



TOWN OF PAONIA
TUESDAY, NOVEMBER 09, 2021
WORK SESSION 5:00 PM
REGULAR MEETING 6:30PM

APPROPRIATE AND CORRECTLY WORN FACE MASKS ARE REQUIRED WHILE ATTENDING BOARD MEETINGS. SHOULD YOU BE UNABLE TO WEAR A FACE MASK YOU CAN VIEW THE MEETING VIA THE TOWN OF PAONIA YOUTUBE CHANNEL.

Work Session

- . Work Session Roll Call
- . 2022 Proposed Budget

Roll Call

Approval of Agenda

Announcements

- . Announcements
- . Oath of Office - Police Officer Lance Kramer

Recognition of Visitors & Guests

1. Visitors & Guests

Staff Reports

2. Administrator's Report
Town Attorney Report

Disbursements

3. Disbursements

Consent Agenda

4. Regular Minutes:
10/26/2021
Special Minutes:
10/28/2021

Public Hearing

5. Public Hearing - DMT Paonia, LLC Regulated Marijuana License
6. Public Hearing - Paonia Purple, Inc. Regulated Marijuana License
7. Public Hearing - Valley High, LLC Regulated Marijuana License

New Business

8. Executive Session

For discussion of a personnel matter under C.R.S. Section 24-6-402(4)(f) and not involving: any specific employees who have requested discussion of the matter in open session; any member of this body or any elected official; the appointment of any person to fill an office of this body or of an elected official; or personnel policies that do not require the discussion of matters personal to particular employees; specific to the Town Administrator Corinne Ferguson Administrator Contract.

9. Town Administrator Contract Review

[10.](#) Impact Fee from Enterprise Funds to Streets Capital Fund Discussion

Unfinished Business

[11.](#) Main Avenue Fence

[12.](#) Resolution 2021-08 Town Participation in the National Opioid Settlement in Support of The State of Colorado

[13.](#) Town of Paonia Purchasing Policy Updates including Non-Essential Purchases

[14.](#) Town Treasurer Position

Mayor's Report

[15.](#) Mayor's Report

Adjournment

[16.](#) Adjournment

I. RULES OF PROCEDURE

Section 1. Schedule of Meetings. Regular Board of Trustees meetings shall be held on the second and fourth Tuesdays of each month, except on legal holidays, or as re-scheduled or amended and posted on the agenda prior to the scheduled meeting.

Section 2. Officiating Officer. The meetings of the Board of Trustees shall be conducted by the Mayor or, in the Mayor's absence, the Mayor Pro-Tem. The Town Clerk or a designee of the Board shall record the minutes of the meetings.

Section 3. Time of Meetings. Regular meetings of the Board of Trustees shall begin at 6:30 p.m. or as scheduled and posted on the agenda. Board Members shall be called to order by the Mayor. The meetings shall open with the presiding officer leading the Board in the Pledge of Allegiance. The Town Clerk shall then proceed to call the roll, note the absences and announce whether a quorum is present. Regular Meetings are scheduled for three hours, and shall be adjourned at 9:30 p.m., unless a majority of the Board votes in the affirmative to extend the meeting, by a specific amount of time.

Section 4. Schedule of Business. If a quorum is present, the Board of Trustees shall proceed with the business before it, which shall be conducted in the following manner. Note that all provided times are estimated:

- (a) Roll Call - (5 minutes)
- (b) Approval of Agenda - (5 minutes)
- (c) Announcements (5 minutes)
- (d) Recognition of Visitors and Guests (10 minutes)
- (e) Consent Agenda including Approval of Prior Meeting Minutes (10 minutes)
- (f) Mayor's Report (10 minutes)
- (g) Staff Reports: (15 minutes)
 - (1) Town Administrator's Report
 - (2) Public Works Reports
 - (3) Police Report
 - (4) Treasurer Report
- (h) Unfinished Business (45 minutes)
- (i) New Business (45 minutes)
- (j) Disbursements (15 minutes)
- (k) Committee Reports (15 minutes)
- (l) Adjournment

* This schedule of business is subject to change and amendment.

Section 5. Priority and Order of Business. Questions relative to the priority of business and order shall be decided by the Mayor without debate, subject in all cases to an appeal to the Board of Trustees.

Section 6. Conduct of Board Members. Town Board Members shall treat other Board Members and the public in a civil and polite manner and shall comply with the Standards of Conduct for Elected Officials of the Town. Board Members shall address Town Staff and the Mayor by his/her title, other Board Members by the title of Trustee or the appropriate honorific (i.e.: Mr., Mrs. or Ms.), and members of the public by the appropriate honorific. Subject to the Mayor's discretion, Board Members shall be limited to speaking two times when debating an item on the agenda. Making a motion, asking a question or making a suggestion are not counted as speaking in a debate.

Section 7. Presentations to the Board. Items on the agenda presented by individuals, businesses or other organizations shall be given up to 5 minutes to make a presentation. On certain issues, presenters may be given more time, as determined by the Mayor and Town Staff. After the presentation, Trustees shall be given the opportunity to ask questions.

Section 8. Public Comment. After discussion of an agenda item by the Board of Trustees has concluded, the Mayor shall open the floor for comment from members of the public, who shall be allowed the opportunity to comment or ask questions on the agenda item. Each member of the public wishing to address the Town Board shall be recognized by the presiding officer before speaking. Members of the public shall speak from the podium, stating their name, the address of their residence and any group they are representing prior to making comment or asking a question. Comments shall be directed to the Mayor or presiding officer, not to an individual Trustee or Town employee. Comments or questions should be confined to the agenda item or issue(s) under discussion. The speaker should offer factual information and refrain from obscene language and personal attacks.

Section 9. Unacceptable Behavior. Disruptive behavior shall result in expulsion from the meeting.

Section 10. Posting of Rules of Procedure for Paonia Board of Trustees Meetings. These rules of procedure shall be provided in the Town Hall meeting room for each Board of Trustees meeting so that all attendees know how the meeting will be conducted.

II. CONSENT AGENDA

Section 1. Use of Consent Agenda. The Mayor, working with Town Staff, shall place items on the Consent Agenda. By using a Consent Agenda, the Board has consented to the consideration of certain items as a group under one motion. Should a Consent Agenda be used at a meeting, an appropriate amount of discussion time will be allowed to review any item upon request.

Section 2. General Guidelines. Items for consent are those which usually do not require discussion or explanation prior to action by the Board, are non-controversial and/or similar in content, or are those items which have already been discussed or explained and do not require further discussion or explanation. Such agenda items may include ministerial tasks such as, but not limited to, approval of previous meeting minutes, approval of staff reports, addressing routine correspondence, approval of liquor licenses renewals and approval or extension of other Town licenses. Minor changes in the minutes such as non-material Scribner errors may be made without removing the minutes from the Consent Agenda. Should any Trustee feel there is a material error in the minutes, they should request the minutes be removed from the Consent Agenda for Board discussion.

Section 3. Removal of Item from Consent Agenda. One or more items may be removed from the Consent Agenda by a timely request of any Trustee. A request is timely if made prior to the vote on the Consent Agenda. The request does not require a second or a vote by the Board. An item removed from the Consent Agenda will then be discussed and acted on separately either immediately following the consideration of the Consent Agenda or placed later on the agenda, at the discretion of the Board.

III. EXECUTIVE SESSION

Section 1. An executive session may only be called at a regular or special Board meeting where official action may be taken by the Board, not at a work session of the Board. To convene an executive session, the Board shall announce to the public in the open meeting the topic to be discussed in the executive session, including specific citation to the statute authorizing the Board to meet in an executive session and identifying the particular matter to be discussed "in as much detail as possible without compromising the purpose for which the executive session is authorized." In the event the Board plans to discuss more than one of the authorized topics in the executive session, each should be announced, cited and described. Following the announcement of the intent to convene an executive session, a motion must then be made and seconded. In order to go into executive session, there must be the affirmative vote of two thirds (2/3) of Members of the Board.

Section 2. During executive session, minutes or notes of the deliberations should not be taken. Since meeting minutes are subject to inspection under the Colorado Open Records Act, the keeping of minutes would defeat the private nature of executive session. In addition, the deliberations carried out during executive session should not be discussed outside of that session or with individuals not participating in the session. The contents of an executive session are to remain confidential unless a majority of the Trustees vote to disclose the contents of the executive session.

Section 3. Once the deliberations have taken place in executive session, the Board should reconvene in regular session to take any formal action decided upon during the executive session. If you have questions regarding the wording of the motion or whether any other information should be disclosed on the record, it is essential for you to consult with the Town Attorney on these matters.

IV. SUBJECT TO AMENDMENT

Section 1. Deviations. The Board may deviate from the procedures set forth in this Resolution, if, in its sole discretion, such deviation is necessary under the circumstances.

Section 2. Amendment. The Board may amend these Rules of Procedures Policy from time to time.

AGENDA SUMMARY FORM

	Work Session Roll Call		
Summary:			
Notes:			
Possible Motions:			
Motion by: _____ 2 nd : _____ vote: _____			
Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran

November 3, 2021

AGENDA SUMMARY FORM



2022 Proposed Budget – Continued
RCAC – Cost of Service Analysis Report

Summary:
Continued budget work session for Board review and direction regarding the 2022 budget.

Notes:

Possible Motions:

Motion by: _____ 2nd: _____ vote: _____

Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran:



Paonia Drinking Water Cost-of-Service Analysis

Rural Community
Assistance Corporation



November 2021

Author: Ty Long, RCAC

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Executive Summary

In August 2021 Paonia town staff reached out to RCAC to inquire about completing a cost-of-service analysis for the drinking water system. The town had multiple considerations they were hoping to address with the cost-of-service analysis:

1. Current financial sustainability given current expenses and revenues associated with the drinking water system.
2. The Town had recently completed an Asset Management Plan through SGM engineers as well as a Capital Improvement Plan (CIP) through JDS Hydro. Through both documents, Town staff were made aware of aging infrastructure. The analysis addressed future CIP projects and the associated impacts to future expenses.
3. Consider alternative rate structures and classifications and their associated impacts on revenue generated and affordability.

RCAC met with Town staff to acquire the needed documentation to complete the cost-of-service analysis and presented preliminary findings at a publicly held workshop on November 2, 2021, to the Board of Trustees, Paonia Town staff and community members.

Preliminary findings indicated that the Town's water enterprise was sufficient to meet debt service requirements and Operation & Maintenance expenses but was not fully funding a Capital Improvement Reserve.

During the publicly held workshop, the Board of Trustees asked to see multiple scenarios for rate increases as well as an alternative to reduce the number of tiers in their usage structure. Alternative tier structure is identified in Table 14.

Six (6) scenarios are provided in this document to the Board of Trustees found on pages 20-25 and include:

1. Do Nothing
2. Base rate increase needed to meet expectations found on page 19.
3. Annual base rate increases needed to meet expectations found on page 19.
4. Funding the CIP reserve for projects needing replacement in 30 years.
5. Funding the CIP reserve for projects needing replacement in 50 years.
6. An initial base rate increase plus annual base rate increases in subsequent years.

Scenarios 1, 4 & 5 would require no change to current rates to meet expectations found on page 19.

Scenarios 2, 3 & 6 best reflect the true cost-of-service of providing drinking water to customers. It is recommended that the Board of Trustees consider one of these three (3) scenarios as potential drinking water rates as best reflects their community priorities.

1 Introduction

1.1 Introduction

1.1.1

Founded in 1978, RCAC provides training, technical, and financial resources and advocacy so rural communities can achieve their goals. Since 1978, our dedicated staff and active board, coupled with our key values: leadership, collaboration, commitment, quality, and integrity, have helped effect positive change in rural communities across the West.

RCAC's work includes environmental infrastructure (water, wastewater and solid waste facilities); affordable housing development; economic and leadership development; and community development finance. These services are available to communities with populations of fewer than 50,000, other nonprofit groups, Tribal organizations, farmworkers, colonias and other specific populations. Headquartered in West Sacramento, California, RCAC's employees serve rural communities in 13 western states and the Pacific islands.

1.1.2 *Purpose of Cost-of-Service Analysis*

In August 2021 Paonia town staff reached out to RCAC to inquire about completing a cost-of-service analysis for the drinking water system. The town had multiple considerations they were hoping to address with the cost-of-service analysis:

4. Current financial sustainability given current expenses and revenues associated with the drinking water system.
5. The Town had recently completed an Asset Management Plan through SGM engineers as well as a Capital Improvement Plan (CIP) through JDS Hydro. Through both documents, Town staff were made aware of aging infrastructure. The analysis will address future CIP projects and the associated impacts to future expenses.
6. Consider alternative rate structures and classifications and their associated impacts on revenue generated and affordability.

Guiding principles used throughout cost-of-service analysis and recommendations.

1. Must achieve a balanced budget.
2. Promote conservation.
3. Usage structure can be simplified.
4. Balance between affordability, equality/fairness and revenues required.
5. Meet debt obligations.

RCAC met with the Town Board of Trustees, staff, and community members in a public meeting workshop on November 2, 2021, to discuss cost-of-service preliminary findings. At the conclusion of the workshop the Trustees agreed upon three (3) different scenarios they would like to consider:

1. What is the 5-year budget projection if an eight (8) dollar increase in base rates across all classifications were to be implemented?
2. What initial base rate increase would be needed if an annual percentage increase was implemented on base rates to maintain financial sustainability.

3. What base rate is needed if CIP were to be funded with asset reaching life cycle expectancy within 30-years and 50-years.

1.1.3 Board Responsibilities

The Board of Trustees has a fiduciary responsibility to ensure that the water enterprise remains financially solvent while also providing customers with safe, affordable drinking water.

1.1.4 Disclaimer

The findings, recommendations, and conclusions contained in this financial analysis are based on financial information provided to RCAC by the Town of Paonia. Although reasonable care was made to assure the reliability of this information, no warranty is expressed or implied as to the correctness, accuracy or completeness of the information contained herein. Any action taken on the basis of such findings, recommendations, or conclusions is undertaken at the discretion of the Town of Paonia. In no event will RCAC or its partners, employees, or agents, be liable for any decision made or action taken in reliance on the information contained in this analysis.

