AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

AgendaTitle:
Public Hearing; Marijuana Cultivation Facility License; Cannatonic, LLC; 400 Industrial Park Road, Lot 5, Signal Peak Industrial Park, Filing 1; Kelly Schmalz

Action Requested: Motion

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:
Cannatonic LLC, represented by Kelly Schmalz is proposing a Marijuana Cultivation Facility at 400 Industrial Park in Signal Peak Industrial Park

Fiscal Impact:

Submitted by: Russell Forrest **Submitter's Email Address:** rforrest@gunnisoncounty.org

Finance Review: ○ Required ◉ Not Required

Comments:

Reviewed by: Discharge Date:

County Attorney Review: ◉ Required ○ Not Required

Comments:

Reviewed by: GUNCOUNTY1\atrezise Discharge Date: 12/11/2014 Certificate of Insurance Required Yes ○ No ◉

County Manager Review:

Comments:

Reviewed by: GUNCOUNTY1\mbirnie Discharge Date: 12/11/2014

○ Consent Agenda ◉ Regular Agenda ○ Worksession Time Allotted: 15

Agenda Date: 12/16/2014 Follow Up Agenda Date:

Revised April 2013

To: Gunnison County Board of County Commissioners/Gunnison County Marijuana Licensing Authority

From: Russell Forrest

Date: December 16, 2014

Subject: Public Hearing for a Marijuana Facility License for Cultivation

Applicant: Cannatonic LLC, represented by Kelly Schmalz

Location: 400 Industrial Park Rd, Lot 5, Signal Peak Industrial Park, Filing # 1

---

1. PURPOSE:

The purpose of this public hearing is to receive public input regarding a proposed Marijuana Facility License for cultivation located at 400 Industrial Park Rd, Lot 5 Signal Peak Industrial Park. The proposed cultivation facility, if approved, would be located in an existing warehouse building in the Signal Peak Industrial Park. The approximate square footage of the building is 3,155 square feet and it is located on a 1.19 acre lot. Cannatonic LLC would have a lease for the entire area of the building. To clarify metal shipping containers are referenced in the application. These containers will not be included in the licensed area after a discussion between the applicant and the State of Colorado Marijuana Enforcement Division.

The Gunnison County Marijuana Licensing Authority is the Board of County Commissioners (BOCC). The BOCC is requested to receive public input and review the application against the standards mentioned below. A motion is requested to either approve, approve with conditions, or deny the application.

This proposed facility, given its location in Signal Peak Industrial Park, (See Section 9-104 of the Land Use Resolution) was reviewed under an Administrative Review Land Use Change Permit Application.

2. PURPOSE AND STANDARDS

On July 1, 2014 the BOCC approved Resolution No. 2014-18 which authorized regulations for marijuana cultivation, manufacturing and testing facilities. The purpose of these regulations are to:

1. To authorize licensing of marijuana cultivation, manufacturing, and testing in unincorporated Gunnison County as provided in §§ 12-43.3-301(2)(a), 12-43.4-104(3) and 12-43.4-301, C.R.S., as amended;

2. To establish specific standards and procedures for local licensing of marijuana-related business and establishments; and
3. To protect the health, safety, and welfare of the residents, consumers and patients in Gunnison County by prescribing the manner in which marijuana businesses can be conducted in the County.

As per Article 5, Standards, of Resolution of **No. 2014-18** the Board must find the following to approve a license:

A. **LACK OF CRIMINAL HISTORY**: The applicant and principal employees of a marijuana facility have no history of criminal activity indicating moral turpitude. Applicants shall provide suitable evidence of a Persons' proof of lawful presence, residence, and good character and reputation that the Board may request. The applicant must also consent to a criminal background check of the applicant and its principal employees.

B. **HARMONIOUS LAND USE**: The use and any associated signage is not identifiable as a Marijuana Facility from adjacent property, nor any arterial road, public trail, or public park. The applicant must demonstrate to the Board's satisfaction that there is no measurable detrimental impact to adjacent property which cannot be mitigated, and the applicant has demonstrated to the Board that the facility will be harmonious with its surrounding uses.

C. **APPLICABLE PROPERTY OWNERS ASSOCIATION APPROVAL:** The applicant must provide written consent for the use from the Property Owners Association if an active association exists for the subject property.

D. **ODOR:** Odors from any marijuana facility shall not be detectable and noticeable at the boundary to adjacent properties. Facilities shall be equipped with proper ventilation systems so that odors are filtered and do not materially interfere with adjoining land uses.

E. **FIRE AND SECURITY EMERGENCY SERVICES:** Applicable Fire Districts and the Sheriff's Department will receive applications for their review and comment. Concerns related to public safety received from emergency services must be avoided or mitigated to the Authority's satisfaction.

F. **PUBLIC SERVICES**: The Applicant shall demonstrate that there are adequate public services to support the proposed use.

The Board may approve or approve with conditions a license that meets all of the standards in Article 5. The Board shall deny an application that does not comply with the licensing requirement in Article 5.

3. STAFF ANALYSIS OF CRITERIA AND PUBLIC INPUT RECEIVED

Staff referred this application to the Gunnison Fire Protection District, Gunnison County Building and Environmental Health Official, Gunnison County Sheriff's Office, Gunnison County Public Works, and Gunnison Energy Electrical Association. In addition, a public notice of this hearing and the land use application was sent to all property owners within 1000 feet of the property, notice placed on the property, and a notice was placed in the paper at least 15 days prior to the public hearing. No public input was received on the application at the time this memorandum was prepared. Staff has not received any comments from referral agencies or the public that would generate any concern regarding the issuance of a Marijuana Facility License.

Attachment A includes the application, an operational summary, and the applicant responses to the standards for a License. The following is staff's analysis of compliance to the Standards in Article 5.

A. **LACK OF CRIMINAL HISTORY**: The applicant and principal employees of a marijuana facility have no history of criminal activity indicating moral turpitude. Applicants shall provide suitable evidence of a Persons' proof of lawful presence, residence, and good character and reputation that the Board may request. The applicant must also consent to a criminal background check of the applicant and its principal employees.

> Staff Response: Staff, in the creation of the licensing requirements, acknowledged that we would utilize the background check process required by the State of Colorado and the State of Colorado Marijuana Enforcement Division (The Division). The Division has completed the background check for this applicant and reviewed the results with County staff. The applicant has not yet been issued a conditional State License. In addition, as mentioned previously, this application was forwarded to the Sheriff's office for their review. Again no input was provided to raise any concern regarding this standard.

B. **HARMONIOUS LAND USE**: The use and any associated signage is not identifiable as a Marijuana Facility from adjacent property, nor any arterial road, public trail, or public park. The applicant must demonstrate to the Board's satisfaction that there is no measurable detrimental impact to adjacent property which cannot be mitigated, and the applicant has demonstrated to the Board that the facility will be harmonious with its surrounding uses.

> Staff Response: It was felt during the development of Marijuana Facility Regulations that a marijuana facility would generally be consistent with the existing uses in the Signal Peak Industrial Park if the applicant demonstrates that they meet the Standards in Section 9-104 along with the other applicable sections of the LUR and the Marijuana Facility Licensing Standards. In reviewing this specific application, staff believes that this proposal will result in a harmonious land use with the recommended conditions stated below. The following image indicates the location of the proposed business (see circle). A

marijuana cultivation facility was approved on November 25, 2014 by the BOCC/Gunnison County Marijuana Licensing Authority directly east of the proposed facility. There are no sensitive or incompatible land uses adjacent to this use in staff's opinion.

C. **APPLICABLE PROPERTY OWNERS ASSOCIATION APPROVAL:** The applicant must provide written consent for the use from the Property Owners Association if an active association exists for the subject property.

Staff Response: There is no Property Owners Association for Signal Peak.

D. **ODOR:** Odors from any marijuana facility shall not be detectable and noticeable at the boundary to adjacent properties. Facilities shall be equipped with proper ventilation systems so that odors are filtered and do not materially interfere with adjoining land uses.

Staff Response: The Applicant is proposing activated carbon scrubbers (RC-48) to mitigate odor. This is the most common odor elimination measure used in

the industry. Staff has a recommended condition provided below and with that condition, if accepted, staff believes this standard will be met.

E. **FIRE AND SECURITY EMERGENCY SERVICES:** Applicable Fire Districts and the Sheriff's Department will receive applications for their review and comment. Concerns related to public safety received from emergency services must be avoided or mitigated to the Authority's satisfaction.

Staff Response: As mentioned, the application has been referred to the Gunnison Fire Protection District and the Sherriff's Department. In addition, the State has specific security requirements. The applicant will need to secure approvals for a building permit to build the structure in question.

F. **PUBLIC SERVICES**: The Applicant shall demonstrate that there are adequate public services to support the proposed use.

Staff Response: The County Health Officer has reviewed the system and has included a condition below related to the septic system and water quality. Well water is provided to the building and it is maintaining its commercial use. No comments were received by Gunnison County Electrical Association.

4. RECOMMENDATIONS

Staff finds that the application meets the Marijuana Facility License standards and recommends approval of the license with the following recommended conditions:

1) There shall be no noticeable odors which result from the Marijuana Facility detectable outside of the subject building at the property boundary.
2) All cultivation activity
3) The applicant shall sample the septic system prior to the commencement of operation and then three times after the operation commences. The property owner will be required to provide consent to this sampling prior to the issuance of the license and the applicant shall receive approval from the Gunnison County Environmental Health Officer on a sampling procedure. In addition, the property owner and applicant shall provide consent for annual sampling if requested by the Gunnison County Environmental Health Officer. All required sampling shall be done at the applicant's expense and the results shared with the Gunnison County Environmental Health Official. The purpose of this sampling is to ensure that adjacent water bodies are not being impacted by the marijuana licensing facility. Evidence of water quality impacts from the facility may be the basis for not renewing a license or revoking a license.

4) As of the date of the license of this Resolution, the use, possession, distribution, and sale of marijuana is illegal under Federal law and those who engage in such activities do so at their own risk of criminal prosecution and a Federal action may result in the revocation of this license.
5) This license is approved conditioned upon receiving and maintaining all appropriate licenses with the Colorado Marijuana Licensing Authority. Failure to receive or maintain a valid applicable Colorado Marijuana License will result in the revocation of Gunnison County Marijuana Facility License.

