mike O'Donnell (63 Prairie Clover Ct), Sandra Cormican (60 Bergamot Drive), James Drewett (713 CR 514), Bryce Romig (212 Fireweed Ct Lakeside)

Highland Investment Co:

David Michel & Kemsley Wilton

1. CALL TO ORDER AND DISCLOSURES: The meeting was called to order by Irene Cooke. A quorum was present. There were no disclosures presented at this meeting. Sid Logemann was absent and his absence was excused. Irene asked for those present to introduce themselves. Irene stated that the purpose of this meeting was to review and decide upon an application for water from the Highland Investment Co.

2. HIGHLAND INVESTMENT COMPANY REQUEST FOR WATER SERVICE:

Irene Cooke asked David if he had any more information to present. David Michel expressed that the system for the grow operations is a closed system and 100% consumptive use. No chemical nutrients would be used. The request for water is temporary and does not involve inclusion to the District. David further explained that there are other places to ship water but the Tabernash Meadows Water and Sanitation District is the shortest route.

Irene asked for those present to comment.

- Lee Reynolds commented that he did not believe the District should sell water to an out of District entity and in general did not believe it was in the Districts and homeowners best interest to get involved in this type of business.
- Ken Rozas, expressed concern regarding providing water outside the District. The District is not built out, so water that may seem available now may not be available when the District is fully built out. Ken also objected to this request because it sets a bad precedent. Ken believes that if this request is approved it would be difficult to deny any future out of District requests, further reducing water for in District customers. Even if the Marijuana grow operation states now that this is temporary once they are a going concern and if not able to procure water from other sources, it would be hard to stop providing them water.
- Trudy Rozas stated that she was in agreement with her husband's comments and urged the board to deny the request.
- Sandra Cormican stated that she came to the meeting to learn about the issue but her concern is that we are a small district to get involved in this sort of business.
- Bryce Romig stated that he came to the meeting to listen and learn.
- James Drewett (713 CR 514) stated that he wanted to know more about the application from the Business and what the status of owner was of the business and the property. LL Kourse responded that the applicant is in a

due diligence period and does not own the property. James wanted to know if we were providing water at the physical location or how we were selling it. LL Kourse explained that the water would be delivered within the District boundaries and trucked to the site. James expressed that he had a limited understanding but would defer to the board's position however he wants to understand it. James asked about the large amount of water rights and the possible revenue that the District could use. He also wanted to understand the mechanism of the decision making process. LL Kourse responded to James questions by stating that the board would take a vote at this meeting.

Irene expressed the position of the Districts legal water rights counsel, water rights engineer, technical operations engineer and staff was that the situation was complicated and that it appeared unreasonable being such a small district with limited staff to enter into an agreement to provide water to the Highland Investment Co. Irene asked for the rest of the board to comment and for staff comment and recommendation.

Molly Lipke, board member, discussed that when the applicant first came to the board it was presented as a simple situation and a potential revenue source. As Molly learned about the Federal Legal issues and the potentially liability that the District would be assuming she has decided that this is not an application she can support.

Susan Koeneker expressed that the Districts experts have recommended we do not sell water to the Highland Investment Company and at this time she is not in favor of the application for water.

LL Kourse reviewed the history of the request for water service;

- David Michels called the District in late June. LL told him he would need to provide the district with a letter and application describing his request. The District received a letter requesting service to the Highland Lumber Building for water service for a wholesale marijuana grow facility, retail sales and manufacture of infused edibles and to be placed on the July 14th meeting agenda. The District placed Highland Investment Company on the agenda for the July 14th meeting.
- The District checked with its consultants and attorney and learned that the District would not be able to pipe water to that location. This was told to David Michel and Kemsly Wilton at the meeting. Upon learning of this limitation, David Michel suggested that he could haul water from Jay Conroy's property and this was feasible because the District already set a precedent of selling water to the Tabernash Tavern when they ran out of water.
- During the meeting LL informed the board that the District had already spent nearly \$1,000 dollars on its staff and consultants and that an appropriate application should include a deposit to cover costs. Irene Cooke told David that the application to be considered would require a \$5,000 deposit which would be used by the District to pay costs already incurred and for services that would be required to review the application.
- LL explained the check that was sent to Georgia Noriyuki's office bounced and only after resubmittal by the bank did the funds clear.
- LL also explained that the application for water was incomplete and lacked engineering plans or details of the various parts of the marijuana operation.
- The district was asked to perform the review process ASAP. Our consultants reviewed the information provided and not one of them recommends we approve selling water to this business. It is evident to LL that this is more complicated than first presented and for such a small District not a reasonable situation.
- LL recommends that the board deny this request.

Molly Lipke motioned to not pursue the providing water to Highland Investment Company, Susan Koeneker seconded the motion. James Drewett requested time for additional comments. James wanted to better understand the operational side of the sewer issue. Irene expressed that this was a time for public comment and did not believe that the board should go into these details as the motion on the table did not require these details because it was just the request for water that was being considered. The sewer service would be reviewed after this motion. Ken Rozas further commented that the precedent to supply emergency water to an established business was different than supplying water to the applicant. Intentions are good but could become a situation where we would be asked to continue to supply water.

Irene asked for a vote on Molly Lipke's motion and the motion carried unanimously.

Irene asked staff to pursue how the Industrial waste stream would affect the plant and to work with the District engineer to establish rules and protocols for these discharges. LL asked that the applicant supply detailed stamped engineered plans if they are to move forward with the business. The applicant said they would provide engineered plans.

3. ADJOURNMENT:

There being no further business, upon a motion by Susan Koeneker, seconded by Molly Lipe, the Board voted unanimously to adjourn the meeting at 7:30 p.m.

11. ACTION ITEMS:

- Molly Lipke motioned to not pursue providing water to Highland Investment Company, Susan Koeneker seconded the motion and the motion was unanimous.

**The next Board meeting is scheduled for Monday, November 17, 2014, at 6:00 p.m. at the TMWSD Water Plant.

Secretary

Date