2 System Basic Statistics

2.1 Community

2.1.1 Location & Map



Figure 1. Google Maps

2.1.2 History

The town was officially incorporated in 1902 and had its first election in July of that year. The peony roots that Samuel Wade brought with him to Colorado in 1881 inspired him to submit the Latin name for peony, “Paeonia” as a town name. The post office wouldn’t allow the extra vowel, so Paeonia became Paonia. Significant industries include ranching, mining, and orchard farming. *Paonia History, 2021.* <https://townofpaonia.colorado.gov/history/paonia-history>.

2.1.3 Legal Entity

Per Paonia Ordinance 2014-04,
WHEREAS, the Town of Paonia (the "Town"), is a duly organized and existing statutory municipality of the State of Colorado, created and operating pursuant to the Colorado Revised Statutes; and
WHEREAS, the members of the Board of Trustees of Paonia (the "Board") have been duly elected and qualified; and
WHEREAS, pursuant to 1-16-202, C.R.S, the Town is authorized to enact any ordinance which adopts any code by reference in whole or in part.

2.1.4 Governing body/staff

Paonia governmental structure is mayor-council. Six (6) duly elected Board of Trustees and an elected Mayor.

2.1.5 MHI and % LMI

According to the 2020 census, Paonia has 1,447 residents and an Median Household Income (MHI) of \$41,683 which is below the MHI for the State of Colorado at \$77, 127. % LMI data is not available at the time of this report.

2.2 System Description

2.2.1 Service area

The Town of Paonia is roughly 1 sq. mile. However, the Town provides water to a number of Water Companies that exist outside of city limits.

2.2.2 System history

The system is supplied by roughly 15 active wells (Loberg, 2021) and consists of and associated raw water infrastructure, two water treatment plants, two finished water storage tanks, and multiple miles of distribution piping. The Town’s treated water distribution system consists of approximately 22.7 miles of piping, all fed by gravity from the WTP (SGM, 2021. p. 3-1.)

During 2020, the Town implemented Ordinance 2020-1, which places a moratorium on future domestic water taps. Additionally, water rates were increased.

2.3 Customer Base description

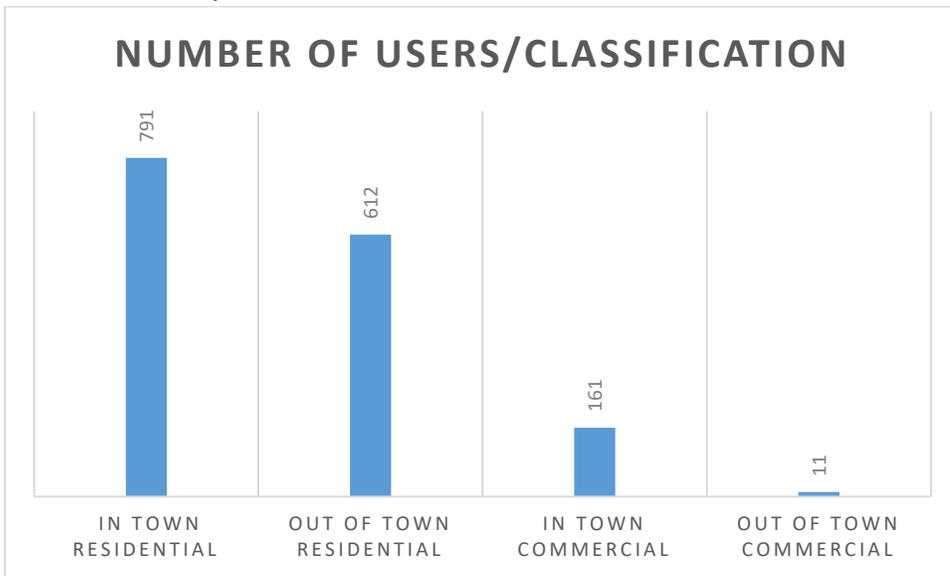


Figure 2. Number of Users per Classification.

Figure 2 lists the number of users per classification in accordance with billing practices. Two (2) considerations were made to determine values. First, water companies were accounted for by number of connections. For example, if Water Company X has 40 service connections, the number of users equals 40. Second, some users are billed multiple “units”. These situations were accounted for in the same manner as water companies. With these considerations in place, the total number of users is 1575.

2.4 Customer water use statistics

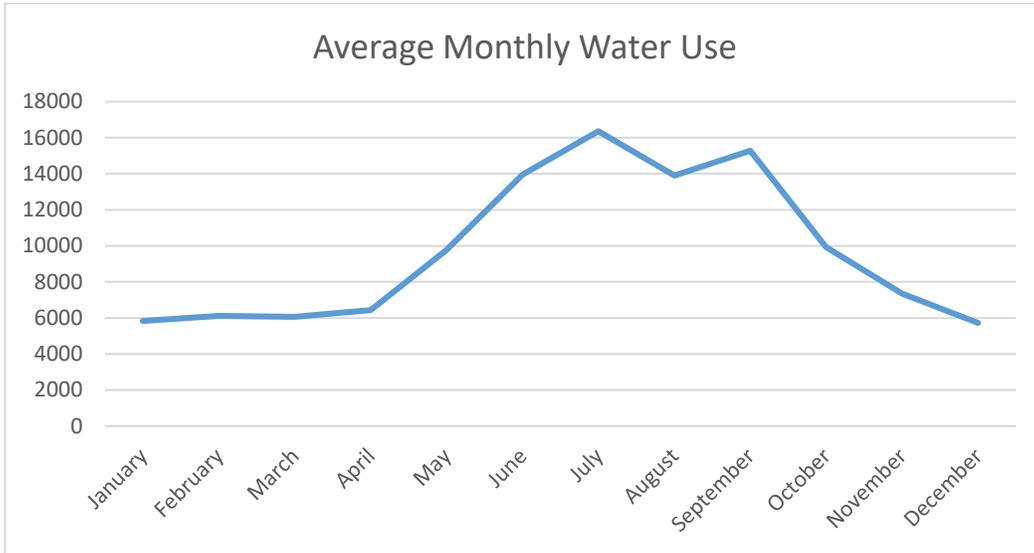


Figure 3. Average Monthly Water Use

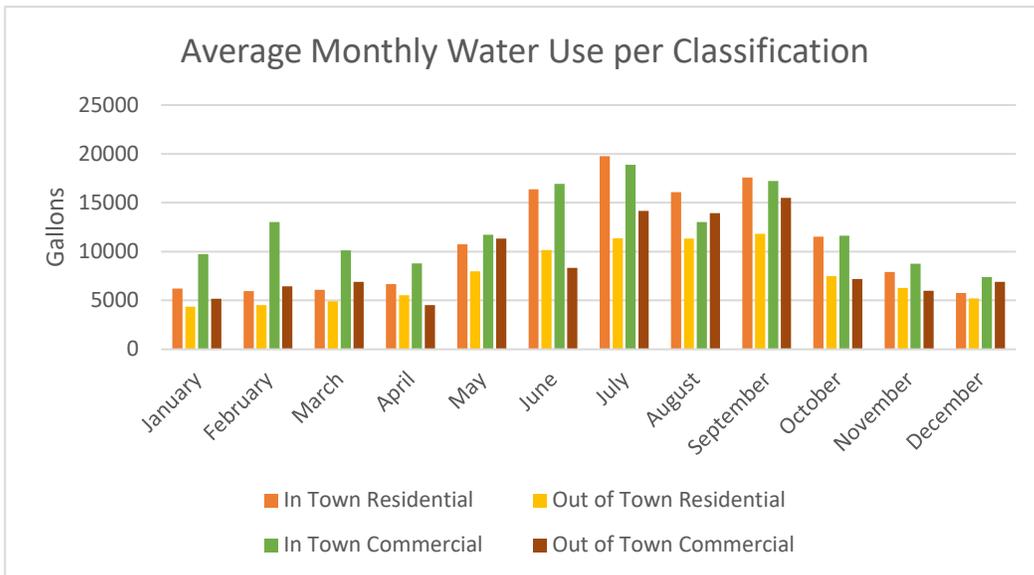


Figure 4. Average Monthly Water Use per Classification.

Total Annual Use/Customer		Average Monthly Use/Customer	
17608	10th Percentile	1467	10th Percentile
33000	20th Percentile	2750	20th Percentile
48744	30th Percentile	4062	30th Percentile
56880	40th Percentile	4740	40th Percentile
77300	50th Percentile	6442	50th Percentile
87242	60th Percentile	7270	60th Percentile
104562	70th Percentile	8714	70th Percentile
146756	80th Percentile	12230	80th Percentile
241970	90th Percentile	20164	90th Percentile
+			
39060	25th Percentile	3255	25th Percentile
77300	50th Percentile	6442	50th Percentile
121980	75th Percentile	10165	75th Percentile

Table 1. Percentile Usage/Customer

Table 1 is a breakdown of usage/customer for annual total usage and monthly average water use. Using this information, it can be inferred that 50% of all customers use less than 77,300 gal/year or 6,442 gal/month.

2.5 Current water rate structure

The Town of Paonia uses a Tiered Block rate structure and four (4) classifications (Table 2). Base rates are variable based on classification (Table 3), and usage rates are the same across all classifications (Table 4).

In Town Residential	Tiered Block	A
Out of Town Residential	Tiered Block	B
In Town Commercial	Tiered Block	C
Out of Town Commercial	Tiered Block	D

Table 2. Current User Classifications. (Resolution 2020-18)

Rate Schedules				
A	B	C	D	
\$32.00	\$42.00	\$42.00	\$57.00	
\$32.00	\$42.00	\$42.00	\$57.00	
\$32.00	\$42.00	\$42.00	\$57.00	
\$32.00	\$42.00	\$42.00	\$57.00	
\$32.00	\$42.00	\$42.00	\$57.00	
\$32.00	\$42.00	\$42.00	\$57.00	
\$32.00	\$42.00	\$42.00	\$57.00	
\$32.00	\$42.00	\$42.00	\$57.00	
\$32.00	\$42.00	\$42.00	\$57.00	
\$32.00	\$42.00	\$42.00	\$57.00	

Table 3. Current Base Rate/Classification (Resolution 2020-18)

Gallons	Cost/1,000 Gallons
1 - 1,000	\$ 2.40
1,001 - 3,000	\$ 2.70
3,001 - 5,000	\$ 3.00
5,001 - 10,000	\$ 3.30
10,001 - 15,000	\$ 3.60
15,001 - 20,000	\$ 3.90
20,001 - 30,000	\$ 4.20
30,001 - 40,000	\$ 4.50
40,001 - 50,000	\$ 8.50
50,001 - 75,000	\$ 10.00
75,001 - 100,000	\$ 11.00
100,001 or more	\$ 12.00

Table 4. Current Usage Rates (Resolution 2020-18)

2.6 Future population and usage projections

The Town of Paonia has currently enacted a moratorium on new water taps (Ordinance 2020-1) and therefore future population projections are 0%. Usage projections are estimated to 0% for the first two (2) years, followed by a 1% growth each year. It is assumed that customers will limit their usage immediately following a rate increase due to cost uncertainty. There is also an assumption that conservation will increase 1% year over year. Water conservation is a priority for the Town of Paonia given the uncertainty of potential drought and water supply.

Growth of Consumption over Base year	Year 1	Year 2	Year 3	Year 4	Year 5
Conservation Factor	1.0%	2.0%	3.0%	4.0%	5.0%
Usage Growth Factor	0.0%	0.0%	1.0%	2.0%	3.0%

Table 5. Conservation and Usage Factors.

3 Current Financial condition and analysis

3.1 Current rate schedule/structure

3.1.1 Customers are billed on a monthly basis. During winter months, some customers’ meters are unable to be read. During these months customers are billed, however, water bills are reconciled, typically in April, when meters are read. Tables 1-4 describe the current rate structure and classifications.

3.1.2 The current structure has some advantages and disadvantages. Currently, the classification system, which utilizes a more zoning concept is simple to administer and easy to determine. However, it does not necessarily reflect the impact that a customer may have on the water system, specifically water supply and needed infrastructure. It would be recommended that the Town move to a rate structure based on meter size. This would likely require a multi-year process of evaluating specific customer water usage demands and the replacement of meters to meet usage demand.

Another consideration is the number of usage tiers currently utilized. There are 12 tiers which are used calculate the usage costs. While this structure does capture more specific usage and costs associated, it can be more challenging to administer and may be more difficult for customers to fully understand their water bills. It is recommended that the Town consider reducing the number of usage tiers and recalculate usage rates to ensure revenue generated meets expenses and funder requirements.

3.2 Current budget

3.2.1 Historical revenue and expenses

EXPENSES AND SOURCES OF FUNDS	2019	2020	2021	% Belonging to Water	2022	2023	2024	2025	2026
OPERATIONS & MAINTENANCE EXPENSES									
Wages	222,984	178,297	201,599	100%	207,647	213,876	220,293	226,901	233,708
Retirement	20,160	20,160	20,160	100%	20,765	21,388	22,029	22,690	23,371
Work Comp	5,252	3,736	3,220	100%	3,317	3,416	3,519	3,624	3,733
Office Supplies	245	300	320	100%	330	339	350	360	371
Operating Supplies	17,241	17,050	10,950	100%	11,279	11,617	11,965	12,324	12,694
Postage	3,867	4,900	3,925	100%	4,043	4,164	4,289	4,418	4,550
Legal & Engineering Services	1,799	7,500	500	100%	515	530	546	563	580
Audit	11,280	11,280	11,000	100%	11,330	11,670	12,020	12,381	12,752
Repairs and Maintenance	123,640	202,940	194,656	100%	200,496	206,511	212,706	219,087	225,660
Vehicle expense	8,468	10,000	6,219	100%	6,406	6,598	6,796	7,000	7,210
Shop Expense	3,578	4,250	3,305	100%	3,404	3,506	3,611	3,720	3,831
Travel & Meetings	1,129	3,500	1,957	100%	2,016	2,076	2,138	2,203	2,269
Insurance & Bonds	20,586	19,715	23,508	100%	24,213	24,940	25,688	26,458	27,252
Utilities	25,191	25,000	27,325	100%	28,145	28,989	29,859	30,755	31,677
Telephone	4,130	4,175	4,200	100%	4,326	4,456	4,589	4,727	4,869
Publishing & Ads	12	710	179	100%	184	190	196	201	208
Dues & Subscriptions	1,835	1,850	1,855	100%	1,911	1,968	2,027	2,088	2,150
Fees & Permits	10,521	8,500	11,661	100%	12,011	12,371	12,742	13,125	13,518
Data Processing	10,272	7,980	13,656	100%	14,066	14,488	14,922	15,370	15,831
Interim Financing	2	25	10	100%	10	11	11	11	12
Capital Outlay	0	28,000	150,000	100%	154,500	159,135	163,909	168,826	173,891
Total Operation and Maintenance Expenses:	492,192	559,868	690,205		710,911	732,238	754,206	776,832	800,137

Table 6. Historical O&M Expense Budget

The historical O&M expense budget was created using the 2019 audit, 2020 budget and 2021 budget. The projection for the following years is based on a compounding 3.0% inflation rate.