ATTACHMENTS:

Attachment A: Marijuana Facility License Application

Attachment B: Public Notice

ATTACHMENT A

Marijuana Facility License Application

MJ-14-00218

GUNNISON COUNTY, COLORADO
MARIJUANA FACILITY LICENSE APPLICATION

GUNNISON COUNTY COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING OFFICE
221 N. WISCONSIN ST, STE D., GUNNISON, CO 81230
TELEPHONE: 970-641-0360 FAX: 970-641-8585
Website: http://www.gunnisoncounty.org/planning.html **Email:** planning@gunnisoncounty.org

DATE RECEIVED BY COMMUNITY DEVELOPMENT DEPT..: ____/____/____
APPLICATION FEE PAID : ____/____/____

APPLICANT NAME (If the applicant is not the owner of the land, the applicant shall submit a notarized letter signed by the owner consenting to the submittal. Consent of the owner for submittal shall imply consent by the owner for the County to complete the review process.):
Cannatonic, LLC.

MAILING ADDRESS: PO Box 1181

CITY: Gunnison	**STATE:** CO	**ZIP:** 81230

PHONE (day): (970)275-4400	**PHONE (Mobile):** (970)275-4400
FAX: N/A	**E-MAIL ADDRESS:** cannatonic420@hotmail.com

PROPERTY OWNER (If other than applicant, a notarized letter from the property owner consenting to this application, must be submitted. If the applicant is not the sole owner of the land, the applicant shall submit a notarized letter(s) signed by all other owners, and/or by an association or corporation representing the owners, consenting to, or joining in, the application.):

NAME: Industrial LLC

MAILING ADDRESS: PO Box 1105

CITY: Gunnison	**STATE:** CO	**ZIP:** 81230

PHONE (day): (970)641-2014	**(evening):** (970)641-2014
FAX: (970)641-4231	**E-MAIL ADDRESS:** N/A

PRIMARY CONTACT PERSON and AUTHORIZED REPRESENTATIVE (The person the Community Development Department should contact regarding scheduling of meetings and information for this application. A NOTARIZED LETTER from the property owner authorizing the representative must be submitted.)

NAME: Kelly Schmalz

received 10-27-14 MS

SCANNED

MAILING ADDRESS: PO Box 1181		
CITY: Gunnison	**STATE:** CO	**ZIP:** 81230
PHONE (day): (970) 275-4400	**(evening):** (970) 275-4400	
FAX: N/A	**E-MAIL ADDRESS:** cannatonic420@hotmail.com	

LOCATION AND TYPE OF FACILITY

LOCATION OF PROPOSED MARIJUANA FACILITY	***ADDRESS:*** 400 Industrial Park Rd.	***NAME OF SUBDIVISION (If applicable)*** Signal Peak Industrial Park
PARCEL NUMBER: 3789-030-02-005	**Legal Description of facility** LOT 5 SIGNAL PEAK INDUSTRIAL PARK FILING 1 #570706	
TYPE OF MARIJUANA FACILITY (CIRCLE ALL APPLICABLE)	***1. Cultivation*** ***2. Manufacturing*** ***3. Testing***	

TYPE OF APPLICATION	***Type of Application:***	***Fee***
	X ***New Application***	***$3,500***
	X ***Operating Fee****	***$1,000***
	___***Renewal Application***	***$1,500***
	___***License Modification Application***	***$1,000***
	___***Pending Application modification***	***$ 125***
	(*Operating Fee required for New and Renewal Applications)	

Is facility in an existing structure? (Circle Appropriate Answer)	***Yes***	***No***
If using an existing structure, is an expansion planned that would increase the square footage of the facility? (Circle Appropriate Answer)	***Yes*** ***By How many square feet:***	***No***

*****

LIST OF SUBMITTAL MATERIALS The following are required to be included and addressed in the license application submittal.

1. ✓ A notarized letter documenting that the property owner (If different from the Applicant) provides consent for the use of the facility on their land.
2. N/A If the proposed facility is located at Riverland or Signal Peak Industrial Parks the applicable home owners association must provide consent from the Home Owners Association (if that association is active)
3. N/A If the proposed facility is located at Gold Basin Industrial Park provide a letter from the Gunnison County Public Works Department that property owner consent has been provided to apply for a license application.
4. ✓ Provide a copy of the completed applicable Land Use Change Application which depending on use and location could be one of the following applications:
    a. Minor Impact Application;
    b. Administrative Review Application; or

c. Gold Basin Industrial Park Special Area Regulation Application (applicable to all Marijuana Facilities proposed in Gold Basin Industrial Park).

5. N/A A copy of all State of Colorado License applications that have been submitted to the State to receive a State license for a marijuana facility. The County will request the results of a criminal background check from the State of Colorado. Submission of this application will provide consent to review and disclose criminal background information in the licensing process.
6. ✓ A to scale site plan of all buildings on the property where the premises is located, including a floor plan showing how the floor space is or will be used, parking for the premises, total floor area of the building(s), and the nature and location of any existing or proposed exterior lighting and signage;
7. ✓ A to scale vicinity map showing and describing adjacent uses.
8. ✓ Provide a physical description which could include architectural elevations, photographs, landscaping, topography and narrative to describe how the proposed facility would be harmonious with adjacent uses.
9. ✓ A list of all other uses on the property including uses that may share the proposed structure;
10. N/A A copy of the state sales tax license for the business, if applicable.
11. ✓ A detailed description of the operational plan for the facility including hours of operation, number of employees, anticipated loading and delivery traffic and frequency, and hazardous or flammable material storage and usage.
12. ✓ A detailed narrative (i.e a specific plan for B-F) description of how the application complies with the standards for a license that include:

A. **LACK OF CRIMINAL HISTORY**: The applicant and principal employees of a marijuana facility have no history of criminal activity indicating moral turpitude. Applicants shall provide suitable evidence of a Persons' proof of lawful presence, residence, and good character and reputation that the Board may request. The applicant must also consent to a criminal background check of the applicant and its principal employees.

B. **HARMONIOUS LAND USE**: The use and any associated signage is not identifiable as a Marijuana Facility from adjacent property, nor any arterial road, public trail, or public park. The applicant must demonstrate to the Board's satisfaction that there is no measurable detrimental impact to adjacent property which cannot be mitigated, and the applicant has demonstrated to the Board that the facility will be harmonious with its surrounding uses.

C. **APPLICABLE PROPERTY OWNERS ASSOCIATION APPROVAL:** The applicant must provide written consent for the use from the Property Owners Association if an active association exists for the subject property.

D. **ODOR:** Odors from any marijuana facility shall not be detectable and noticeable at the boundary to adjacent properties. Facilities shall be equipped with proper ventilation systems so that odors are filtered and do not materially interfere with adjoining land uses.

E. **FIRE AND SECURITY EMERGENCY SERVICES:** Applicable Fire Districts and the Sheriff's Department will receive applications for their review and comment. Concerns related to public safety received from emergency services must be avoided or mitigated to the Authority's satisfaction.

F. **PUBLIC SERVICES**: The Applicant shall demonstrate that there are adequate public services to support the proposed use.

13. N/A A list of alcohol or drug treatment facilities, licensed child care facilities, parks, public buildings, public trails, places of worship, and educational facilities (below college grade level) within 1000 feet as measured from the closest point of the subject property lines;
14. ✓ A mailing list and a map (showing the parcels) for all property owners within 1000 feet as measured from each boundary of the subject parcel (This can be generated through Gunnison County online GIS system);
15. N/A A copy of the state sales tax license for the business if applicable; medical marijuana-infused products manufacturing license applications, information about which medical marijuana center is associated with the business;
16. N/A A description with dimensions of all exterior signage proposed on the property;
17. ✓ Description of security measures to prevent theft and to minimize fire danger;
18. ✓ A description of measures to eliminate or mitigate odors from the facility.

8. Kelly and Thomas Schmalz plan to open a marijuana cultivation facility in an existing building in the Signal Peak Industrial Park. Four shipping containers are behind the building, which might be used for future grow space. If used, they will be secured and attached to the building. There are approximately five parking spaces in the front of the building. There is also a loading/unloading zone in front of the garage door. All spaces will fit a full sized truck. Vehicles may turn around in the parking area, without causing congestion to the street. No changes will be made to the outside of the building; therefore will not cause any problems with adjacent uses. There is only one window in the building, therefore ambient light will not impact any neighboring properties.

9. The area West of the building is used for outdoor storage and will remain unaffected by the new business.

11. The hours of operation will be from 7AM to 6 PM. The owners will run the business in the beginning. In 6-9 months, 1-2 employees might be hired. There will be a maximum of three small passenger vehicles per day and a maximum of two service/delivery trucks per day. After the business is up and running, the amount of service/delivery trucks will decrease.

The applicants plan to grow organically in soil. No hazardous chemicals or fertilizers will be used or stored on site. Consumer cleaning products will be the only chemicals in the building. Plant fertilizers utilized are made from sugar cane. There will be virtually no waste or waste water from the plants. Plant waste will be composted in a secure area and reused.

As shown in the floor plan there will be two flowering rooms. The rooms will be on opposite light cycles to conserve power. Heat created by the lights will be utilized to heat the building in the winter months.

12. The applicants plan to use the "Good Neighbor Policy". There will not be any visible signs or advertisements on the building. There is not a Property Owners Association in the Signal Peak Industrial Park. A dumpster will accommodate any trash that is not plant related. The applicants will utilize carbon filtration to mitigate odors. Australian RC-48 Carbon is extremely effective for neutralizing airborne odor particles. Due to density and surface area of RC-48 particulate carbon, we feel it is the best choice available as of now. Any air leaving the building will be filtered. Odor neutralizers will also be used throughout the building.

Fire extinguishers will be installed in all applicable rooms. The alarm system will include fire detection. Lighted "Exit" signs will also be installed. An alarm system and surveillance cameras will be installed in the front and back of the exterior of the building. In all restricted access rooms and entrances, cameras will be installed. High security door locks will be on all exterior doors. Doors into restricted access areas will be locked as well. The one window in the building will be reinforced with steel. All cannabis products will be stored in a large safe.