GENERAL & ADMINISTRATIVE EXPENSES	2019	2020	2021	%	2022	2023	2024	2025	2026
Operating Reserve Funding					0	0	0	0	0
Emergency Reserve Funding					0	0	0	0	0
Debt Reserve Funding					0	0	0	0	0
Replacement of Existing Capital Assets	311,327	318,082	318,698		596,372	596,372	596,372	486,873	491,917
Replacement of Funded Project Assets					690,100	46,007	46,007	46,007	46,007
Reserves for Additional Capital Assets					70,618	70,618	70,618	70,618	70,618
Debt Service					197,162	197,162	197,162	197,162	197,162
Total General and Administrative Expenses:	311,327	318,082	318,698		1,554,252	910,159	910,159	800,660	805,704
TOTAL EXPENSES	803,519	877,950	1,008,903		2,265,163	1,642,397	1,664,364	1,577,491	1,605,840

Table 7 is other expenses identified on the 2019 Audit, 2020 and 2021 Budgets. Replacement of Existing, funded and additional capital assets are calculated through the CIP and can be seen in Table 17. Total expenses identified are both O&M expenses and CIP expenses, assuming a fully funded CIP program. One scenario asked by the Board of Trustees to consider is the effect on cost-of-service for a CIP that is funded through 30 & 50 years. This scenario will be discussed further in the report, but there will be a reduction in the total expenses due to only partial funding of the CIP.

SOURCE OF FUNDS / REVENUES RECEIVED									
Sales Revenue (Base + Usage)	761,739	831,497	1,193,494		1,404,382	1,414,539	1,434,951	1,455,476	1,476,098
WATER TAPS	57,000			100%	0	0	0	0	0
SALES & SERVICES	4,982	3,650	4,500	100%	4,635	4,774	4,917	5,065	5,217
STANDBY TAP FEES	45,486	44,115	56,484	100%	58,179	59,924	61,722	63,573	65,480
BULK WATER	4,964	4,550	5,650	100%	5,820	5,994	6,174	6,359	6,550
GRANT FUNDS		14,000		100%	0	0	0	0	0
PENALTIES	1,255	2,500	1,000	100%	1,030	1,061	1,093	1,126	1,159
RENTS	1,500	1,000	100	100%	103	106	109	113	116
TOTAL REVENUE	876,926	901,312	1,261,228		1,474,148	1,486,398	1,508,965	1,531,711	1,554,620
NET LOSS OR GAIN:	73,407	23,362	252,325		-791,016	-156,000	-155,399	-45,780	-51,221
NET CASH FLOW (Contribution to Reserves)	384,734	341,444	571,023		566,075	556,997	557,598	557,717	557,321

3.3 Current dedicated reserves

3.3.1 Operations & Maintenance Reserve

The O&M Reserve defined within the model an account worth 45 days of expenditures. The intent with this reserve is to maintain enough monies to cover 1.5x billing cycle to cover monthly or frequent expenditures. This reserve is designed to be very liquid and is typically consider funds found within a checking account or cash on hand. Under the agreement set forth by the Water & Power Authority, a current funder for the Town, the operation and maintenance reserve must maintain at least 3 months of expenditures minus depreciation (2020 Audit, p. 41)

3.3.2 Emergency Reserve

Emergency reserves are typically considered in an organizational savings account. The monies are very liquid but are not expected to be used unless an emergency occurs and therefore, are placed in an account to earn interest if possible. The emergency reserve is typically tied directly to the replacement or repair cost of the most critical asset within the system.

3.3.3 Debt:

Debt reserves are typically required by funders as a mechanism to ensure that borrowers are able to pay back loans. These types of debts are commonly associated with major Capital Improvement projects. The Town currently holds two notes: one with the Water & Power Authority and the with the Colorado State Revolving Fund. Under the current agreements, the Town pledged revenues is required to provide rates and charges in order to maintain coverage

of 110% of the debt service due on the governmental agency bond coming due in each calendar year (2020 Audit, p. 40).

3.3.3.1 Capital improvement:

There is currently \$382,000 set aside for Capital Reserves.

Existing Debt				
Description	Annual Payment	Maturity	Reserve Required	Reserve Allocated
Water & Power Auth.	\$ 173,819	2034	\$ 191,201	\$ 191,201
Drinking Water Revolving Fund	\$ 23,343	2029	\$ 25,677	\$ 25,677
3 month O&M (WPA) reserve			\$ 329,000	\$ 329,000
Total	\$ 197,162		\$ 545,878	\$ 545,878
Existing Reserves				
	Amount			
Debt Reserve	\$545,878	As per lending agreement(s)		
Operating Reserve	\$99,745	Often in Checking Account		
Emergency Reserve	\$50,000	Often in Savings Account		
Capital Reserve	\$382,000	Mostly in CDs or other investments		
Total	\$1,077,623			
Reserve Targets				
	Amount	Make Up Period	First Year Reserve Addition	Excess funds to be transfer to CIP
Debt Reserve	\$545,878	See F20:F25	\$0	\$0
Operating Reserve	\$88,864		\$0	\$10,881
Emergency Reserve	\$50,000		\$0	\$0
Available for Capital Reserve	\$392,881	This is the total amount currently available		

Table 9. Existing Reserves.

It is important to note that the Town using different terms for the reserves and due to funder requirements, funds may be held in differently named accounts from Table 9, however, their use is the same. As an example, \$164,000 is dedicated to the WPA O&M reserve requirement and is held within the Town’s O&M reserve, per the funding agreement. But to ensure that the funds are accounted for appropriately with the cost-of-service model, these funds have been placed under the existing debt requirements with no annual payment requirement. This is the explanation for the low operating reserve seen above. The Town, as of November 2, 2021, held \$485,785 in the Operating Reserve. This value included the emergency reserve as well as the 3-month O&M reserve.

3.4 Analysis of current financial condition

3.4.1 Revenue sufficiency associated with current rates

Current base and usage rates are meet debt service and all reserve requirements except for CIP. The water enterprise has a balanced budget but is not fully funding the CIP program. In order to fund projects according to guidance given by Town staff, rates will need to increase. An important caveat to make is that due to the high number of usage tiers employed but the Town’s current structure, the model could not account for all tiers (Table 11). Some tiers were

combined using average rates across the tiers. This methodology, while not exact, does provide an accurate depiction of the Town’s current financial condition related to the water enterprise.

Results of the new rates	2022	2023	2024	2025	2026	5 Years
TOTAL EXPENSES	\$2,268,819	\$1,646,053	\$1,668,021	\$1,579,911	\$1,607,852	\$8,770,657
TOTAL REVENUE	\$1,408,831	\$1,420,238	\$1,441,122	\$1,462,201	\$1,483,459	\$7,215,850
NET LOSS OR GAIN: (Short/Over to Reserves)	-\$859,989	-\$225,816	-\$226,899	-\$117,710	-\$124,393	-\$1,554,806
NET CASH FLOW (Contribution to Reserves)	\$500,757	\$490,837	\$489,754	\$488,207	\$486,161	\$2,455,716

Table 10. 5-year Budget Projection with a fully funded CIP at current rates.

1,000	1,000	1,000	1,000
3,000	3,000	3,000	3,000
10,000	10,000	10,000	10,000
25,000	25,000	25,000	25,000
50,000	50,000	50,000	50,000
75,000	75,000	75,000	75,000
100,000	100,000	100,000	100,000
99,999,999	99,999,999	99,999,999	99,999,999
\$2.40	\$2.40	\$2.40	\$2.40
\$2.70	\$2.70	\$2.70	\$2.70
\$3.00	\$3.00	\$3.00	\$3.00
\$3.30	\$3.30	\$3.30	\$3.30
\$3.90	\$3.90	\$3.90	\$3.90
\$6.00	\$6.00	\$6.00	\$6.00
\$10.00	\$10.00	\$10.00	\$10.00
\$12.00	\$12.00	\$12.00	\$12.00

Table 11. Tier Structure and Associated Rates to Assess Current Financial Condition.

3.4.2 Rate equability and affordability criteria of current rates.

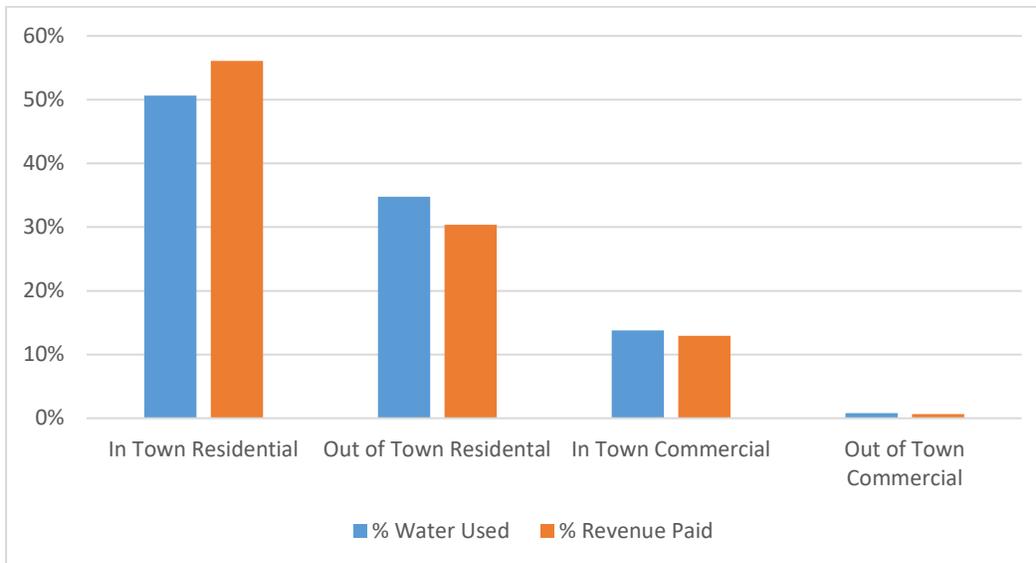


Table 12. Water Usage vs. Revenue Paid per Classification.

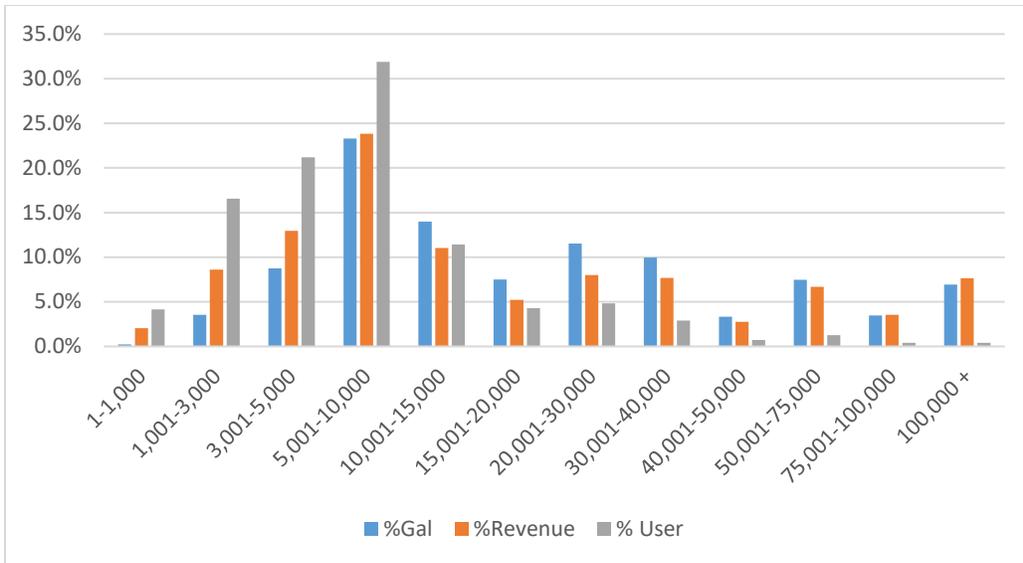


Table 13. Water Usage vs. Revenue Paid per Usage Tier.

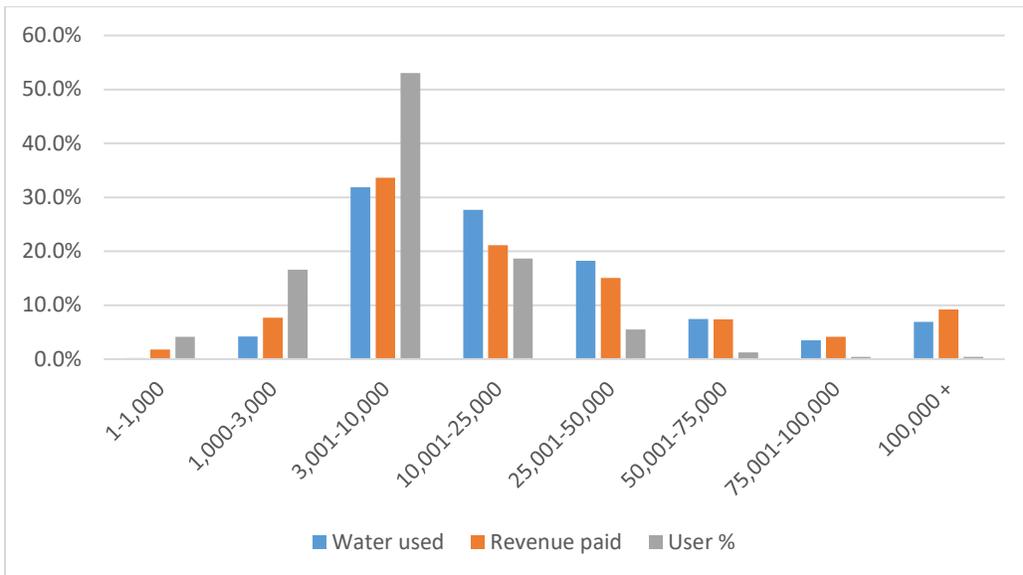


Table 14. Proposed Usage Tiers.

Keep in mind that no rate structure with a base rate and commodity or usage charge will be 100% equitable.

Tables 12-14 provide valuable information about water usage as it relates to revenues paid. Table 12 looks at classification while Table 13 is looking at tier structure. Table 13 & 14 also include customers whose usage falls within that tier.

A few insights using Tables 12-14.

- There is reasonable equability between user classifications. However, In-Town Residential customers are paying higher cost/1000 gallons than Out-of-Town Residential, even with the difference in base rate.
- 73% of all customers use on average less than 10,000 gallons/month (Table 14).
- Equability across the tier structure is within reason. Although customers who use between 10,000 gallons/month and 50,000 gallons/month should likely be paying more per month in revenue.
- Table 14 information generated using Table 15 usage rates.

1	1,000	1,000	1,000	1,000
2	3,000	3,000	3,000	3,000
3	10,000	10,000	10,000	10,000
4	25,000	25,000	25,000	25,000
5	50,000	50,000	50,000	50,000
6	75,000	75,000	75,000	75,000
7	100,000	100,000	100,000	100,000
8	99,999,999	99,999,999	99,999,999	99,999,999
1	\$0.00	\$0.00	\$0.00	\$0.00
2	\$2.40	\$2.40	\$2.40	\$2.40
3	\$3.30	\$3.30	\$3.30	\$3.30
4	\$4.20	\$4.20	\$4.20	\$4.20
5	\$5.50	\$5.50	\$5.50	\$5.50
6	\$10.00	\$10.00	\$10.00	\$10.00
7	\$11.00	\$11.00	\$11.00	\$11.00
8	\$12.00	\$12.00	\$12.00	\$12.00

Table 15. Proposed usage tiers and rates.

Affordability criteria-

According to AWWA, affordability using MHI is defined has less than 2.5%. Using 2020 census data, Paonia’s MHI was \$41,683. Applying AWWA’s criteria, this would mean that the average customer’s water bill must remain at or below \$86.84. (Improving the Evaluation of Household-Level Affordability in SDWA Rulemaking: New Approaches, April 2021). Current rates are below this threshold.

Results of the new rates	2022	2023	2024	2025	2026
Affordability assuming MHI of \$41683 for residential meters.	2.18%	2.20%	2.23%	2.27%	2.30%

Table 16. Affordability calculation

4 Future Financial condition and Rate Scenarios

4.1 Capital projects planned

Capital Replacement Program		AVWA Cash-Needs Approach															Exhibit 1	
Paonia																	Date:	11/7/21
																	System Number:	0
																	Service Connections:	1,571
Quantity	Asset	Year Acquired	Unit Cost (Historic, Current or Future)	Cost Type (H, C, F)	% Belonging to Water	Estimated Historic Cost (Water only)	Normal Estimated Life	Current Age	Estimated Current Cost	Planned Remaining Life	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Existing Reserves	Annual Reserve Required	
Replacement of Existing Capital Assets																		
590	Water Main (0.75")	2020	100	C	100%	\$57,761	100	1	59,000	99	99	1,100,873	10%	50%	40%	634	856	
294	Water Main (2")	2000	150	C	100%	\$28,241	100	21	44,100	79	79	455,695	50%	50%	0%	2,370	2,329	
4,219	Water Main (2")	1980	150	C	100%	\$265,089	100	41	632,850	59	59	3,619,904	10%	50%	40%	6,803	5,175	
117	Water main (2")	1995	150	C	100%	\$8,174	100	36	17,550	64	64	100,386	50%	50%	0%	943	718	
284	Water main (2")	1996	150	C	100%	\$25,060	100	25	42,600	75	75	391,022	50%	50%	0%	2,290	2,124	
3,720	Water main (4")	1970	150	C	100%	\$189,039	100	51	558,000	49	49	2,374,970	10%	50%	40%	5,398	4,167	
7,112	Water main (4")	1980	150	C	100%	\$446,862	50	41	1,066,800	9	9	1,391,932	10%	50%	40%	11,487	13,885	
6,813	Water main (4")	1990	150	C	100%	\$529,289	100	31	1,021,950	69	69	7,855,940	10%	50%	40%	10,985	9,403	
1,564	Water main (4")	1995	150	C	100%	\$135,107	100	26	234,600	74	74	2,090,656	10%	50%	40%	2,522	2,308	
353	Water main (4")	2018	150	C	100%	\$49,684	100	3	52,950	97	97	931,272	50%	50%	0%	2,846	3,712	
232	Water main (4")	1980	150	C	100%	\$14,577	100	41	34,800	59	59	199,056	50%	50%	0%	1,870	1,423	
4,845	Water Main (5" & 6")	1960	150	C	100%	\$199,127	50	61	726,750	-11	3	794,139	50%	50%	0%	39,060	118,677	
968	Water main (6")	1970	150	C	100%	\$49,191	100	51	145,200	49	49	618,003	50%	50%	0%	7,804	5,422	
927	Water main (6")	1985	150	C	100%	\$64,766	100	36	139,050	64	64	922,048	50%	50%	0%	7,473	6,013	
2,476	Water main (6")	1990	150	C	100%	\$192,356	100	31	371,400	69	69	2,855,028	10%	50%	40%	3,992	3,417	
3,898	Water main (6")	1995	150	C	100%	\$336,731	100	26	584,700	74	74	5,210,600	10%	50%	40%	6,285	5,791	
547	Water main (6")	1998	150	C	100%	\$50,359	100	23	82,050	77	77	798,997	50%	50%	0%	4,410	4,209	
499	Water main (6")	2000	150	C	100%	\$46,972	100	21	73,350	79	79	757,776	50%	50%	0%	3,942	3,873	
546	Water main (6")	2002	150	C	100%	\$54,721	100	19	81,900	81	81	897,634	50%	50%	0%	4,402	4,454	
1,079	Water main (6")	1980	150	C	100%	\$67,796	100	41	161,850	59	59	925,782	50%	50%	0%	6,699	6,617	
5,012	Water main (6")	1985	150	C	100%	\$350,170	100	36	751,800	64	64	4,985,224	10%	50%	40%	8,081	6,502	
3,864	Water main (6")	1990	150	C	100%	\$300,187	100	31	579,600	69	69	4,455,504	10%	50%	40%	6,230	5,333	
28	Water main (6")	1995	150	C	100%	\$2,419	100	26	4,200	74	74	37,429	100%	0%	0%	451	413	
1,046	Water main (6")	1996	150	C	100%	\$92,298	100	25	156,900	75	75	1,440,173	10%	50%	40%	1,687	1,565	
1,897	Water main (6")	1998	150	C	100%	\$174,647	100	23	284,550	77	77	2,770,926	10%	50%	40%	3,059	2,919	
5,778	Water main (6")	2005	100	C	100%	\$411,434	100	16	577,800	84	84	6,919,973	10%	50%	40%	6,211	6,575	
1,226	Water main (6")	2010	100	C	100%	\$97,073	100	11	122,600	89	89	1,702,172	10%	50%	40%	1,318	1,508	
896	Water main (6")	2012	100	C	100%	\$74,021	100	9	89,600	91	91	1,319,762	10%	50%	40%	963	1,138	
1,420	Water main (6")	2018	100	C	100%	\$133,241	100	3	142,000	97	97	2,497,463	10%	50%	40%	1,526	1,931	
1,406	Water main (6")	2019	100	C	100%	\$134,757	100	2	140,600	98	98	2,547,026	10%	50%	40%	1,511	2,005	
1,701	Water main (6")	1980	150	C	100%	\$106,877	100	41	255,150	59	59	1,459,459	10%	50%	40%	2,743	2,086	
3,150	Water main (6")	1995	150	C	100%	\$272,115	100	26	472,500	74	74	4,210,721	10%	50%	40%	5,079	4,648	
1,333	Water main (6")	1997	150	C	100%	\$120,145	100	24	199,950	76	76	1,890,386	10%	50%	40%	2,149	2,022	
7,271	Water main (6")	1980	150	C	100%	\$456,852	100	41	1,090,650	59	59	6,238,521	10%	50%	40%	11,724	9,918	
4,527	Water main (6")	1985	150	C	100%	\$316,285	100	36	679,050	64	64	4,502,815	10%	50%	40%	7,299	5,873	
5,172	Water main (6")	1990	150	C	100%	\$401,803	100	31	775,800	69	69	5,963,734	10%	50%	40%	8,339	7,138	
528	Water main (6")	1995	150	C	100%	\$46,612	100	26	79,200	74	74	705,797	50%	50%	0%	4,257	3,895	
12,913	Water main (6")	2017	100	C	100%	\$186,200	100	4	1,291,300	96	96	22,049,600	50%	50%	45%	6,940	8,903	
5,493	Water main (6")	2018	100	C	100%	\$515,416	100	3	549,300	97	97	9,660,962	10%	50%	40%	5,905	7,703	
8,198	Water main (6")	1983	150	C	100%	\$548,961	100	38	1,229,700	62	62	7,686,119	10%	50%	40%	13,218	10,392	
1,559	Water main (6")	1980	150	C	100%	\$97,955	100	41	233,850	59	59	1,337,623	10%	50%	40%	2,514	1,992	
2,271	Water main (10")	1985	150	C	100%	\$158,667	100	36	340,650	64	64	2,258,868	10%	50%	40%	3,662	2,946	
652	Water main (10")	2005	100	C	100%	\$46,427	100	16	65,200	84	84	790,862	50%	50%	0%	3,504	3,710	
156	Main Valves	1987	3,000	C	100%	\$227,435	35	34	468,000	1	15	729,129	50%	50%	0%	25,153	21,788	
90	Fire Hydrants	1987	7,500	C	100%	\$328,031	50	34	675,000	16	16	1,033,177	10%	50%	40%	7,296	6,066	
1	2MG Tank (Lamborn)	1993	3,360,000	C	100%	\$4,178,478	75	38	3,960,000	37	37	27,941,722	5%	50%	45%	50,306	33,108	
1	2MG exterior coating	2005	890,000	C	100%	\$626,622	25	16	890,000	9	9	1,148,200	10%	50%	40%	3,459	11,454	
-	2MG interior coating	2005	2,490,000	C	100%	\$0	25	16	0	9	9	0	100%	0%	0%	0	Not Cap.	
1	1MG tank (Clock)	2015	1,100,000	C	100%	\$968,476	75	6	1,100,000	69	69	8,455,926	10%	50%	40%	11,824	10,121	
1	1MG exterior coating	2016	1,100,000	C	100%	\$989,250	25	5	1,100,000	20	20	1,986,722	10%	50%	40%	11,824	8,879	
1	1MG interior coating	2019	550,000	C	100%	\$527,143	25	2	550,000	23	23	1,085,473	10%	50%	40%	5,912	4,208	
1	Lamborn Mesa WTP	2015	4,000,000	C	100%	\$3,521,731	50	6	4,000,000	44	44	14,685,809	5%	50%	45%	21,498	14,473	
1	Clock WTP	2010	2,600,000	C	100%	\$2,058,652	50	11	2,600,000	39	39	8,234,270	10%	50%	40%	27,348	18,458	
15	Gallery Boxes (Springs)	2021	70,000	C	100%	\$1,050,000	15	0	1,050,000	15	15	16,356,866	10%	50%	40%	11,287	9,777	
132,000	Collection Lines (Source)	2021	50	C	100%	\$6,600,000	30	0	6,600,000	30	30	16,019,932	5%	50%	45%	35,472	23,632	
1	Dumptruck	1996	150,000	C	100%	\$88,239	20	25	150,000	-5	20	270,917	100%	0%	0%	16,124	12,107	
1	Trailer	1997	20,000	C	100%	\$12,018	30	24	20,000	6	15	31,159	100%	0%	0%	2,150	1,862	
2	Pickup	2022	90,000	C	50%	\$91,931	15	-1	90,000	16	16	144,424	100%	0%	0%	9,674	8,088	
1	Skid Steer	2020	68,000	C	75%	\$49,929	15	1	51,000	14	15	79,456	100%	0%	0%	5,482	4,749	
4	PRV	2010	40,000	C	100%	\$126,686	4	11	160,000	-7	4	180,081	100%	0%	0%	17,199	40,384	
1,200	Meters	2015	350	C	100%	\$369,782	7	6	420,000	1	7	516,547	100%	0%	0%	45,147	66,243	
Subtotal Replacement of Existing Capital Assets						\$30,668,863			45,617,400			215,941,546	11%	50%	40%	556,881	600,029	
Replacement of Funded Project Assets																		
1	2MG interior coating	2005	1,000,000	C	100%		15	-16	1,000,000	-1	1	1,030,000	67%	33%	0%	0	690,100	
Subtotal Replacement of Funded Project Assets									1,000,000			1,030,000	67%	33%	0%	0	690,100	
Enter Existing Reserves for Replacement of Funded Project Assets																		
Reserves for Additional Capital Assets																		
1	Roebel Reservoir (JDS report)	2030	1,636,000	C	100%		30	9	1,636,000			2,134,609	10%	50%	40%	0	23,247	
1	Pole Patch / Upper Reynolds / Spore springs	2030	1,818,000	C	100%		75	9	1,818,000			2,372,078	10%	50%	40%	0	25,834	
1</																		

Table 16 is an entire list of all water assets that could be identified. Cost estimates were derived from a recent SGM Capital Improvement Plan, JDS Hydro and Travis Loberg, Paonia PW Director.