There is adequate water as the building is served by a commercial well. The building is served by an ISDS. On October 7th, 2014 the entire drain system was cleaned and inspected. The septic tank was pumped and inspected. The drain field was also inspected. Everything is functioning properly. There will be nothing plant related going down the drain.

17. An alarm system and surveillance cameras will be installed in the front and back of the exterior of the building. In each restricted access room and entrances, cameras will be installed. High security door locks will be on all exterior doors. Doors into restricted access areas will be locked as well. The one window in the building will be reinforced with steel. All cannabis products will be stored in a large safe. All wiring will be done by a certified licensed

electrician. Lit "Exit" signs will be installed inside the building. Fire extinguishers will be installed in all applicable rooms. The alarm system will include fire detection.

18. The applicants will utilize carbon filtration to mitigate odors. Australian RC-48 Carbon is extremely effective for neutralizing airborne odor particles. Due to density and surface area of RC-48 particulate carbon, we feel it is the best choice available as of now. Any air leaving the building will be filtered. Odor neutralizers will also be utilized throughout the building. Smoke detectors are currently installed.

Assessor Quick Links
Gunnison Assessor Home
Find Property Records

Gunnison County COLORADO

Assessor Property Record Search

Owner and Parcel Information

Owner Name & Mailing Address	
INDUSTRIAL LLC PO BOX 1105 GUNNISON, CO 81230-1105	
Business Name:	SCHMALZ CONTRUCTION STORAGE

Today's Date:	October 27, 2014
Appraisal Year:	2014

Account Number:	R017299
Parcel Number:	3789-030-02-005
Account Type:	Commercial
Economic Area:	Econ Area 1
Tax District:	601
Mill Levy:	50.446

Property Location:	400 INDUSTRIAL PARK RD, GUNNISON
Neighborhood:	SIGNAL PEAK
LEA:	SIGNAL PEAK I (12530)
Subdivision:	SIGNAL PEAK INDUSTRIAL PK 1&2
Condo:	
Legal Description:	LOT 5 SIGNAL PEAK INDUSTRIAL PARK FILING 1 #629117
Parcel Notes	TOTAL PARCEL = 1.19 AC BSD #570711 WATER RIGHTS NOV 7 2006 STMNT OF AUTHORITY #570694 COMMERCIAL LLC NOV 7 2006

Parcel Map	Show Parcel Map
Building Photos	Building Images
Building Sketches	Building Sketches
Generate Neighboring Owner List by Distance	
Search Sales By Subdivision	

2014 Assessment Information

Land Actual Value	Land Assessed Value	Building Actual Value	Building Assessed Value	Total Actual Value	Total Assessed Value
$75,100	$21,780	$151,740	$44,000	$226,840	$65,780

Prior Year Assessment Information

Year	Actual Value	Assessed Value	Mill Levy	Ad Valorem Taxes
2013	$226,840	$65,780	50.446	$3,318.33
2012	$263,710	$76,470	44.797	$3,425.62
2011	$263,710	$76,470	44.988	$3,440.23
2010	$218,550	$63,380	41.575	$2,635.02
2009	$218,550	$63,380	40.414	$2,561.44
2008	$243,950	$70,750	42.029	$2,973.56
2007	$243,950	$70,750	36.828	$2,605.60
2006	$173,980	$50,460	44.434	$2,242.12

Contact the Treasurer's Office for current property tax amount due. Do not use the figures above to pay outstanding property taxes.

Land Information

Land Description	Land Type	Acres	Site Access	Electricity	Sewer	Water	Other Attributes
WAREHOUSE/STORAGE-LAND	Commercial	1.190	YEAR ROUND	YES	ISDS SEPTIC SYSTEM INSTALLED	WELL INSTALLED	LAND TYPE - MEADOW

Sales Information

Sale Date	Sale Amount	Grantor	Grantee	Vacant or Improved (at time of sale)	Reception #	Deed Type
09/29/2014		COMMERCIAL LLC	INDUSTRIAL LLC	N/A	629117	GEN WARR DEED - NO FEE
11/06/2006		SCHMALZ DONALD F ETAL	COMMERCIAL LLC	N/A	570711	BARG & SALE DEED - NO FEE
11/06/2006		SCHMALZ DONALD F ETAL	COMMERCIAL LLC	N/A	570706	GEN WARR DEED - NO FEE
01/07/1993	$8,000	Unknown	Unknown	Vacant	B000718P0006	WARRANTY DEED - FEE

Building Information

Building Number 1:

Occupancy Type	WAREHOUSE	Quality of Construction	Low	Stories	1	Primary Heating System	

BUSINESS LEASE

THIS BUSINESS LEASE is made as of the 1st day of October, 2014, in the County of Gunnison, State of Colorado, as follows:

1. **Owner.** The Owner is: Industrial LLC, a Colorado limited liability company ("Owner.")

2. **Tenant.** The Tenant is: Cannatonic LLC, a Colorado limited liability company ("Tenant.")

3. **Lease of Premises.** In consideration of the terms of this Lease, the Owner leases to Tenant the entire building (but not the surrounding lot) (the "Premises") located at 400 Industrial Park Road, Gunnison, Colorado, 81230. In addition to the Premises, Tenant shall have the right to use, on a non-exclusive basis, such portions of the surrounding lot as may be reasonably necessary for Tenants parking and storage needs.

4. **Term of Lease.** The term of this Lease shall be for a term to commence at 12:01a.m., October 1, 2014, for a period of 5 years under the terms and conditions herein contained unless terminated as hereafter provided.

4.1 **Rental Payments.** The Tenant shall pay to the Owner as base rent $5,000 per month, due in advance on or before the 1st day of each month. Notwithstanding the foregoing, Landlord and Tenant agree that no rent shall be owing until March 1, 2015.

5. **Tenant Finish.** Owner shall, at Owner's expense, integrate into the existing Premises approximately 1800 square feet of additional usable space as agreed between Owner and Tenant.

6. **Use of Premises.** The Tenant shall use and occupy the leased property for the purpose of growing marijuana. The Tenant shall occupy the leased property in full compliance with all State and County laws, rules and regulations pertaining to its use of the leased property.

7. **Tenant's Responsibilities.** The Tenant shall at all times during the term of the Lease be responsible for the following:

7.1 All necessary repairs and maintenance as to any structure or building, including the roof, exterior walls, exterior windows, exterior doors, utility systems, floors and all other portions of the building not within the Premises and all exterior portions of the Property.

7.2 The operation of the heating system.

7.3 Water and sewer service.

7.4 Ice and snow removal from the exterior of the Premises, the sidewalks and the parking area.

7.5 Subject to the condition that any damage or destruction to the building or Premises caused by an acts of omissions of the Tenant, its agents, customers, employees and invitees, shall be the sole responsibility of the Tenant.

7.6 Payment of all real estate property taxes and insurance.

7.7 To maintain and keep in good repair the interior of the Premises.

7.8 To maintain and repair any damage or destruction to the building or Premises caused by any acts or omissions of the Tenant, its agents, customers, employees or invitees.

7.9 To maintain the Premises in a clean and attractive condition.

7.10 To remove all refuse from the leased Premises. Tenant shall not place refuse, cartons, or other items of any nature on the exterior of the leased Premises, including exterior decks.

a) To provide all janitorial services to the Premises.

7.11 To provide any telephone service to the Premises.

8. **Fire, Flood and Extended Coverage Insurance.**

8.1 During the term of the Lease, the Landlord shall be responsible for insuring all structures and the Premises for fire and extended coverage to the extent of the replacement value of any building and providing flood insurance, if required by Owner or Owner's lender.

8.2 The Tenant shall carry fire and extended coverage insurance on all items of personal property, fixtures and improvements located upon the Premises and owned by it, and shall be solely responsible for and liable for any damage or destruction of such personal property, fixtures and improvements.

9. **Compliance with Laws and Reasonable Usage.** Tenant will comply with all state, municipal and other laws, ordinances, rules and regulations applicable to the Premises and the business conducted therein by Tenant; will not engage in any activity which would cause Owner's fire and extended coverage to be canceled or the rate therefore increase (or, at Owner's option, will pay any such increase); will not commit any act which is a nuisance or annoyance to the Owner or other tenants, or which might, in the exclusive judgment of the Owner, appreciably damage Owner's goodwill or reputation, or tend to injure or depreciate the building; and will not commit or permit waste in the Premises or building.

10. **Liability Insurance.** The Tenant, at its sole cost and expense, shall, if possible, obtain and maintain a policy or policies of comprehensive public liability insurance, including property damage, covering the premises and all use and occupancy of the Premises and any portion of the building or property utilized by Tenant in an amount of not less than $1,000,000.00 comprehensive blanket general liability limit with a reputable insurance company or companies licensed to do business in the State of Colorado. Such insurance policy or policies shall be endorsed to the name the Owner as an additional insured thereunder and to state that the insuring company or companies will give not less than ten days prior written notice to the Owner and Tenant of any cancellation or reduction of insurance under such policy or policies of insurance. A copy of such policy or policies of insurance, together with all endorsements pertaining thereto, shall be furnished to Owner on the commencement date, and thereafter any additional policy or policies or endorsements thereto as may be required during the term of the Lease any extension thereof.

11. **Liability and Indemnity.**

11.1 Tenant agrees to hold harmless and to indemnify the Owner from all claims (including all costs, expenses, liabilities and reasonable attorney's fees) arising or alleged to arise from any act or omission of Tenant or Tenant's employees, contractors, customers or invitees, or arising from any injury or damage to any person or the property of any person occurring during the term of this Lease in or about the Premises. Tenant agrees to occupy the Premises at its own risk and hereby releases Owner, its agents and employees from claims for any damage or injury to the full extent permitted by law.

11.2 Owner agrees to indemnify and save the Tenant harmless from all claims (including all costs, expenses, liabilities, and reasonable attorneys' fees) arising or alleged to arise from any act or omission of Owner or Owner's agents, employees, customers or invitees, or arising from any injury or damage to any person or the property of any person occurring during the term of this lease as to other portions of the building and property not within the Premises or areas described in subparagraph 11.1 above.