The table is considering age of asset, expected life, and current cost. Using this data, along with funding expectations in Table 17 and annual inflation costs, an estimated annual reserve is calculated for each asset. In total, to fully fund the CIP, the Town must dedicate \$1,360,746/year to Capital Reserves.

Default Funding of Asset Replacements				
Replacement Value From To		Cash	Grant	Loan
\$0	\$20,000	100%	0%	0%
\$20,001	\$50,000	100%	0%	0%
\$50,001	\$1,000,000	50%	50%	0%
\$1,000,001	\$9,999,999	10%	50%	40%
\$10,000,000	\$9,999,999	5%	50%	45%

Table 18. Expected Funding Rates based on cost of asset.

4.2 Suggested rates

Based on a public workshop held on November 2, 2021, The Board of Trustees listed four (4) scenarios they would like to consider. Scenarios 1 & 6 are suggested alternatives provided by the author.

1. Do nothing
2. What would be the needed base rate increase to meet expectations listed below?
3. What would be the 5-year budget impact if annual increases were placed on base rates and what effect would this have on initial base rate increase for 2022?
4. What would the 5-year budget impact be if the CIP was only funded with asset replacement for 30 years?
5. What would the 5-year budget impact be if the CIP was only funded with asset replacement for 50 years?

Requirements to be met, if possible, by each recommendation:

1. Positive contribution to the CIP reserve year over year.
2. By year 4, a net positive contribution to CIP reserve.
3. Affordability to remain below 2.75%.
4. Equability and fairness be maintained across customer class be maintained.

Assumption

1. Proposed usage tiers and rates in Table 14 will be used for each scenario. Note that there is no usage charge for customers that use under 1000/month. This is offset some costs associated with the potential base rate increases.

Scenario 1. Do nothing

Results of the new rates	2022	2023	2024	2025	2026	5 Years
TOTAL EXPENSES	\$2,268,819	\$1,646,053	\$1,668,021	\$1,579,911	\$1,607,852	\$8,770,657
TOTAL REVENUE	\$1,408,831	\$1,420,238	\$1,441,122	\$1,462,201	\$1,483,459	\$7,215,850
NET LOSS OR GAIN: (Short/Over to Reserves)	-\$859,989	-\$225,816	-\$226,899	-\$117,710	-\$124,393	-\$1,554,806
NET CASH FLOW (Contribution to Reserves)	\$500,757	\$490,837	\$489,754	\$488,207	\$486,161	\$2,455,716
Affordability assuming MHI of \$41683 for residential meters.	2.18%	2.20%	2.23%	2.27%	2.30%	
Are you putting enough money in reserves?	No	No	No	No	No	
Positive Annual Cash Flow?	Yes	Yes	Yes	Yes	Yes	

A balance budget would be achieved but the CIP program would be severely impacted and within 5-years would under funded by roughly \$1.55M. Not recommended.

Scenario 2. What is the needed base rate increase across all classifications?

Tiered Block	Meter Size	A	B	C	D	E	F
Base	0.625	\$37.00	\$47.00	\$47.00	\$62.00		
	0.750	\$37.00	\$47.00	\$47.00	\$62.00		
	1.000	\$37.00	\$47.00	\$47.00	\$62.00		
	1.500	\$37.00	\$47.00	\$47.00	\$62.00		
	2.000	\$37.00	\$47.00	\$47.00	\$62.00		
	3.000	\$37.00	\$47.00	\$47.00	\$62.00		
	4.000	\$37.00	\$47.00	\$47.00	\$62.00		
	6.000	\$37.00	\$47.00	\$47.00	\$62.00		
	8.000	\$37.00	\$47.00	\$47.00	\$62.00		
	10.000	\$37.00	\$47.00	\$47.00	\$62.00		
Tier Break (All yellow cells in this Tier Break table must contain data.)	1	1,000	1,000	1,000	1,000		
	2	3,000	3,000	3,000	3,000		
	3	10,000	10,000	10,000	10,000		
	4	25,000	25,000	25,000	25,000		
	5	50,000	50,000	50,000	50,000		
	6	75,000	75,000	75,000	75,000		
	7	100,000	100,000	100,000	100,000		
	8	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
Usage Rate per 1000 Gallons	1	\$0.00	\$0.00	\$0.00	\$0.00		
	2	\$2.40	\$2.40	\$2.40	\$2.40		
	3	\$3.30	\$3.30	\$3.30	\$3.30		
	4	\$4.20	\$4.20	\$4.20	\$4.20		
	5	\$5.50	\$5.50	\$5.50	\$5.50		
	6	\$10.00	\$10.00	\$10.00	\$10.00		
	7	\$11.00	\$11.00	\$11.00	\$11.00		
	8	\$12.00	\$12.00	\$12.00	\$12.00		
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
	Base Usage		0.00%	0.00%	0.00%	0.00%	
Results of the new rates		2022	2023	2024	2025	2026	5 Years
	TOTAL EXPENSES	\$2,268,819	\$1,646,053	\$1,668,021	\$1,579,911	\$1,607,852	\$8,770,657
	TOTAL REVENUE	\$1,573,692	\$1,586,832	\$1,611,196	\$1,635,752	\$1,660,494	\$8,067,966
	NET LOSS OR GAIN: (Short/Over to Reserves)	-\$695,127	-\$59,222	-\$56,824	\$55,841	\$52,642	-\$702,690
	NET CASH FLOW (Contribution to Reserves)	\$665,619	\$657,431	\$659,829	\$661,759	\$663,195	\$3,307,833
	Affordability assuming MHI of \$41683 for residential meters.	2.48%	2.50%	2.54%	2.58%	2.62%	
	Are you putting enough money in reserves?	No	No	No	Yes	Yes	
Positive Annual Cash Flow?	Yes	Yes	Yes	Yes	Yes		

The cost-of-service model suggests that a \$5/month increase in base rates will meet the expectations identified on page 19. It also keeps 2022 rates under the affordability threshold of 2.5%. However, after 5-years, the CIP still runs a significant deficit.

Scenario 3. Annual Increase in Base Rate.

Tiered Block	Meter Size	A	B	C	D	E	F
Base	0.625	\$32.00	\$42.00	\$42.00	\$57.00		
	0.750	\$32.00	\$42.00	\$42.00	\$57.00		
	1.000	\$32.00	\$42.00	\$42.00	\$57.00		
	1.500	\$32.00	\$42.00	\$42.00	\$57.00		
	2.000	\$32.00	\$42.00	\$42.00	\$57.00		
	3.000	\$32.00	\$42.00	\$42.00	\$57.00		
	4.000	\$32.00	\$42.00	\$42.00	\$57.00		
	6.000	\$32.00	\$42.00	\$42.00	\$57.00		
	8.000	\$32.00	\$42.00	\$42.00	\$57.00		
	10.000	\$32.00	\$42.00	\$42.00	\$57.00		
Tier Break (All yellow cells in this Tier Break table must contain data.)	1	1,000	1,000	1,000	1,000		
	2	3,000	3,000	3,000	3,000		
	3	10,000	10,000	10,000	10,000		
	4	25,000	25,000	25,000	25,000		
	5	50,000	50,000	50,000	50,000		
	6	75,000	75,000	75,000	75,000		
	7	100,000	100,000	100,000	100,000		
	8	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
Usage Rate per 1000 Gallons	1	\$0.00	\$0.00	\$0.00	\$0.00		
	2	\$2.40	\$2.40	\$2.40	\$2.40		
	3	\$3.30	\$3.30	\$3.30	\$3.30		
	4	\$4.20	\$4.20	\$4.20	\$4.20		
	5	\$5.50	\$5.50	\$5.50	\$5.50		
	6	\$10.00	\$10.00	\$10.00	\$10.00		
	7	\$11.00	\$11.00	\$11.00	\$11.00		
	8	\$12.00	\$12.00	\$12.00	\$12.00		
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
	Base Usage		10.00%	5.00%	3.00%	3.00%	
			0.00%	0.00%	0.00%	0.00%	
Results of the new rates		2022	2023	2024	2025	2026	5 Years
	TOTAL EXPENSES	\$2,268,819	\$1,646,053	\$1,668,021	\$1,579,911	\$1,607,852	\$8,770,657
	TOTAL REVENUE	\$1,479,432	\$1,552,898	\$1,610,442	\$1,655,901	\$1,702,173	\$8,000,847
	NET LOSS OR GAIN: (Short/Over to Reserves)	-\$789,387	-\$93,155	-\$57,578	\$75,990	\$94,321	-\$769,810
	NET CASH FLOW (Contribution to Reserves)	\$571,359	\$623,498	\$659,075	\$681,908	\$704,874	\$3,240,713
	Affordability assuming MHI of \$41683 for residential meters.	2.34%	2.45%	2.54%	2.61%	2.68%	
Are you putting enough money in reserves?	No	No	No	Yes	Yes		
Positive Annual Cash Flow?	Yes	Yes	Yes	Yes	Yes		

Scenario 3 meets all expectations outlined on page 19 and is similar to Scenario 2 except that contributions to reserves is less in 2022 and 2023, but is increased in 2025 & 2026. This scenario also better meets the affordability threshold in 2022 & 2023 but becomes more unaffordable than Scenario 2 in 2025 & 2026. Finally, the 5-year projection for Capital reserve funding is less than in Scenario 2. After 5 years, the base rate for an In-Town Residential user will be \$39.21.

Scenario 4. Annual Increase in Base Rate needed if CIP is funded through 30-year Assets.

Tiered Block	Meter Size	A	B	C	D	E	F
Base	0.625	\$32.00	\$42.00	\$42.00	\$57.00		
	0.750	\$32.00	\$42.00	\$42.00	\$57.00		
	1.000	\$32.00	\$42.00	\$42.00	\$57.00		
	1.500	\$32.00	\$42.00	\$42.00	\$57.00		
	2.000	\$32.00	\$42.00	\$42.00	\$57.00		
	3.000	\$32.00	\$42.00	\$42.00	\$57.00		
	4.000	\$32.00	\$42.00	\$42.00	\$57.00		
	6.000	\$32.00	\$42.00	\$42.00	\$57.00		
	8.000	\$32.00	\$42.00	\$42.00	\$57.00		
	10.000	\$32.00	\$42.00	\$42.00	\$57.00		
Tier Break (All yellow cells in this Tier Break table must contain data.)	1	1,000	1,000	1,000	1,000		
	2	3,000	3,000	3,000	3,000		
	3	10,000	10,000	10,000	10,000		
	4	25,000	25,000	25,000	25,000		
	5	50,000	50,000	50,000	50,000		
	6	75,000	75,000	75,000	75,000		
	7	100,000	100,000	100,000	100,000		
	8	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
Usage Rate per 1000 Gallons	1	\$0.00	\$0.00	\$0.00	\$0.00		
	2	\$2.40	\$2.40	\$2.40	\$2.40		
	3	\$3.30	\$3.30	\$3.30	\$3.30		
	4	\$4.20	\$4.20	\$4.20	\$4.20		
	5	\$5.50	\$5.50	\$5.50	\$5.50		
	6	\$10.00	\$10.00	\$10.00	\$10.00		
	7	\$11.00	\$11.00	\$11.00	\$11.00		
	8	\$12.00	\$12.00	\$12.00	\$12.00		
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
	Base Usage		0.00%	0.00%	0.00%	0.00%	
Results of the new rates		2022	2023	2024	2025	2026	5 Years
	TOTAL EXPENSES	\$1,965,277	\$1,342,511	\$1,364,478	\$1,293,409	\$1,326,978	\$7,292,654
	TOTAL REVENUE	\$1,479,432	\$1,492,572	\$1,516,936	\$1,541,492	\$1,566,234	\$7,596,666
	NET LOSS OR GAIN: (Short/Over to Reserves)	-\$485,845	\$150,061	\$152,458	\$248,083	\$239,256	\$304,013
	NET CASH FLOW (Contribution to Reserves)	\$571,359	\$563,171	\$565,569	\$567,499	\$568,935	\$2,836,533
	Affordability assuming MHI of \$41683 for residential meters.	2.34%	2.36%	2.40%	2.44%	2.48%	
	Are you putting enough money in reserves?	No	Yes	Yes	Yes	Yes	
	Positive Annual Cash Flow?	Yes	Yes	Yes	Yes	Yes	

This scenario does meet all of the expectations set on page 19; however, it does not fully fund the CIP. An important concept when discussing the true cost-of-service is that customers are using the infrastructure today and should be responsible for paying for that use, regardless of age. This scenario is suggesting that customers should not be paying for infrastructure they are using if it does not need to be replaced in the next 30 years. This scenario is not recommended.

Scenario 5. Annual Increase in Base Rate needed if CIP is funded through 50-year Assets.

		Rate Schedules					
Tiered Block	Meter Size	A	B	C	D	E	F
Base	0.625	\$32.00	\$42.00	\$42.00	\$57.00		
	0.750	\$32.00	\$42.00	\$42.00	\$57.00		
	1.000	\$32.00	\$42.00	\$42.00	\$57.00		
	1.500	\$32.00	\$42.00	\$42.00	\$57.00		
	2.000	\$32.00	\$42.00	\$42.00	\$57.00		
	3.000	\$32.00	\$42.00	\$42.00	\$57.00		
	4.000	\$32.00	\$42.00	\$42.00	\$57.00		
	6.000	\$32.00	\$42.00	\$42.00	\$57.00		
	8.000	\$32.00	\$42.00	\$42.00	\$57.00		
	10.000	\$32.00	\$42.00	\$42.00	\$57.00		
Tier Break (All yellow cells in this Tier Break table must contain data.)	1	1,000	1,000	1,000	1,000		
	2	3,000	3,000	3,000	3,000		
	3	10,000	10,000	10,000	10,000		
	4	25,000	25,000	25,000	25,000		
	5	50,000	50,000	50,000	50,000		
	6	75,000	75,000	75,000	75,000		
	7	100,000	100,000	100,000	100,000		
	8	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
Usage Rate per 1000 Gallons	1	\$0.00	\$0.00	\$0.00	\$0.00		
	2	\$2.40	\$2.40	\$2.40	\$2.40		
	3	\$3.30	\$3.30	\$3.30	\$3.30		
	4	\$4.20	\$4.20	\$4.20	\$4.20		
	5	\$5.50	\$5.50	\$5.50	\$5.50		
	6	\$10.00	\$10.00	\$10.00	\$10.00		
	7	\$11.00	\$11.00	\$11.00	\$11.00		
	8	\$12.00	\$12.00	\$12.00	\$12.00		
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
	Base Usage		0.00%	0.00%	0.00%	0.00%	
Results of the new rates		2022	2023	2024	2025	2026	5 Years
TOTAL EXPENSES		\$2,072,587	\$1,449,821	\$1,471,788	\$1,390,787	\$1,421,075	\$7,806,060
TOTAL REVENUE		\$1,479,432	\$1,492,572	\$1,516,936	\$1,541,492	\$1,566,234	\$7,596,666
NET LOSS OR GAIN: (Short/Over to Reserves)		-\$593,155	\$42,751	\$45,148	\$150,705	\$145,158	-\$209,393
NET CASH FLOW (Contribution to Reserves)		\$571,359	\$563,171	\$565,569	\$567,499	\$568,935	\$2,836,533
Affordability assuming MHI of \$41683 for residential meters.		2.34%	2.36%	2.40%	2.44%	2.48%	
Are you putting enough money in reserves?		No	Yes	Yes	Yes	Yes	
Positive Annual Cash Flow?		Yes	Yes	Yes	Yes	Yes	

This scenario does meet all of the expectations set on page 19; however, it does not fully fund the CIP. An important concept when discussing the true cost-of-service is that customers are using the infrastructure today and should be responsible for paying for that use, regardless of age. This scenario is suggesting that customers should not be paying for infrastructure they are using if it does not need to be replaced in the next 50 years. This scenario is not recommended.

Scenario 6. Annual Increase in Base Rate and Years 3 & 4 Annual Base Rate Increase.

Tiered Block	Meter Size	A	B	C	D	E	F
Base	0.625	\$37.00	\$47.00	\$47.00	\$63.00		
	0.750	\$37.00	\$47.00	\$47.00	\$63.00		
	1.000	\$37.00	\$47.00	\$47.00	\$63.00		
	1.500	\$37.00	\$47.00	\$47.00	\$63.00		
	2.000	\$37.00	\$47.00	\$47.00	\$63.00		
	3.000	\$37.00	\$47.00	\$47.00	\$63.00		
	4.000	\$37.00	\$47.00	\$47.00	\$63.00		
	6.000	\$37.00	\$47.00	\$47.00	\$63.00		
	8.000	\$37.00	\$47.00	\$47.00	\$63.00		
	10.000	\$37.00	\$47.00	\$47.00	\$63.00		
Tier Break (All yellow cells in this Tier Break table must contain data.)	1	1,000	1,000	1,000	1,000		
	2	3,000	3,000	3,000	3,000		
	3	10,000	10,000	10,000	10,000		
	4	25,000	25,000	25,000	25,000		
	5	50,000	50,000	50,000	50,000		
	6	75,000	75,000	75,000	75,000		
	7	100,000	100,000	100,000	100,000		
	8	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
Usage Rate per 1000 Gallons	1	\$0.00	\$0.00	\$0.00	\$0.00		
	2	\$2.40	\$2.40	\$2.40	\$2.40		
	3	\$3.30	\$3.30	\$3.30	\$3.30		
	4	\$4.20	\$4.20	\$4.20	\$4.20		
	5	\$5.50	\$5.50	\$5.50	\$5.50		
	6	\$10.00	\$10.00	\$10.00	\$10.00		
	7	\$11.00	\$11.00	\$11.00	\$11.00		
	8	\$12.00	\$12.00	\$12.00	\$12.00		
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
	Base Usage		0.00%	3.00%	3.00%	0.00%	
			0.00%	0.00%	0.00%	0.00%	
Results of the new rates		2022	2023	2024	2025	2026	5 Years
TOTAL EXPENSES		\$2,268,819	\$1,646,053	\$1,668,021	\$1,579,911	\$1,607,852	\$8,770,657
TOTAL REVENUE		\$1,573,692	\$1,586,832	\$1,632,122	\$1,678,232	\$1,702,973	\$8,173,851
NET LOSS OR GAIN: (Short/Over to Reserves)		-\$695,127	-\$59,222	-\$35,899	\$98,320	\$95,121	-\$596,806
NET CASH FLOW (Contribution to Reserves)		\$665,619	\$657,431	\$680,754	\$704,238	\$705,674	\$3,413,717
Affordability assuming MHI of \$41683 for residential meters.		2.48%	2.50%	2.57%	2.65%	2.69%	
Are you putting enough money in reserves?		No	No	No	Yes	Yes	
Positive Annual Cash Flow?		Yes	Yes	Yes	Yes	Yes	

This Scenario is a combination of Scenarios 2 & 3 where an initial base rate increase of \$5 is applied with a subsequent 3% increase in base rates for Years 3 & 4 while meeting expectations on page 19. In Year 5, the base rate for an In-Town Residential user will be \$39.25 compared to Scenario 3 where \$39.21. Affordability is consistent with Scenario 3 and the Capital Reserve deficit is reduced by \$106,000 and \$173,000 for Scenario 2 & 3 respectively.

5 Recommendations

5.1 Summary of rates, reserve funding, other recommendations

5.1.1 Recommendations for improving financial position

The Town does need to increase revenues for the water enterprise. Given that the Town has enacted a moratorium on new water taps, revenues will need to be generated from existing customers. This can be done with an initial base rate increase as seen in Scenario 2, a gradual but steady increase in base rates through a percent increase year over year as seen in Scenario 3, or a combination as seen in Scenario 6.

5.1.2 Reserve Funding

All reserve requirements are being met except for the capital improvement reserve. This is main reason for the needed rate increase. Future projects along with currently aging infrastructure will place a heavy burden on customers in future years if adjustments are not made.

5.1.2.1 Alternatives

There are a number of alternatives that the Town can consider to increase revenues. Initial increase in base rates, increase usage rates, an annual percent increase in base rates or usage rates. An alternative was given to reduce the usage tier structure from 12 to 8. This reduction placed a similar amount of revenue generated through usage charges as the current structure. The town has a heavy reliance on usage rates to cover expenses. This does lower the base rate, but if water usage declines, so does revenues and maintaining revenues equal to expenses is important to financial sustainability.

5.1.2.2 If no action is taken, the Town will continue to debt service requirements but will struggle to meet O&M costs due to rising costs and inflation. A do-nothing approach is not recommended.

5.1.2.3 One consideration for the Town to potentially decrease CIP costs is to consider grants and loans for assets between \$50,000 and \$1M. Currently, the Town would fund these projects 50% cash/ 50% grant. While this is feasible, one way to reduce the initial cost is to take out loans. While not the most cost effective, they do have the advantage of spreading the cost over longer terms which allows for all customers to contribute to the cost of the asset over its lifetime.

ACCOUNT DESCRIPTION	2020	2020	2021	2021	2022
	BUDGET	ACTUAL	BUDGET	EST ACTUAL	BUDGET

GENERAL FUND - ADMINISTRATION					
PROPERTY TAXES	133,063.00	132,257.46	134,107.00	135,279.78	150,121.00
SALES TAX - TOWN	17,730.00	75,247.95	991.00	10,491.00	13,224.00
SALES TAX - COUNTY		-	-	-	45,000.00
PENALTY & INTEREST	300.00	408.33	330.00	399.07	400.00
DELINQUENT TAX	50.00	-	30.00	14.26	15.00
LIQUOR LICENSES	4,000.00	4,240.50	3,650.00	5,009.00	5,000.00
SPECIAL REVIEWS	2,000.00	1,666.30	1,000.00	789.35	750.00
INTEREST INCOME	11,200.00	9,690.27	10,400.00	7,744.63	7,200.00
LATE CHARGES	8,500.00	2,522.11	2,500.00	7,075.00	7,075.00
OTHER INCOME	250.00	1.00	-	73.25	75.00
CONTRIBUTIONS	-	-	-	-	-
REFUND OF EXP	-	10,706.23	-	4,842.76	1,500.00
RESTITUTION	10,200.00	7,544.35	5,700.00	1,474.71	1,500.00
GRANT REVENUE	-	61,728.00	-	47,083.78	50,068.00
	187,293.00	307,227.77	158,708.00	220,276.59	281,928.00

GENERAL FUND - ADMINISTRATION					
TOTAL PAYROLL	58,711.00	48,801.80	33,169.00	26,775.92	46,424.00
WORK COMP	126.00	126.00	131.00	123.90	134.00
CONTRACT LABOR		529.09	-	-	-
OFFICE SUPPLIES	3,675.00	3,175.91	3,937.00	4,008.66	4,375.00
OPERATING SUPPLIES	725.00	652.68	721.00	897.45	690.00
POSTAGE	1,850.00	488.65	450.00	442.00	695.00
LEGAL SERVICES	50,080.00	66,335.09	51,160.00	48,024.88	73,153.00
AUDIT & BUDGET EXPENSE	5,170.00	5,290.00	4,510.00	4,500.00	4,500.00
REPAIRS & MAINTENANCE	-	325.00	-	-	-
TOWN HALL EXPENSE	10,765.00	11,272.11	11,683.00	11,659.98	11,890.00
TRAVEL & MEETINGS	10,700.00	909.22	10,790.00	1,616.02	3,950.00
INSURANCE & BONDS	3,326.00	4,136.30	3,766.00	4,747.88	2,780.00
UTILITIES	4,800.00	4,473.29	4,405.00	5,405.95	5,785.00
TELEPHONE	1,950.00	1,156.85	1,147.00	2,868.15	3,030.00
PUBLISHING & ADS	3,600.00	1,605.73	1,500.00	4,111.26	5,980.00
DUES & SUBSCRIPTIONS	8,700.00	9,538.50	9,703.00	9,794.69	11,880.00
CNTY TREASURER'S FEE	3,000.00	2,812.45	2,810.00	2,896.42	3,300.00
DATA PROCESSING	11,825.00	12,814.16	13,726.00	12,925.23	13,619.00
MISCELLANEOUS (CDOT GRANT)	-	127,589.98	-	46,410.20	-
CULTURAL EVENTS	-	38.91	850.00	-	-
HUMAN SERVICES	4,290.00	4,300.00	4,250.00	4,100.00	4,675.00
CAPITAL OUTLAY	4,000.00	53,222.55	-	-	85,068.00
TRANSFER		(26,000.00)		28,968.00	
	187,293.00	333,594.27	158,708.00	220,276.59	281,928.00
	-	(26,366.50)	(0.00)	-	(0.00)

ACCOUNT DESCRIPTION	2020 BUDGET	2020 ACTUAL	2021 BUDGET	2021 EST ACTUAL	2022 BUDGET
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GENERAL FUND - BUILDING					
BUILDING PERMITS	47,900.00	26,094.50	30,000.00	28,917.40	30,000.00
SALES TAX - TOWN		13,297.44	1,194.00	8,057.23	5,288.00
	47,900.00	39,391.94	31,194.00	36,974.63	35,288.00

GENERAL FUND - BUILDING					
TOTAL PAYROLL	-	4,992.37	2,518.00	2,514.78	3,695.00
WORKMANS COMPENSATION	12.00	12.00	18.00	16.20	18.00
BUILDING INSPECTOR	40,000.00	30,837.50	26,800.00	33,508.00	28,500.00
OFFICE SUPPLIES	500.00	53.18	497.00	12.85	500.00
POSTAGE	25.00	1.00	50.00	-	-
LEGAL SERVICES	1,200.00	585.00	-	-	750.00
INSURANCE & BONDS	775.00	775.89	776.00	777.80	880.00
PUBLISHING & ADS	100.00	-	-	-	-
DUES & SUBSCRIPTIONS	935.00	135.00	535.00	145.00	945.00
	43,547.00	37,391.94	31,194.00	36,974.63	35,288.00
	4,353.00	2,000.00	0.00	-	(0.00)

ACCOUNT DESCRIPTION	2020	2020	2021	2021	2022
	BUDGET	ACTUAL	BUDGET	EST ACTUAL	BUDGET

GENERAL FUND - PUBLIC SAFETY					
S.O. AUTO TAXES	18,000.00	22,290.77	19,000.00	23,315.39	23,315.00
SALES TAX - TOWN	183,074.00	151,428.37	173,957.00	183,000.00	182,000.00
SALES TAX - COUNTY	115,000.00	142,648.51	126,700.00	326,080.65	325,845.00
BACK THE BADGE		-	162,000.00	-	
CIGARETTE TAX	1,275.00	1,490.60	1,400.00	1,922.93	1,785.00
MOTOR VEHICLE - \$1.50	2,500.00	2,612.20	2,625.00	2,707.20	2,750.00
MOTOR VEHICLE - \$2.50	3,500.00	3,718.77	3,720.00	3,924.00	3,966.00
COURT FINES	500.00	717.28	400.00	835.00	825.00
POLICE FINES	20,000.00	14,075.00	17,225.00	16,356.00	27,650.00
MISC FINES-BONDS	200.00	73.50		190.00	200.00
DOG TAGS	750.00	311.00	300.00	250.00	300.00
PD GRANT	12,970.00	1,352.68	5,400.00	995.00	6,000.00
OTHER AGENCY CONT	20,000.00	20,000.00	10,000.00	9,165.00	
VIN INSPECTIONS	1,200.00	1,195.00	1,155.00	1,575.00	1,925.00
	378,969.00	361,913.68	523,882.00	570,316.17	576,561.00