12. **Additions or Alterations to Premises.**

12.1 Tenant will make no changes, alterations, additions or improvements to the Premises without the prior written consent of the Owner.

12.2 All costs, fees, and expenses pertaining to any such change, alteration, addition or improvement shall be paid by Tenant, including all permits and licenses required in connection therewith. Owner will not permit any mechanic's lien or materialman's lien, or other liens, to be filed against the Premises for any labor or material furnished in connection with such change, alteration, addition or improvement.

12.3 Tenant may remove its trade fixtures, supplies and movable furniture and equipment not attached to the building provided: (1) such removal is made prior to the termination of the term of this lease; (2) Tenant is not in default of any obligation or covenant under this Lease at the time of such removal; and (3) Tenant promptly repairs all damage cause by such removal. All other property at the Premises and any alteration or addition to the Premises (including wall-to-wall carpeting, paneling or other wall covering) and any other article attached or affixed to the floor, wall or ceiling of the Premises shall become the property of Owner and shall remain upon and be surrendered with the Premises as a part thereof at the termination of the Lease, Tenant hereby waiving all rights to any payment or compensation therefore. If, however, Owner so requests in writing, Tenant, will prior to the termination of the Lease, remove any and all alterations, additions, fixtures, equipment and property placed or installed by it in the Premises and will repair any damage caused by such removal, except any peg board wall units and shelving.

13. **Assignment and Subletting.** Tenant shall not assign this Lease, in whole or in part, to any other person or entity, nor grant any right of possession therein, without the prior written consent of the Owner. Notwithstanding the foregoing, Tenant shall be permitted to assign this Lease or sublet the Premises to any successor entity.

14. **Owner's Transfer of Interest.** Owner shall have the right to transfer, sell, convey or in any other manner dispose of its interest in the property or the Premises. Upon any such transfer, the Owner shall be relieved of any and all obligations hereunder to the Tenant and any successor or transferee of Owner shall take title to the property subject to this Lease and shall assume all of the obligations of the Owner hereunder.

15. **Signs and Advertising.** Tenant shall place no advertising signs, displays or devises or property of any nature upon the exterior walls of the leased property except only a wall mounted sign identifying the name of the Tenant as now located on the property so long as the same complies with the applicable ordinances of the County of Gunnison.

16. **Subordination.** This Lease may, at the option of the **Owner**, be made subordinate to any first mortgage or first deed of trust now or hereafter placed upon or effecting the property, the building and the Premises and to all renewals, modifications, replacements or extensions thereof, subject to the provision that notwithstanding any default or foreclosure of such mortgage or deed of trust or the enforcement of any other rights and remedies including the right of sale thereunder, this lease shall be recognized and shall remain in full force and effect during the term of this Lease so long as the Tenant is not in default of the Lease provisions. Tenant shall upon request by Owner execute and deliver such instruments as may be reasonably necessary or convenient to evidence such subordination.

17. **Ownership of Lease Property.** Owner covenants with Tenant that it is the owner in fee simple of the leased property and has the ~~fill~~ right to lease the same under the terms and conditions herein contained. TS *full

18. **Condemnation.** In the event that the leased property, or any part thereof, shall be condemned or taken by right of condemnation, eminent domain or for public or municipal purposes, either party may, at their option, cancel and terminate this Lease upon ten days written notice to the other party in which case the Lease shall terminate and a final accounting shall be made between parties as of the date of termination.

19. **Non-Performance for Outside Cause.** This Lease **and** the obligation of the Tenant to pay rent hereunder or to perform the covenants and conditions herein contained, shall not be affected impaired or excused because Owner is unable to comply with any of its obligations under this Lease if the same is prevented or delayed by reason of strike, labor troubles, national emergency, and governmental law, rule or regulation, reasons of supply and demand which have been or may be effected by war or other emergency.

20. **Bankruptcy Terminates Lease.** In the event that the **Tenant** should file a petition in bankruptcy, or be adjudicated a bankrupt or make an assignment for the benefit of creditors or file for a reorganization or arrangement within the meaning of the Bankruptcy Act or a receiver be appointed for the property of the Tenant by order of a court of competent jurisdiction, Owner may, at its sole option, terminate this Lease upon the giving of ten days written notice so to do and the Lease shall thereupon terminate and become of no further force and effect.

21. **Access by Owner.** Owner, its agents, and employees, shall have access and the right to enter upon the **Premises** at any reasonable time to examine the condition thereof, to make any repairs required to be made by Owner hereunder, to show the Premises to prospective purchasers or building tenants, and or any other purpose deemed reasonable by Owner. Owner acknowledges that because of the nature of Tenant's business, access may be limited by conditions of Tenants permit or by State law or County ordinance.

22. **Default by Tenant.** Any of the following events shall constitute an "event of default" by Tenant:

22.1 The failure to make rental payments on the due date and to cure such failure within twenty days after written notice thereof by the Owner.

22.2 An assignment for the benefit of creditors by Tenant.

22.3 The filing of any case, petition or answer by or against the Tenant under any provision of the Federal Bankruptcy Act.

22.4 Any petition or other proceedings by or against the Tenant for the appointment of a trustee, receiver or liquidator of the Tenant or of any of the Tenant's property.

22.5 Any attachment or execution levied upon the Tenant's property or interest under this Lease.

22.6 Any failure in the performance or observance of any covenant, agreement or obligation to be performed by the Tenant under the terms and provisions of the Lease and such failure shall continue for ten days after written notice thereof by Owner to Tenant; provided, however, that if the nature of Tenant's failure is such that more than ten days is reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant shall commence such cure within the ten day period and thereafter diligently prosecute such cure to completion.

23. **Owner's Remedy Upon Tenant's Default.** Upon any event of default by Tenant, the Owner shall have the following rights and remedies. In addition to any other remedy or right by law or in equity by reason of such event of default:

23.1 The right to terminate this Lease, in which event the Tenant shall immediately surrender possession of the Premises to the Owner and pay to the Owner all rental payments and other amounts payable by Tenant to Owner to date of termination.

23.2 To enter upon and take possession of the Premises and remove Tenant and any other occupant therefrom, with or without having terminated the Lease and to alter and change locks or other security devises at the premises. No such re-entry by the Owner shall be considered to be a forcible entry of the Premises.

23.3 Tenant shall be liable for and shall pay to the Owner all rent and other amounts due to the date of such repossession, together with all rent required to be paid by the Tenant to the Owner during the remainder if the Lease term, less any amounts received by the Owner.

23.4 In the event the Owner elects to terminate the Lease by reason of default, Tenant shall be liable for and shall pay to Owner, after the date of termination damages in the amount equal to the then present value of the rent for the remaining portion of the Lease term, (had the lease not been terminated by Owner), less the then present value of the fair rental value of the Premises for the remaining portion of the Lease term.

23.5 In addition, Tenant shall be liable for and shall pay to Owner any broker's fees or rental fees incurred by Owner in connection with the re-leasing of the Premises, the cost of removing and storing Tenant's or other occupants' property from the Premises, the costs of repairing, altering, remodeling or otherwise putting the Premises into a condition acceptable to new tenant and all reasonable expenses incurred by Owner in enforcing the remedies of the Owner, including reasonable attorneys' fees.

24. **Default by Owner.** If the Owner shall be in default as to the performance of any covenant, agreement or obligation to be performed by Owner under the terms and provisions of this Lease, and such default shall continue for ten days after written notice thereof by Tenant to Owner; provided, however, that in the case of default beyond the Owner's reasonable control that cannot be cured within such ten-day period, the ten-day period shall be deemed extended if (1) immediately upon receipt of such notice, the Owner advises the Tenant of its intention to institute all actions necessary to cure such default, and (2) institutes all necessary action and with reasonable diligence prosecutes the completion of all actions necessary to cure such default then the Tenant shall have the following rights and remedies:

24.1 To cure such default with the reasonable costs and expenses thereof to be paid by Owner.

24.2 To abate the rental payments to the extent that the Owner's default interferes with the Tenant's normal business operation.

24.3 If any such default of Owner shall continue for more than ten days and substantially interfered with the Tenant's use and occupancy of the Premises, the Tenant may, without limiting any other remedies of the Tenant, immediately terminate this Lease.

24.4 Any amounts payable by Owner to Tenant pursuant to this paragraph shall be paid on demand, and if not paid within ten days after such demand, the same may be credited and deducted from the next monthly payment or payments of the rental amounts payable by Tenant to Owner under this Lease.

25. **Severability Clause.** If any term or provision of this Lease shall be invalid or unenforceable, the remainder of this Lease and the terms and provisions thereof shall not be

affected thereby and all other terms and provisions of this Lease shall be valid and enforceable to the full extend permitted by law.

26. **Surrender of Premises.** Tenant covenants and agrees that on the last date of the Lease or any renewal or extension thereof, it will quietly and peaceably leave and surrender the premises to Owner in as good condition as when received, ordinary wear and tear, repairs and replacements required to be made by Owner or alterations, additions and improvements excepted.

27. **Destruction of Premises.** In the event that the Premises or any part thereof is damaged as a result of fire, destruction, or other casualty or peril, the Owner shall have the exclusive right to terminate this Lease or to repair and replace the Premises in as good a condition as it was prior to such damage. Such election shall be made by the Owner giving written notice to the Tenant within ten days from the date of such damage. If an election is made to terminate the Lease, the Tenant shall immediately surrender the Premises to Owner and shall pay the rental payments only to the date of the surrender of possession. If an election is made to repair the Premises, the same shall be done within a reasonable period and during such period, the rental payments shall be reduced and adjusted to an amount that represents the fair and reasonable rental payments, as determined by the nature of the damages sustained to the Premises and the extent the Tenant is deprived of the use of the Premises. In no event shall the reasonable period to make such repairs exceed 90 days in duration. The Tenant shall have the absolute right to terminate this Lease in the event of any damage to the Premises that makes the same untenable for a period of time longer than 90 days. In such event, Tenant shall give the Owner written notice of its option to terminate this Lease within ten days after such damage or destruction.