GENERAL FUND - PUBLIC SAFETY					
TOTAL PAYROLL	-	259,701.76	418,805.00	336,200.59	465,914.00
WORK COMP	7,212.00	7,212.00	9,415.00	8,972.49	9,690.00
OFFICE SUPPLIES	1,100.00	1,266.84	1,310.00	511.02	1,200.00
OPERATING SUPPLIES	1,500.00	4,859.95	11,453.00	6,995.79	6,910.00
POSTAGE	300.00	231.54	235.00	201.13	254.00
LEGAL SERVICES	975.00	4,587.88	2,500.00	-	2,500.00
REPAIRS & MAINTENANCE	250.00	360.00	360.00	-	800.00
VEHICLE EXPENSE	11,800.00	6,774.79	10,535.00	15,319.47	12,340.00
TRAVEL & MEETINGS	6,500.00	719.34	9,500.00	8,440.55	10,100.00
INSURANCE & BONDS	20,313.00	20,613.36	22,216.00	22,800.83	25,764.00
UTILITIES	2,200.00	1,768.14	1,800.00	1,865.49	2,002.00
TELEPHONE	4,250.00	2,078.08	3,265.00	4,973.24	5,027.00
PUBLISHING & ADS	50.00	1,081.16	104.00	1,109.27	230.00
DUES & SUBSCRIPTIONS	3,525.00	8,480.52	6,050.00	5,019.08	4,685.00
DATA PROCESSING	16,300.00	15,534.83	25,234.00	16,806.23	28,070.00
HUMAN SERVICES	600.00	551.41	1,100.00	1,100.00	1,075.00
PUBLIC SAFETY	76,875.00	335,821.60	523,882.00	430,315.18	576,561.00
	302,094.00	26,092.08	0.00	140,000.99	(0.00)

ACCOUNT DESCRIPTION	2020	2020	2021	2021	2022
	BUDGET	ACTUAL	BUDGET	EST ACTUAL	BUDGET

GENERAL FUND - PARKS					
SALES TAX - TOWN	118,197.00	94,928.95	140,631.00	140,631.00	132,100.00
SEVERANCE TAX	8,800.00	4,764.61	5,000.00	1,304.84	1,300.00
MINERAL LEASING	6,300.00	3,918.97	3,925.00	7,219.37	6,680.00
RENTS & ROYALTIES	6,900.00	7,396.48	9,422.00	9,858.58	10,472.00
PARK CONTRIBUTIONS	-	10,360.00	670.00	6,033.00	-
GRANT REVENUE	-	2,654.21	-	-	34,040.00
OTHER AGENCY CONT	9,000.00	-	9,000.00	25.00	-
	159,197.00	124,023.22	183,648.00	165,071.79	184,592.00

GENERAL FUND - PARKS					
TOTAL PAYROLL	66,252.00	49,903.72	69,592.00	59,349.75	90,752.00
WORK COMP	1,375.00	1,375.00	1,768.00	1,684.90	1,820.00
CONTRACT LABOR	-	5,787.05	-	-	-
OFFICE SUPPLIES	50.00	16.24	37.00	-	-
OPERATING SUPPLIES	4,500.00	4,168.71	6,540.00	5,241.13	6,107.00
POSTAGE	-	49.61	50.00	-	50.00
REPAIRS & MAINTENANCE	6,290.00	3,699.27	5,684.00	12,964.32	14,728.00
VEHICLE EXPENSE	1,250.00	1,283.64	1,150.00	5,469.48	4,475.00
RENTALS	-	-	850.00	635.67	725.00
SHOP EXPENSE	1,000.00	2,448.16	1,082.00	1,870.87	1,595.00
INSURANCE & BONDS	4,045.00	4,079.42	3,718.00	3,812.76	4,300.00
UTILITIES	7,500.00	7,177.15	6,312.00	7,377.02	7,895.00
TELEPHONE	400.00	481.41	816.00	701.09	709.00
PUBLISHING & ADS	50.00	43.68	-	315.68	146.00
FEES & PERMITS	750.00	748.45	749.00	748.45	750.00
MISCELLANEOUS	-	5,308.42	-	36,492.38	34,040.00
CONTRACT SERVICES	3,000.00	2,274.13	3,000.00	2,110.48	3,000.00
CAPITAL OUTLAY	62,735.00	20,858.00	82,300.00	26,297.81	13,500.00
TRANSFER IN - (OUT)	-	6,000.00	-	-	-
PARKS	159,197.00	115,702.06	183,648.00	165,071.79	184,592.00
	(0.00)	8,321.16	0.00	-	(0.00)

ACCOUNT DESCRIPTION	2020	2020	2021	2021	2022
	BUDGET	ACTUAL	BUDGET	EST ACTUAL	BUDGET

GENERAL FUND - STREETS					
SALES TAX - TOWN	51,804.00	94,007.21	103,807.00	86,290.77	127,388.00
FRANCHISE TAX	58,800.00	57,753.65	58,580.00	55,077.84	61,375.00
MISCELLANEOUS INCOME		-		500.00	
MISCELLANEOUS PERMITS	1,800.00	1,155.00	1,750.00	1,875.00	1,450.00
HIGHWAY USERS TAX	48,012.00	44,153.27	44,111.00	53,056.86	49,916.00
ROAD & BRIDGE	6,500.00	7,947.15	6,500.00	8,177.99	8,050.00
GRANT REVENUE					18,250.00
RESERVE					18,250.00
MOTOR FUEL TAX REFUND	1,500.00	1,179.14	1,550.00	1,758.10	1,875.00
	168,416.00	206,195.42	216,298.00	206,736.56	286,554.00

GENERAL FUND - STREETS					
TOTAL PAYROLL	71,691.55	52,953.02	112,030.00	89,337.58	191,449.00
WORK COMP	1,691.00	1,691.00	3,468.00	3,305.00	3,570.00
OFFICE SUPPLIES		29.97	30.00	-	-
OPERATING SUPPLIES	900.00	661.00	840.00	103.51	625.00
POSTAGE	50.00	189.28	190.00	-	-
LEGAL & ENGINEERING SERV	1,950.00	945.50	-	4,237.50	36,755.00
REPAIRS & MAINTENANCE	19,850.00	30,380.79	12,716.00	34,225.20	8,510.00
VEHICLE EXPENSE	7,500.00	9,863.65	7,155.00	24,189.22	8,753.00
RENTALS		1,064.00	-	-	-
SHOP EXPENSE	4,000.00	3,063.48	1,879.00	6,061.38	6,083.00
TRAVEL & MEETINGS	-	31.66	-	546.25	-
INSURANCE & BONDS	8,548.45	8,744.63	3,317.00	3,394.63	3,905.00
UTILITIES	20,715.00	16,706.39	10,765.00	9,919.52	10,620.00
TELEPHONE	560.00	832.41	751.00	722.65	709.00
PUBLISHING & ADS	60.00	-	-	224.00	75.00
DUES & SUBSCRIPTIONS		1.56	-	-	-
SNOW REMOVAL	17,400.00	8,455.65	8,157.00	15,578.04	15,500.00
CAPITAL OUTLAY	13,500.00	62,445.13	55,000.00	-	-
TRANSFERS		6,000.00		-	
STREETS	168,416.00	204,059.12	216,298.00	191,844.48	286,554.00
	(0.00)	2,136.30	(0.00)	14,892.08	0.00

ACCOUNT DESCRIPTION	2020 BUDGET	2020 ACTUAL	2021 BUDGET	2021 EST ACTUAL	2022 BUDGET
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GENERAL FUND - BRIDGE					
INTEREST INCOME	10,300.00	4,265.58	7,000.00	262.89	300.00
BRIDGE RESERVE	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
RESERVES			3,000.00	-	80,000.00
	50,300.00	44,265.58	50,000.00	40,262.89	120,300.00

GENERAL FUND - BRIDGE					
BRIDGE REPAIR	50,300.00	-	50,000.00	-	120,300.00
	50,300.00	-	50,000.00	-	120,300.00
	-	44,265.58	-	40,262.89	-

ACCOUNT DESCRIPTION	2020 BUDGET	2020 ACTUAL	2021 BUDGET	2021 EST ACTUAL	2022 BUDGET
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GENERAL FUND SUMMARY					
GENERAL BEGINNING RESERVE	580,281.31	580,281.31	599,831.44	599,831.44	904,154.08
GENERAL INCOME	1,124,942.25	1,131,168.20	1,478,730.00	1,348,805.31	1,485,223.00
GENERAL EXPENSE	818,495.25	1,111,618.07	1,478,730.00	1,044,482.67	1,485,223.00
AUDIT ADJUSTMENT					
NET CHANGE	306,447.00	19,550.13	0.00	304,322.64	(0.00)
GENERAL ENDING RESERVE	886,728.31	599,831.44	599,831.44	904,154.08	904,154.08
LESS CLASSIFIED FUND BALANCE					
NONSPENDABLE					
RESTRICTED					
TABOR	33,748.27	33,935.05	44,361.90	40,464.16	44,556.69
COMMITTED					
BRIDGE RESERVE		184,168.00	231,168.00	231,168.00	110,868.00
AIRPORT					
ASSIGNED					
CAPITAL PURCHASES					
CAPITAL PROJECTS					
TOTAL CLASSIFIED FUND BAL	33,748.27	218,103.05	275,529.90	271,632.16	155,424.69
UNASSIGNED FUND BAL	852,980.04	381,728.39	324,301.54	632,521.92	748,729.39
EST UNASSIGNED					
10%	81,849.53	111,161.81	147,873.00	104,448.27	148,522.30
25%	204,623.81	277,904.52	369,682.50	261,120.67	371,305.75
50%	409,247.63	555,809.04	739,365.00	522,241.34	742,611.50

ACCOUNT DESCRIPTION	2020 BUDGET	2020 ACTUAL	2021 BUDGET	2021 EST ACTUAL	2022 BUDGET
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GENERAL FUND - STREET CAPITAL					
SALES TAX - TOWN	-	-	-	29,990.97	-
OPERATIONAL TAX			25,000.00	-	117,000.00
LICENSE FEES				25,000.00	
IMPACT FEE	45,107.36	48,150.59	61,822.00	54,175.71	-
TRANSFER			177,173.00	-	240,327.21
RESERVES	87,759.89	-	51,005.00	-	163,043.64
	132,867.25	48,150.59	315,000.00	109,166.68	520,370.85

GENERAL FUND - STREET CAPITAL					
CONTRACT LABOR-ENGINEER	3,000.00	-	-	-	-
REPAIR & MAINTENANCE-MATERIAL		85,049.08		-	
STREET CAPITAL	129,867.25	-	315,000.00	-	520,370.85
	132,867.25	85,049.08	315,000.00	-	520,370.85
	-	(36,898.49)	-	109,166.68	-

BEGINNING RESERVE	-	90,775.00	53,876.51	53,876.96	-
INCOME	-	48,150.59	315,000.00	109,166.68	520,370.85
EXPENSE	-	85,049.08	315,000.00	-	520,370.85
AUDIT ADJUSTMENT					
NET CHANGE	-	(36,898.49)	-	109,166.68	-
ENDING RESERVE	-	53,876.51	53,876.51	163,043.64	-

ACCOUNT DESCRIPTION	2020 BUDGET	2020 ACTUAL	2021 BUDGET	2021 EST ACTUAL	2022 BUDGET
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GENERAL FUND - SIDEWALK					
SIDEWALK REVENUE	35,800.00	31,054.08	31,034.00	30,737.49	31,068.00
RESERVES	-	-	-	-	33,035.07
TOTAL INCOME	35,800.00	31,054.08	31,034.00	30,737.49	64,103.07

GENERAL FUND - SIDEWALK					
LEGAL SERVICES	500.00	-	-	-	-
REPAIRS & MAINTENANCE	35,200.00	47,965.40	31,034.00	555.00	64,103.07
PUBLISHING & ADS	100.00	-	-	-	-
TRANSFER	-	-	-	-	-
TOTAL EXPENDITURES	35,800.00	47,965.40	31,034.00	555.00	64,103.07
	-	(16,911.32)	-	30,182.49	-
BEGINNING RESERVE	-	16,105.28	2,852.58	2,852.58	-
INCOME	35,800.00	31,054.08	31,034.00	30,737.49	64,103.07
EXPENSE	35,800.00	47,965.40	31,034.00	555.00	64,103.07
AUDIT ADJUSTMENT	-	-	-	-	-
NET CHANGE	-	(16,911.32)	-	30,182.49	-
ENDING RESERVE	-	(806.04)	2,852.58	33,035.07	-

ACCOUNT DESCRIPTION	2020 BUDGET	2020 ACTUAL	2021 BUDGET	2021 EST ACTUAL	2022 BUDGET
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PASS THROUGH GRANT FUND					
	335,000.00	-	460,000.00	-	460,000.00
TOTAL INCOME	335,000.00	-	460,000.00	-	460,000.00
	335,000.00	-	460,000.00	-	460,000.00
TOTAL EXPENDITURES	335,000.00	-	460,000.00	-	460,000.00
	-	-	-	-	-

PASS THROUGH GRANT FUND SUMMARY					
BEGINNING RESERVE	-	-	-	-	-
INCOME	335,000.00	-	460,000.00	-	460,000.00
EXPENSE	335,000.00	-	460,000.00	-	460,000.00
AUDIT ADJUSTMENT	-	-	-	-	-
NET CHANGE	-	-	-	-	-
ENDING RESERVE	-	-	-	-	-

ACCOUNT DESCRIPTION	2020 BUDGET	2020 ACTUAL	2021 BUDGET	2021 EST ACTUAL	2022 BUDGET
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SPACE 2 CREATE					
BOETTCHER	150,000.00	-	-	-	-
CCI	45,000.00	-	-	-	-
INTEREST	200.00	41.08	-	18.14	-
RESERVES			13,163.57	-	-
TOTAL INCOME	195,200.00	41.08	13,163.57	18.14	-
POSTAGE			-	-	-
PROFESSIONAL SERVICES	-		-	13,183.38	-
TRAVEL & MEETINGS			-	-	-
PUBLISHING & ADS			-	-	-
TOTAL EXPENDITURES	195,200.00	-	13,163.57	13,183.38	-
	-	41.08	-	(13,165.24)	-