28. **Continuation of Lease.** If after the expiration of this Lease, the Tenant shall remain in possession of the Premises and continues to pay rent without written agreement as to such tenancy, then the Tenant shall be deemed as a Tenant from month to month at the rental payment in effect on the last day Lease. Such month to month tenancy shall not be deemed to extend the term or renew this Lease and the month to month tenancy may be terminated by either party given written notice to the other of the termination at least ten days prior to the commencement of the next month to month tenancy.

29. **Tenant's Property.** All trade or business fixtures which may be placed in or upon the Premises by the Tenant are to remain its sole and separate property and it shall have the right to remove the same upon the termination of this Lease, or any extension thereof. Said right of removal shall be subject to the following express conditions:

29.1 Tenant shall not then be in default in the performance of any of the terms and conditions of this Lease.

29.2 That no personal property shall be removed which shall have become permanently affixed to the real property and/or which cannot be removed without causing damage or injury to the building, unless the damage caused by such removal is repaired and the property restored in the same condition as it was prior to the removal thereof.

30. **Non-Waiver of Remedy.** The waiver by the Owner of the Tenant of any breach or default of any term, covenant, or condition of this Lease shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition of the Lease.

31. **Notices.** All notices and communications required herein shall be in writing and shall be sent by registered or certified mail at the following address:

Owner: Industrial LLC
P.O. Box 1105
Gunnison, CO 81230

Tenant: Cannatonic, LLC
400 Industrial Park Road
Gunnison, CO 81230

POB 1181
TS KS

32. **Entire Agreement.** This written agreement contains the entire and only agreement between Owner and Tenant, and no oral statements or representations not contained in this Agreement shall be of any force and effect between said parties. This Lease shall not be modified or amended in any manner except by written instrument executed by the parties.

33. **Applicable Law.** This Lease is entered into in the County of Gunnison and State of Colorado, and it is agreed that the proper jurisdiction and venue of any action pertaining to the interpretation or enforcement of this Lease shall be in the District Court of Gunnison County, Colorado.

34. **Mediation.** Owner and Tenant expressly agree that neither shall have the right to bring any dispute relating to this Agreement to a court of law in any jurisdiction without

first submitting the matter to mediation. Mediation may be initiated by either party, although both parties shall share the cost of such mediation equally. Prior to bringing the action into a court of law, the parties must attend and participate in at least two (2) full mediation sessions. The mediator chosen must be agreeable to both parties.

35. **Attorneys' Fees.** It is agreed that if any action is brought in a court of law by either party to this Lease as to the enforcement, interpretation or construction of this Lease, or any document provided for herein, the prevailing party in such action shall be entitled to reasonable attorneys' fees as well as all costs incurred in the prosecution or defense of such action.

36. **Captions.** Owner and Tenant agree that the headings and captions contained in this Lease are inserted for the convenience of reference only and are not to be deemed a part of, not to be used in, construing this Lease.

37. **Binding Agreement.** Except as provided in paragraph 14, it is understood and agreed that this Agreement shall be binding upon the heirs, personal representatives and assigns of the parties hereto.

38. **Renewal of Lease.** Tenant shall have the opportunity to renew this Lease for two additional five year terms subject to the following conditions:

38.1 Tenant shall give to Owner written notice of its intention to renew this Lease not less than 60 days prior to the termination date of this Lease.

38.2 Owner and Tenant shall use good faith efforts to determine the then fair market value of rental of the property and acceptable term of the lease. If the parties cannot agree as to the rental amount or term of the Lease, Owner shall not be obligated to enter into any renewal of this Lease if Owner and Tenant cannot:

IN WITNESS WHEREOF, this Lease is executed the day and year first written above.

OWNER:

Industrial LLC, a Colorado limited liability company

By: _____
Valarie Schmalz, Manager

TENANT:

CANNATONIC, a Colorado limited liability company

By: _____
Thomas Schmalz, Member

By: _____
Kelly Schmalz, Member

Property Location and Legal Description of Property:

1. **Legal Description**
    a. Lot 5 Signal Peak Industrial Park Filing 1 #570706. See attached copy of Deed.
2. **Property Address**
    a. 400 Industrial Park Road Gunnison, CO
3. **Common Description**
    a. The planned commercial grow site is 3 miles East of Gunnison on Highway 50. Proceed .2 miles South on Industrial Park Road. The Building is on the West side of Industrial Park Road.

Section 9-104: Marijuana Cultivation, Manufacturing or Testing Facility H:

1. **In the process of licensing**
2. **There will be no residential use in the structure or on the property.**

3A. Odor: The applicants will utilize carbon filtration to mitigate odors. Australian RC-48 Carbon is extremely effective for neutralizing airborne odor particles. Due to density and surface area of RC-48 particulate carbon, we feel it is the best choice available as of now. Any air leaving the building will be filtered. Odor neutralizers will also be utilized throughout the building.

3B. Adequate Water Supply: The building is served by a commercial well.

3C. Adequate Waste Water Treatment System: The building is served by an ISDS. On October 7th, 2014 the entire drain system was cleaned and inspected. The septic tank was pumped and inspected. The drain field was also inspected. Everything is functioning properly.

3D. Adequate Parking: There are approximately five parking spaces in the front of the building. There is also a loading/unloading zone in front of the garage door. All spaces will fit a full sized truck. Vehicles may turn around in the parking area, without causing congestion to the street.

3E. Adequate Public Infrastructure: Industrial Park Road is the only road into the Signal Peak Industrial Park. It is a maintained public road. There is adequate power available along with phone and internet access. The applicants proposed grow will only require added power service to the existing building.

3F. Security: An alarm system and surveillance cameras will be installed in the front and back of the exterior of the building. In each restricted access room and entrances, cameras will be installed. High security door locks will be on all exterior doors. Entrance into restricted access areas will be locked as well. The one window in the building will be reinforced with steel. All cannabis products will be stored in a large safe.

3G. Fire Safety: Fire extinguishers will be installed in all applicable rooms. The alarm system will include fire detection. Lighted "Exit" signs will also be installed. No hazardous chemicals or fertilizers will be used or stored on site. Consumer cleaning products will be the harmful chemicals in the building. Plant fertilizers utilized are made from sugar cane.

3H. Waste Disposal: Any plant related trash will be composted and reused. The composting will take place in a secure area. A dumpster will accommodate any trash that is not plant related.

3I. Environmental Impacts: Any air to leave the building will be filtered. There will be no waste water from the plants. All activity will take place inside the building.

3J. Visual Resources: No changes will be made to the outside of the building; therefore will not cause any problems with adjacent uses. There will not be any visible signs or advertisements on the building. There is only one window in the building, therefore ambient light will not impact any neighboring properties.

4. **Operation Conducted Within Building:** All operations will be conducted indoors.
5. **Compliance with State and County Regulations:** The applicants will comply with all applicable local and state regulations. Applicants will receive all required licensing and training before opening.
6. **Complies with Deed Restrictions or Protective Covenants:** There are no deed restrictions or protective covenants in place.
7. **Complies with Applicable Codes:** The applicants will comply with all applicable building codes and licensing requirements. The applicants will also follow any CDPHE codes and fire protection requirements.

Project Description:

Kelly and Thomas Schmalz want to open a commercial cannabis grow in an existing building in the Signal Peak Industrial Park. The name of the company will be Cannatonic, LLC. The building is currently empty shop space/storage. The area West of the building is used for outdoor storage and will remain unaffected by the new business.

Electrical upgrades will be made and include: increased power supply to building, interior wiring and receptacle upgrades, additional fixtures and receptacles added, shielded, downward facing exterior lights and climate control. Plumbing upgrades will include a water filtration system. Four shipping containers are behind the building which might be used for

future grow space. If used, they will be secured and attached to the building. There will be 2-3 vehicles in addition to the applicant's vehicle while the upgrades take place. The haul route for all vehicles will be from Highway 50 to Industrial Park Road. Proceed south until 400 Industrial Park Road is on the right. The parking area is in front of the building.

The applicants plan to grow organically in soil. There will be virtually no waste, harmful fertilizers/chemicals or waste water from the plants. Plant waste will be composted and reused. Fire extinguishers and lit "exit" signs will be added for fire safety. An alarm and surveillance system will also be added to the building.

Harmonious Land Use: No changes will be made to the outside of the building; therefore will not cause any problems with adjacent uses. Nearby uses are industrial and include: a cement plant, storage facilities, an asphalt hot plant and a gravel pit. The applicants plan to use the "Good Neighbor Policy". There will not be any visible signs or advertisements on the building. There is not a Property Owners Association in the Signal Peak Industrial Park.

Odor: The applicants will utilize carbon filtration to mitigate odors. Australian RC-48 Carbon is extremely effective for neutralizing airborne odor particles. Due to density and surface area of RC-48 particulate carbon, we feel it is the best choice available as of now. Any air leaving the building will be filtered. Odor neutralizers will also be utilized throughout the building.

Present Land Use:

Currently the building is used for storage for Schmalz Construction and Gunnison Construction & Septic. The building is 3,155 square feet located on 1.19 acres and sits on the Southeast corner of the lot facing Industrial Park Road. The setbacks are: front 45' sideyard 15'.

Previously-Approved Uses

N/A

Characteristics and Current Condition of Land

- 1.19 acre lot
- Streams: None
- Irrigation ditches: Biebel ditch borders the property to the north.
- Ponds: None
- Soils: The lot has been built up in the past. Consists of local soils.
- Roads: The lot is bordered to the East by Industrial Park Road. There is a small driveway on the south end of the lot leading to the storage area in the back of the lot.
- Vegetation: The lot is mostly clear of vegetation. A group of willow bushes and native grasses border the ditch to the north.
- Geologic Hazards: N/A
- Any work that has been done to clear the property: N/A

Affected Landowners

Affected Owner Name	Parcel Location Relative to Proposed Land Use Change Parcel	Current Land Use on Adjacent Parcel
Varra Jacqueline Varra Pasquale Etal	• 270 Industrial Park Road • Two lots North	Residential
Mick Justin Howard Etal Mick Stephanie Jean	• 350 Industrial Park Road • One lot North	Mixed use
Rivers Edge Property LLC	• 100 Industrial Park Road • Four lots North	Mixed use
Signal Peak Self Storage LLC	• 375 Industrial Park Road • Across Industrial Park Road. Northeast of proposed lot	Commercial
Cooper Hamilton B	• 590 Industrial Park Road • Three lots South	Residential
Gunnison Valley Properties LLC C/O Byron	• 43188 US Highway 50 • Large ranch property directly West of proposed lot.	Agricultural
Edwards W K	• 43950 US Highway 50 • Northeast of proposed lot. Borders Highway 50	Agricultural
Sitts Anthony J	• 435 Industrial Park Road • Across Industrial Park Road. East of proposed lot	Mixed use
Oldcastle SW Group Inc	• 200 Industrial Park Road • Three lots North	Mixed use
Oldcastle SW Group Inc	• 450 Industrial Park Road • One lot South	Commercial
Oldcastle SW Group Inc	• 535 Industrial Park Road • Across Industrial Park Road. Southeast of proposed lot	Mixed use
Oldcastle SW Group Inc	• 585 Industrial Park Road • Southeast of proposed lot	Vacant
Lone Oak LP	• 43990 US Highway 50 • Gravel pit Southeast of proposed lot	Agricultural
Division of Wildlife	• No physical address • The field Southwest of proposed location	Exempt
Varra Companies LLC	• 500 Industrial Park Road • Two lots South	Commercial

INDUSTRIAL LLC
P.O. Box 1105
Gunnison, CO 81230

Gunnison County
Community Development Department
221 N. Wisconsin St.
Gunnison, CO 81230

Re: 400 Industrial Park Road

Dear Sirs:

This letter will serve as confirmation that Cannatonic LLC, a Colorado limited liability company, and its principals, Thomas Schmalz and Kelly Schmalz, are authorized to file and prosecute a land use change application for purposes of establishing a commercial cannabis growing operation on the property located at 400 Industrial Park Road, Gunnison, CO 81230, the legal description of which is:

Lot 5, SIGNAL PEAK INDUSTRIAL PARK, FILING N0. 1, according to the Amended Plat thereof filed for record August 19, 1980 bearing Reception No. 352398,

County of Gunnison,
State of Colorado.

Signed this 20 day of October, 2014.

INDUSTRIAL LLC, a Colorado limited liability company

By: _____
Valerie Y. Schmalz, Manager

STATE OF COLORADO)
) ss.
COUNTY OF Gunnison)

The foregoing instrument was acknowledged before me this 20th day of October, 2014, by Valerie Y. Schmalz, as Manager of Industrial LLC, a Colorado limited liability company.

Witness my hand and official seal.
My commission expires: 11-22-2018

NOTARY PUBLIC
MIGUEL MARQUEZ
STATE OF COLORADO

_____
Notary Public

S Dominguez Gunnison County, CO
9/29/2014 1:54:28 PM
488

629117
Page 1 of 1
R 11.00 D 0.00

GENERAL WARRANTY DEED

COMMERCIAL LLC, a Colorado limited liability company, hereby sells and conveys to **INDUSTRIAL LLC, a Colorado corporation**, whose address is P.O. Box 1105, Gunnison, CO 81230, the following real property in the County of Gunnison, State of Colorado:

Lot 5, SIGNAL PEAK INDUSTRIAL PARK, FILING N0. 1, according to the Amended Plat thereof filed for record August 19, 1980 bearing Reception No. 352398,

County of Gunnison,
State of Colorado.

with all its appurtenances, and warrants the title to the same free and clear of any liens and encumbrances except reservations and exceptions contained in the patent from the United States of America, all easements and rights of way in place or of record, and real property taxes for 2013 due and payable in 2014.

Signed this 29 day of September, 2014.

COMMERCIAL LLC, a Colorado limited liability company

By: _____
Valerie Y. Schmalz, Manager

STATE OF COLORADO)
) ss.
COUNTY OF Gunnison)

The foregoing instrument was acknowledged before me this 29 day of September, 2014, by Valerie Y. Schmalz, as Manager of Commercial LLC, a Colorado limited liability company.

Witness my hand and official seal.
My commission expires: Aug 9, 2016.

_____
Notary Public

JESSICA MAST
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID #20124050417
My Commission Expires August 9, 2016

GENERAL WARRANTY DEED

DONALD F. SCHMALZ and VALERIE Y. SCHMALZ, for good and valuable consideration in hand paid, hereby sell and convey to **COMMERCIAL, LLC, a Colorado limited liability company**, whose address is P.O. Box 1105, Gunnison, Colorado 81230, the following real property in the County of Gunnison, and State of Colorado, to wit:

Lot 5, SIGNAL PEAK INDUSTRIAL PARK, FILING NO. 1, according to the Amended Plat thereof filed for record August 19, 1980 bearing Reception No. 352398,

County of Gunnison,
State of Colorado,

with all appurtenances, and warrant the title to the same, subject to:

1. Subject to reservations and exceptions contained in the patent from the United States of America;
2. All easements and rights of way in place or of record; and
3. Taxes and assessments for 2006 due and payable the following year.

Executed this 6th day of November 2006.

Donald F. Schmalz

Valerie Y. Schmalz

STATE OF COLORADO)
) ss.
County of Gunnison)

The foregoing instrument was acknowledged before me this 6th day of November, 2006 by Donald F. Schmalz and Valerie Y. Schmalz.

Witness my hand and official seal.
My commission expires: August 29, 2007

COLETTE A. PERUSEK NOTARY PUBLIC STATE OF COLORADO

Colette A. Perusek
Notary Public

S Dominguez Gunnison County, CO 570706
11/7/06 3:41 PM Pg: 1 of 1
486 R: $6.00 D: $0.00

File No. 16,661

Wilderson, O'Hayre, Dawson & Norris, P.C., P.O. Box 179, Gunnison, CO 81230, (970) 641-3326

Assessor Quick Links

Gunnison Assessor Home

Find Property Records

Gunnison County COLORADO

Assessor Property Record Search

Owner and Parcel Information

Owner Name & Mailing Address

COMMERCIAL LLC
PO BOX 1105
GUNNISON, CO 81230-1105

Business Name: SCHMALZ CONTRUCTION STORAGE

Today's Date: October 6, 2014
Appraisal Year: 2014

Account Number: R017299
Parcel Number: 3789-030-02-005
Account Type: Commercial
Economic Area: Econ Area 1
Tax District: 601
Mill Levy: 50.446

Property Location: 400 INDUSTRIAL PARK RD, GUNNISON
Neighborhood: SIGNAL PEAK
LEA: SIGNAL PEAK I (12530)
Subdivision: SIGNAL PEAK INDUSTRIAL PK 1&2
Condo:
Legal Description: LOT 5 SIGNAL PEAK INDUSTRIAL PARK FILING 1 #570706
TOTAL PARCEL = 1.19 AC
Parcel Notes BSD #570711 WATER RIGHTS NOV 7 2006
STMNT OF AUTHORITY #570694 COMMERCIAL LLC NOV 7 2006

Parcel Map Show Parcel Map
Building Photos Building Images
Building Sketches Building Sketches
Generate Neighboring Owner List by Distance
Search Sales By Subdivision

2014 Assessment Information

Land Actual Value	Land Assessed Value	Building Actual Value	Building Assessed Value	Total Actual Value	Total Assessed Value
$75,100	$21,780	$151,740	$44,000	$226,840	$65,780

Prior Year Assessment Information

Year	Actual Value	Assessed Value	Mill Levy	Ad Valorem Taxes
2013	$226,840	$65,780	50.446	$3,318.33
2012	$263,710	$76,470	44.797	$3,425.62
2011	$263,710	$76,470	44.988	$3,440.23
2010	$218,550	$63,380	41.575	$2,635.02
2009	$218,550	$63,380	40.414	$2,561.44
2008	$243,950	$70,750	42.029	$2,973.56
2007	$243,950	$70,750	36.828	$2,605.60
2006	$173,980	$50,460	44.434	$2,242.12

Contact the Treasurer's Office for current property tax amount due. Do not use the figures above to pay outstanding property taxes.

Land Information

Land Description	Land Type	Acres	Site Access	Electricity	Sewer	Water	Other Attributes
WAREHOUSE/STORAGE-LAND	Commercial	1.190	YEAR ROUND	YES	ISDS SEPTIC SYSTEM INSTALLED	WELL INSTALLED	LAND TYPE - MEADOW

Sales Information

Sale Date	Sale Amount	Grantor	Grantee	Vacant or Improved (at time of sale)	Reception #	Deed Type
11/06/2006		SCHMALZ DONALD F ETAL	COMMERCIAL LLC	N/A	570711	BARG & SALE DEED - NO FEE
11/06/2006		SCHMALZ DONALD F ETAL	COMMERCIAL LLC	N/A	570706	GEN WARR DEED - NO FEE
01/07/1993	$8,000	Unknown	Unknown	Vacant	B000718P0006	WARRANTY DEED - FEE

Building Information

Building Number 1:

Occupancy Type	WAREHOUSE	**Quality of Construction**	Low	**Stories**	1	**Primary Heating System**	
Building Description	Light Commercial Commodity Warehouse	**Exterior Condition**	Average	**Roof**		**Domestic Hot Water**	

GUNNISON COUNTY, COLORADO
BUILDING PERMIT and APPLICATION

C13-92

Date March 16, 1993

Valuation 36,000 — **Fee** 323.50 **Zoning**

Contractor owner **Phone**

Owner Donald & Valerie Schmaltz

Address Box 1105 Gunnison **Phone**

Lot 5 **Block** **Subdivision** Sugar Park **Filing**

Building Site Address 400 Industrial Park

Required Setbacks: Front 45 **Sideyard** 15 **Rear**

Easements: Sideyard **Rear** **Other** **Height**

Sewage Disposal: Principal **Individual** **Comments**

Construction to Consist of: Construction of [illegible] building footings & foundation engineered by [illegible]

X

Permittee

Occupancy B-4 **Type** III

Variance Required? Yes **No** X **Date Granted**

Special Remarks: 3 lbs# foundation $11.30#

Other Permits Required: Plumbing/Heating **Electrical** X **Septic**

Other:

Water Tap Size **Sewer Tap: Residential** **Commercial**

THIS PERMIT BECOMES INVALID IF AFTER 120 DAYS WORK IS NOT COMMENCED AND IS INVALID AFTER 120 DAYS IF WORK IS SUSPENDED OR ABANDONED. THIS PERMIT MAY BE SUSPENDED OR REVOKED IF ISSUED IN ERROR OR BASED UPON INCORRECT INFORMATION. (U.B.C. 302d — 303d. e.) THIS PERMIT IS VALID FOR ONE YEAR AFTER ISSUANCE.

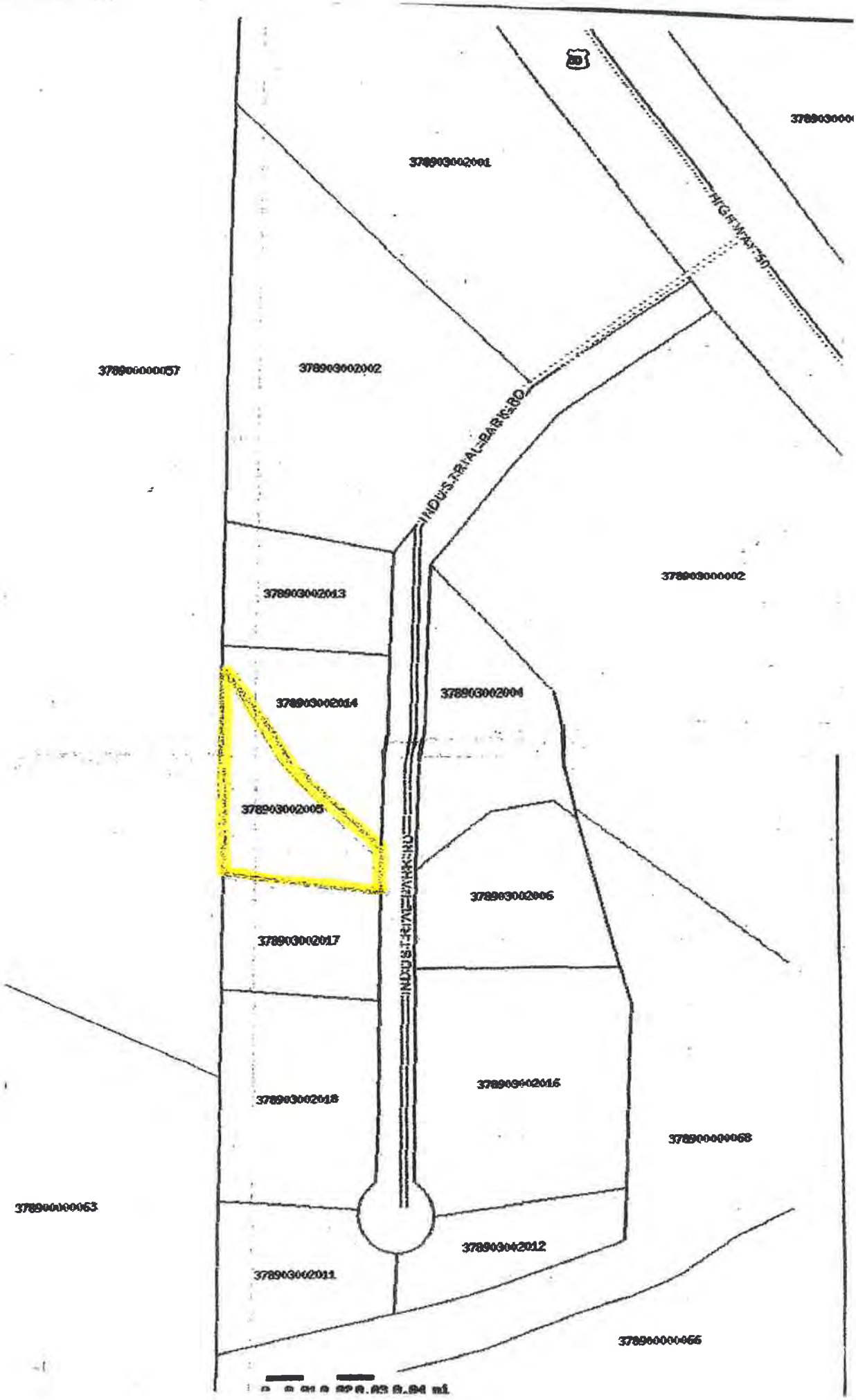
Permit Validation Building Official

	ACCOUNT NUMBER	AMOUNT
Building Permit		
Sewer Tap		
Septic Permit		
Other:		
TOTAL AMOUNT DUE		

– APPLICATION –

– BUILDING PERMIT –

– FEE SCHEDULE –


378903002001
378903002002
378900000057
INDUSTRIAL BARG RD
HIGHWAY 50
378903000002
378903002013
378903002014
378903002004
378903002005
INDUSTRIAL PARK RD
378903002006
378903002017
378903002016
378903002018
378900000068
378900000063
378903002012
378903002011
378900000066

Gunnison County
COLORADO

Assessor Property Record Search

500 Feet Refresh With New Distance

Print Mailing Labels at 500 Feet

Count	Parcel #	Owner	Address	City	State	Zip
1	3789-030-02-013	VARRA JACQUELINE VARRA PASQUALE ETAL	8120 GAGE ST	FREDERICK	CO	80516
2	3789-030-02-014	MICK JUSTIN HOWARD ETAL MICK STEPHANIE JEAN	8491 CALUMET WAY	WELLINGTON	CO	80549
3	3789-030-02-004	SIGNAL PEAK SELF STORAGE LLC	1641 COUNTY ROAD 771	OHIOCITY	CO	81237
4	3789-030-02-011	COOPER HAMILTON B	124 N OVERLAND TRL	FORTCOLLINS	CO	80521
5	3789-000-00-057	GUNNISON VALLEY PROPERTIES LLC C/O BYRON	864 W SOUTH BOULDER RD	LOUISVILLE	CO	80027
6	3789-030-00-002	EDWARDS W K	PO BOX 1003	GUNNISON	CO	81230
7	3789-030-02-006	SITTS ANTHONY J	111 W 2ND ST	ELLINWOOD	KS	67526
8	3789-030-02-017	OLDCASTLE SW GROUP INC	2273 RIVER RD	GRANDJUNCTION	CO	81505
9	3789-030-02-005	COMMERCIAL LLC	PO BOX 1105	GUNNISON	CO	81230
10	3789-030-02-012	OLDCASTLE SW GROUP INC	2273 RIVER RD	GRANDJUNCTION	CO	81505
11	3789-000-00-068	LONE OAK LP	43990 US HIGHWAY 50	GUNNISON	CO	81230
12	3789-030-02-018	VARRA COMPANIES INC	8120 GAGE ST	FREDERICK	CO	80516
13	3789-030-02-002	OLDCASTLE SW GROUP INC	2273 RIVER RD	GRANDJUNCTION	CO	81505
14	3789-000-00-063	DIVISION OF WILDLIFE	6060 BROADWAY	DENVER	CO	80216
15	3789-030-02-001	RIVERS EDGE PROPERTY LLC	100 INDUSTRIAL PARK RD	GUNNISON	CO	81230
16	3789-030-02-016	OLDCASTLE SW GROUP INC	2273 RIVER RD	GRANDJUNCTION	CO	81505
17	---					

Site Plan / Layout

Google earth feet 200 meters 80

+ Water Well

Septic System

Loading Area

Storage Containers

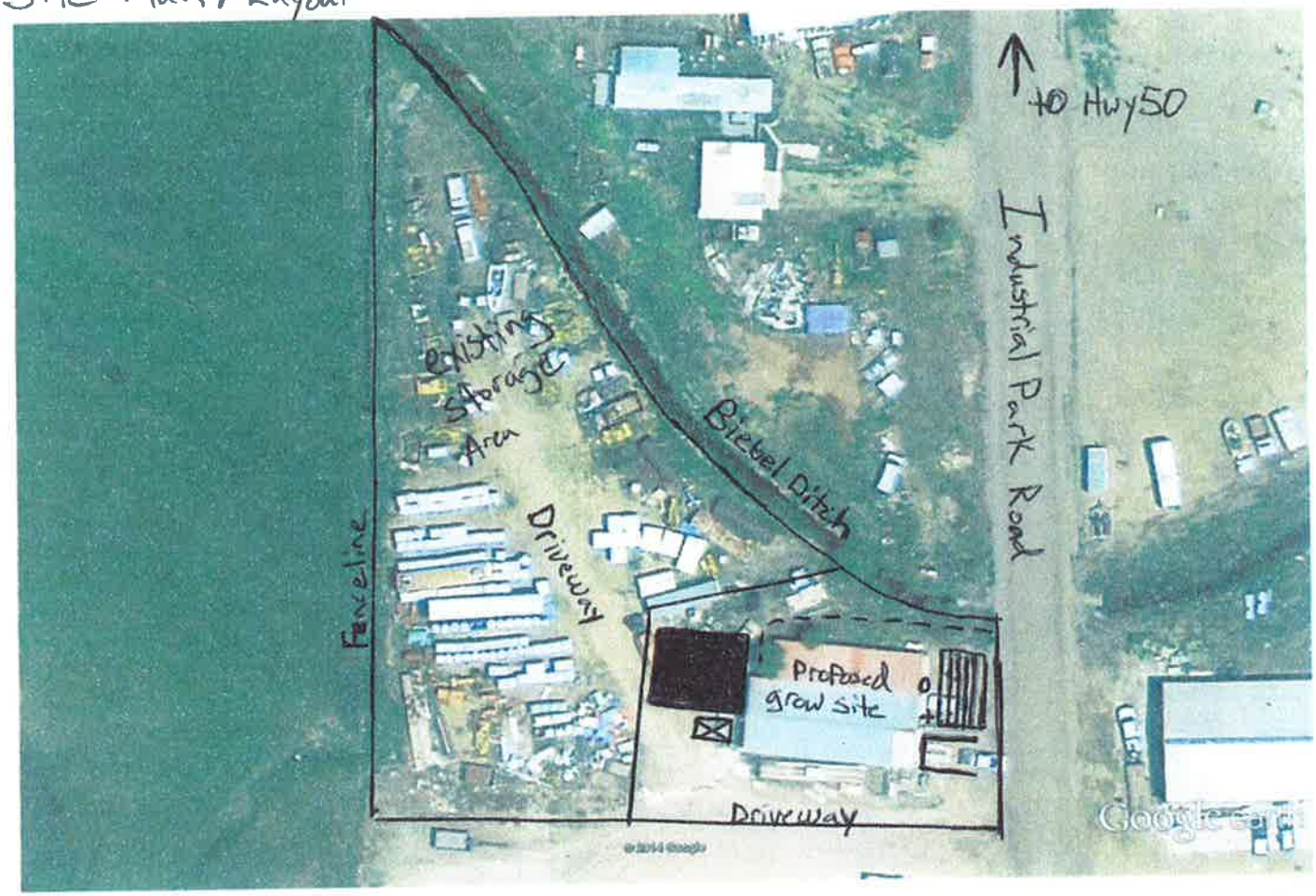
Parking Area

---- Power/Phone service

O- Shielded, downfacing exterior lighting

* 400 Industrial Park Road
* Existing Storage area will remain as is
* Proposed grow site is inside the existing building and attached containers.

Site Plan / Layout



+ Water Well

⊠ Septic System

⊏ Loading Area

■ Storage Containers

▥ Parking Area

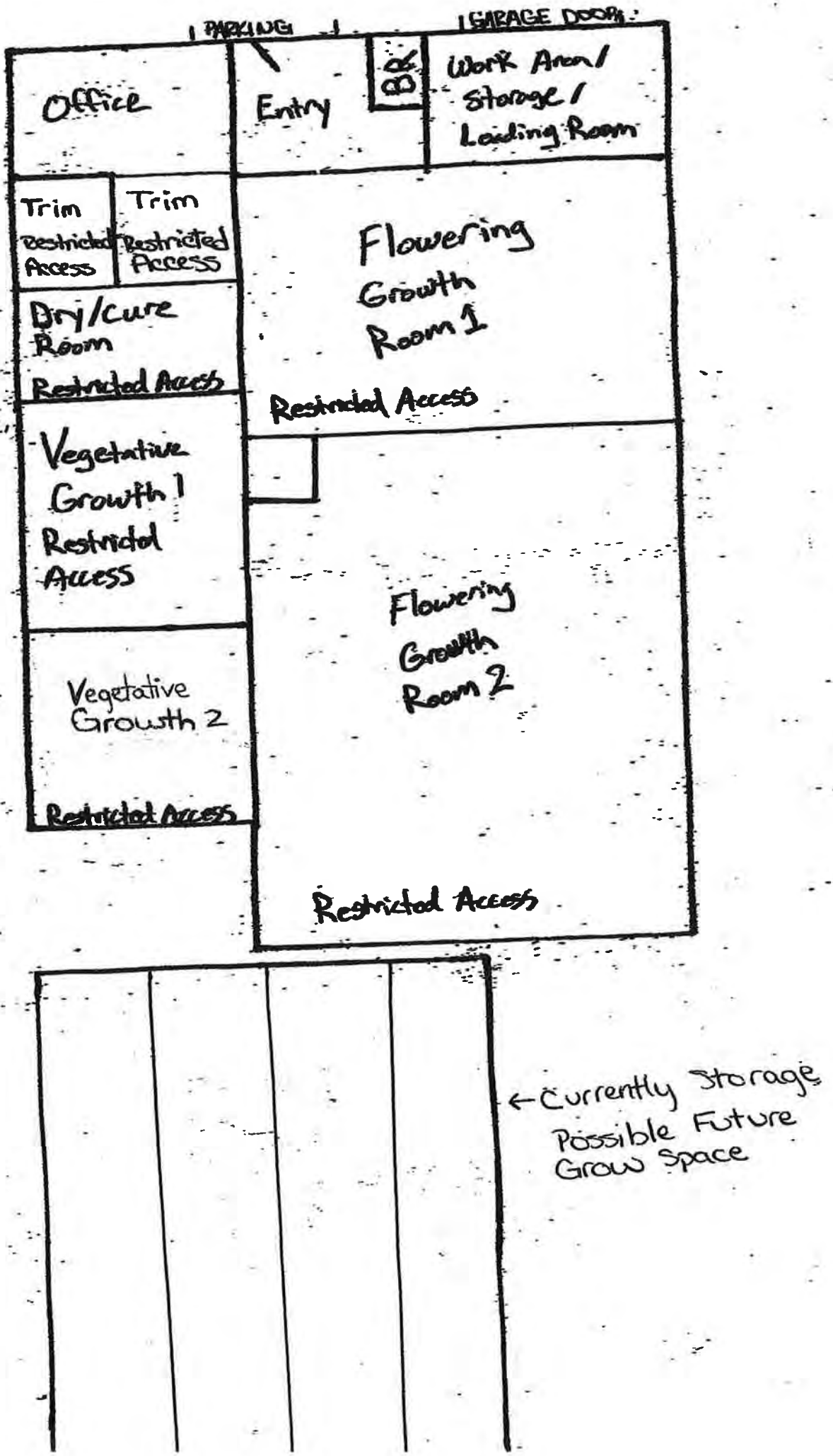
- - - - Power/Phone service

o- Shielded, downfacing exterior lighting

* 400 Industrial Park Road
* Existing Storage area will remain as is
* Proposed grow site is inside the existing building and attached containers.

SCANNED

FLOOR PLAN


PARKING
GARAGE DOOR
Office
Entry
Work Area / Storage / Loading Room
Trim
Restricted Access
Trim
Restricted Access
Dry/Cure Room
Restricted Access
Flowering Growth Room 1
Restricted Access
Vegetative Growth 1
Restricted Access
Flowering Growth Room 2
Restricted Access
Vegetative Growth 2
Restricted Access
Restricted Access
← Currently Storage
Possible Future Grow Space

Nearby Construction Materials Processing

Google earth feet 1000 meters 500

X proposed commercial grow site

1. United Companies Cement Plant

2. United Companies Asphalt Hot Plant

3. United Companies Gravel Pit

Receipt # 1087081
Transaction # 83080324293866
Transaction Date 04/30/2014

Date Receipt Printed
08/20/2014

CURRENT TAX YEAR INFORMATION

Account # R017299

Parcel # 378903002005

Property Address
400 INDUSTRIAL PARK RD
GUNNISON

Owner
COMMERCIAL LLC
PO BOX 1105
GUNNISON, CO 812301105

Legal LOT 5 SIGNAL PEAK INDUSTRIAL PARK FILING 1 #570706

Actual Value	Assessed Value	Tax District	Mill Levy
$226,840.00	$65,780.00	601	50.446

PAID	Tax Year:	Bill Item Type:	Amount:	Description:
	2013	AD VALOREM	$3,318.33	FULL YEAR
		Bill Annual Total:		$3,318.33
		Account Total:		**$3,318.33**

Receipt # 1087082
Transaction # 83080324293866
Transaction Date 04/30/2014

Date Receipt Printed
08/20/2014

CURRENT TAX YEAR INFORMATION

Account # R002318

Parcel # 378702147010

Property Address
711 W RIO GRANDE AVE
GUNNISON 81230

Owner
COMMERCIAL LLC
PO BOX 1105
GUNNISON, CO 812301105

Legal LOTS 1-4 BLK 14 RIO GRANDE ADDN #570700

Actual Value	Assessed Value	Tax District	Mill Levy
$157,090.00	$45,560.00	100	49.778

PAID	Tax Year:	Bill Item Type:	Amount:	Description:
	2013	AD VALOREM	$2,267.87	FULL YEAR
	2013	ADJUSTMENT	$12.74	FULL YEAR
		Bill Annual Total:		$2,280.61
		Account Total:		**$2,280.61**

ATTACHMENT B:

Public Notice.

NOTICE OF A PUBLIC HEARING CONCERNING A MARIJUANA CULTIVATION FACILITY LICENSE FOR CANNATONIC, LLC LOCATED AT 400 INDUSTRIAL PARK ROAD, GUNNISON, CO LOT 5, SIGNAL PEAK INDUSTRIAL PARK FILING 1

HEARING DATE, TIME AND LOCATION: The Gunnison County Board of County Commissioners **on Tuesday, December 16, 2014 at 9:05 a.m.** in the Planning Commission Meeting Room, 2nd Floor, Blackstock Government Center, 221 N. Wisconsin St. Gunnison, Colorado, will hold a public hearing to hear public comment concerning a Marijuana Facility License application for a new marijuana cultivation facility to be located in an existing building at 400 Industrial Park Road.

APPLICANT: The applicant is Cannatonic LLC, represented by Kelly Schmalz.

PARCEL LOCATION: The parcel on which the Marijuana Facility License is proposed is located at 400 Industrial Park Rd, Lot 5 Signal Peak Industrial Park Filing 1.

PROPOSAL: The applicant is proposing to locate a Marijuana Cultivation Facility in an existing building at 400 Industrial Park Rd.

PUBLIC PARTICIPATION: The public is invited to submit verbal or written comments at the hearing, or to submit written comments by email: planning@gunnisoncounty.org; fax (970) 641-8585, or letter (Community Development, 221 N. Wisconsin, Suite D, Gunnison, CO 81230), so long as they are received by 5 p.m. the afternoon before the date of the meeting so that they may be submitted for the public record during the hearing. A copy of the application is available in the Community Development Department, 221 N. Wisconsin, Suite D, Gunnison, CO; additional information may be obtained by calling the Community Development Department (970) 641-0360. The application can be viewed at the County's web site at: http://204.132.78.100/citizenaccess/ Application #:MJ-14-00218. For more information regarding this application please contact Russell Forrest at 970-641-7929.

ADA ACCOMMODATIONS: Anyone needing special accommodations as determined by the *American Disabilities Act* may contact the Planning Department prior to the day of the hearing.

/s/ Russell Forrest
Community Development Director