SPACE 2 CREATE FUND SUMMARY					
BEGINNING RESERVE	13,124.16	13,124.16	13,165.24	13,165.24	-
INCOME	195,200.00	41.08	13,163.57	18.14	-
EXPENSE	195,200.00	-	13,163.57	13,183.38	-
AUDIT ADJUSTMENT					
NET CHANGE	-	41.08	-	(13,165.24)	-
ENDING RESERVE	13,124.16	13,165.24	13,165.24	0.00	-

ACCOUNT DESCRIPTION	2020 BUDGET	2020 ACTUAL	2021 BUDGET	2021 EST ACTUAL	2022 BUDGET
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CONSERVATION TRUST FUND					
CONSERVATION TRUST	9,000.00	7,590.44	7,492.00	8,741.55	8,500.00
INTEREST	8.00	4.02	3.00	14.78	15.00
RESERVES			6,337.67		17,067.56
TOTAL INCOME	9,008.00	7,594.46	13,832.67	8,756.33	25,582.56
EXPENDITURES-CTF	9,008.00	600.00	13,832.67	-	25,582.56
TRANSFER	-	-	-	-	-
TOTAL EXPENDITURES	9,008.00	600.00	13,832.67	-	25,582.56
	-	6,994.46	-	8,756.33	-

CONSERVATION TRUST FUND SUMMARY					
CONS TRUST BEGINNING RESERVE	1,316.77	1,316.77	8,311.23	8,311.23	
CONS TRUST INCOME	9,008.00	7,594.46	13,832.67	8,756.33	25,582.56
CONS TRUST EXPENSE	9,008.00	600.00	13,832.67	-	25,582.56
AUDIT ADJUSTMENT					
NET CHANGE	-	6,994.46	-	8,756.33	0.00
CONS TRUST ENDING RESERVE	1,316.77	8,311.23	8,311.23	17,067.56	0.00

ACCOUNT DESCRIPTION	2020 BUDGET	2020 ACTUAL	2021 BUDGET	2021 EST ACTUAL	2022 BUDGET
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CAPITAL IMPROVEMENT FUND					
SALES TAX - CAP. IMPROVEMENTS	187,500.00	214,454.96	210,290.00	214,235.00	230,000.00
AIRPORT	7,650.00	7,650.00	7,650.00	7,650.00	7,650.00
MISCELLANEOUS		500.00		-	
RESERVES	3,600.00	-	268,586.49	343,907.21	492,258.47
TOTAL INCOME	198,750.00	222,604.96	486,526.49	565,792.21	729,908.47
CAPITAL OUTLAY	187,500.00	216,847.73	309,353.03	505,600.21	421,739.26
AIRPORT	11,250.00			60,192.00	19,842.00
TRANSFERS		-	177,173.46	-	240,327.21
TOTAL EXPENDITURES	198,750.00	216,847.73	486,526.49	565,792.21	681,908.47
	-	5,757.23	-	-	48,000.00

CAPITAL IMPROVEMENT SUMMARY					
CAPITAL FUND BEGINNING RESERVE	338,149.98	338,149.98	343,907.21	343,907.21	
CAPITAL INCOME	198,750.00	222,604.96	486,526.49	565,792.21	729,908.47
CAPITAL EXPENSE	198,750.00	216,847.73	486,526.49	565,792.21	681,908.47
AUDIT ADJUSTMENT					
NET CHANGE	-	5,757.23	-	0.00	48,000.00
CAPITAL FUND ENDING RESERVE	338,149.98	343,907.21	343,907.21	343,907.21	48,000.00
LESS CLASSIFIED FUND BALANCE					
RESTRICTED : TABOR					
COMMITTED					
AIRPORT	52,542.00	52,543.00	60,192.00	60,192.00	48,000.00
TOTAL CLASSIFIED FUND BAL	52,542.00	52,543.00	60,192.00	60,192.00	48,000.00
UNASSIGNED FUND BAL	285,607.98	291,364.21	283,715.21	283,715.21	-

ACCOUNT DESCRIPTION	2020	2020	2021	2021	2022
	BUDGET	ACTUAL	BUDGET	EST ACTUAL	BUDGET

WATER FUND - INCOME					
WATER CHARGES-BASE RATE	765,000.00	799,921.19	664,944.00	970,584.24	694,824.00
RATE INCREASE					155,664.00
STANDBY TAP FEES	44,115.00	53,584.79	56,484.00	50,341.19	50,676.00
WATER CHARGES-USAGE	66,497.40	-	528,550.00	-	275,760.24
SALES & SERVICES	3,650.00	8,285.75	4,500.00	9,032.48	7,000.00
BULK WATER	4,550.00	5,850.00	5,400.00	6,540.00	6,025.00
WATER TAPS	-	45,500.00	-	6,000.00	-
GRANT FUNDS	14,000.00	3,826.50		185,501.40	369,232.00
PENALTIES	2,500.00	395.72	1,000.00	50.00	350.00
RENTS	1,000.00	1,000.00	1,000.00	-	1,000.00
MISCELLANEOUS REVENUE	-	754.72		-	
RESERVES					335,500.00
WATER INCOME	901,312.40	919,118.67	1,261,878.00	1,228,049.31	1,896,031.24

WATER FUND - EXPENDITURES					
TOTAL PAYROLL	250,517.40	206,414.45	201,599.00	183,961.62	287,254.00
CONTRACT LABOR	20,000.00	-	-	-	-
NORRIS RETIREMENT	20,160.00	20,160.00	20,160.00	20,160.00	20,160.00
WORK COMP	3,736.00	3,736.00	3,220.00	3,068.18	3,315.00
OFFICE SUPPLIES	300.00	181.35	320.00	377.56	415.00
OPERATING SUPPLIES	17,050.00	9,250.99	10,950.00	22,055.07	23,415.00
POSTAGE	4,900.00	4,243.98	3,925.00	5,107.61	5,550.00
LEGAL & ENGINEERING SERVICES	7,500.00	3,776.50	500.00	40,486.75	28,000.00
AUDIT	11,280.00	11,520.00	11,000.00	11,000.00	12,500.00
REPAIRS & MAINTENANCE	202,940.00	95,982.04	194,656.00	133,819.33	227,750.00
VEHICLE EXPENSE	10,000.00	7,938.23	6,219.00	20,640.82	20,360.00
RENTALS	2,500.00	-	-	-	-
SHOP EXPENSE	4,250.00	3,616.55	3,305.00	6,594.13	1,950.00
TRAVEL & MEETINGS	3,500.00	31.67	1,957.00	1,840.08	1,200.00
FUEL					
INSURANCE & BONDS	19,715.00	20,980.22	23,508.00	24,332.70	27,550.00
CIRSA-INCREASE	350.00				
UTILITIES	25,000.00	30,925.74	27,325.00	32,386.85	34,654.00
TELEPHONE	4,175.00	4,467.93	4,200.00	5,022.67	5,088.00
PUBLISHING & ADS	710.00	178.35	179.00	541.82	200.00
DUES & SUBSCRIPTIONS	1,850.00	1,849.06	1,855.00	26,707.50	20,658.00
FEES & PERMITS	8,500.00	11,280.75	11,661.00	20,339.97	12,015.00
DATA PROCESSING	7,980.00	11,725.90	13,656.00	16,586.41	29,630.00
WRITEOFF-UNCOLLECTABLE	250.00	-	200.00	-	-
CONTRACT SERVICES	-	-	-	1,550.00	-
WATER POWER AUTHORITY LOAN	183,500.00	171,095.53	191,222.00	173,837.91	191,225.00
DRINKING WATER REVOLVING FUNDS	23,350.00	23,343.40	24,054.00	23,343.40	23,344.00
FCNB INTERIM FINANCING	25.00	-	10.00	-	-
DEBT SERVICE	-	(142,892.96)	-	-	-
CAPITAL OUTLAY	32,936.00	-	150,000.00	63,939.00	596,058.24
PASS THRU	24,274.00	25,605.31	37,499.00	30,687.76	-
GRANT PROJECTS		7,653.01		20,730.00	
TRANSFER IN - (OUT)	10,064.00	7,000.00	-	-	-
DEPRECIATION	-	325,068.24	318,698.00	323,740.00	323,740.00
WATER EXPENDITURES	901,312.40	865,132.24	1,261,878.00	1,212,857.14	1,896,031.24
		53,986.43	(0.00)	15,192.17	(0.00)

ACCOUNT DESCRIPTION	2020	2020	2021	2021	2022
	BUDGET	ACTUAL	BUDGET	EST ACTUAL	BUDGET
WATER BEGINNING RESERVE	166,873.33	166,873.33	329,644.94	329,644.94	344,837.11
WATER INCOME	901,312.40	919,118.67	1,261,878.00	1,228,049.31	1,896,031.24
WATER EXPENSE	901,312.40	865,132.24	1,261,878.00	1,212,857.14	1,896,031.24
NET CHANGE	-	53,986.43	(0.00)	15,192.17	(335,500.00)
AUDIT ADJUSTMENT					(335,500.00)
WATER ENDING RESERVE	166,873.33	220,859.76	329,644.94	344,837.11	9,337.11
AVAILABLE RESOURCES	166,873.33	220,859.76	329,644.94	344,837.11	9,337.11
SOURCE (USE) OF FUNDS					
LESS CLASSIFIED FUND BALANCE					
RESTRICTED					
WATER STORAGE					
COMMITTED					
DEPRICIATION		(325,068.24)	(318,698.00)	(323,740.00)	
DEBT RESERVE (3MO)	225,328.10	216,283.06	315,469.50	303,214.29	474,007.81
10% DEBT PAYMENT RES				328,096.00	
ASSIGNED					
CAPITAL PURCHASES					
CAPITAL PROJECTS					
TOTAL CLASSIFIED FUND BAL	225,328.10	(108,785.18)	(3,228.50)	307,570.29	474,007.81
UNASSIGNED FUND BAL	(58,454.77)	329,644.94	332,873.44	37,266.82	(464,670.71)
EST UNASSIGNED	90,131.24	86,513.22	126,187.80	121,285.71	189,603.12
	225,328.10	216,283.06	315,469.50	303,214.29	474,007.81
	450,656.20	432,566.12	630,939.00	606,428.57	948,015.62

ACCOUNT DESCRIPTION	2020	2020	2021	2021	2022
	BUDGET	ACTUAL	BUDGET	EST ACTUAL	BUDGET

SEWER CHARGES - RECEIVED	478,450.00	531,364.63	537,996.00	531,000.70	536,856.00
INCREASE	54,156.00	-	-	-	-
SEWER TAPS	15,000.00	42,500.00	15,000.00	5,000.00	5,000.00
INTEREST	15,800.00	4,588.81	4,600.00	393.77	400.00
GRANT REVENUE		53,587.50		-	
MISCELLANEOUS REVENUE		2,172.00		-	
SANITATION INCOME	563,406.00	634,212.94	557,596.00	536,394.47	542,256.00

TOTAL PAYROLL	133,336.50	115,124.36	171,264.00	156,068.16	149,826.00
CONTRACT LABOR	20,000.00	-		-	
WORK COMP	961.00	961.00	947.00	902.01	975.00
OFFICE SUPPLIES	300.00	161.89	166.00	21.44	50.00
OPERATING SUPPLIES	15,380.00	10,045.96	8,863.00	20,586.51	16,555.00
POSTAGE	2,100.00	2,124.83	2,250.00	2,681.72	2,695.00
LEGAL & ENGINEERING SERV	19,400.00	28,575.90	-	-	1,000.00
AUDIT	3,525.00	3,600.00	4,500.00	4,500.00	4,500.00
REPAIRS & MAINTENANCE	98,585.00	126,314.74	48,862.00	51,977.55	51,710.00
VEHICLE EXPENSE	6,500.00	7,703.95	6,397.00	20,264.84	19,600.00
RENTALS	1,000.00	-	-	-	-
SHOP EXPENSE	3,000.00	2,815.38	3,174.00	6,069.91	6,055.00
TRAVEL & MEETINGS	2,000.00	31.67	2,307.00	1,090.14	2,400.00
INSURANCE & BONDS	6,545.00	7,947.55	8,816.00	8,980.78	11,195.00
UTILITIES	34,000.00	31,325.31	35,151.00	33,600.82	35,951.00
TELEPHONE	1,600.00	1,577.91	1,681.00	1,903.92	1,973.00
PUBLISHING & ADS	500.00	69.08	-	138.60	140.00
DUES & SUBSCRIPTIONS	150.00	137.50	438.00	558.90	560.00
FEES & PERMITS	10,100.00	6,827.55	7,319.00	7,580.00	7,382.00
DATA PROCESSING	27,855.00	13,716.46	19,027.00	16,077.59	13,650.00
WRITEOFF-UNCOLLECTABLE	250.00	-	150.00	-	-
CONTRACT SERVICE		-		300.00	
GAGING STATION	3,900.00	3,935.00	4,089.00	5,360.00	4,100.00
RURAL DEVELOPMENT P&I	102,500.00	-	-	-	-
ISSUANCE COSTS		75,050.00			
DEBT SERVICE	-	55,529.51	107,983.00	98,750.00	102,927.00
CAPITAL OUTLAY	55,565.00	-	-	-	
PASS THRU FUNDS	14,353.50	15,940.35	16,590.00	15,930.02	-
TRANSFER IN - (OUT)	-	7,000.00		-	-
DEPRECIATION		108,906.00	107,622.00	109,012.00	109,012.00
SEWER EXPENDITURES	563,406.00	625,421.90	557,596.00	562,354.91	542,256.00
	0.00	8,791.04	(0.00)	(25,960.44)	0.00

ACCOUNT DESCRIPTION	2020 BUDGET	2020 ACTUAL	2021 BUDGET	2021 EST ACTUAL	2022 BUDGET
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SEWER BEGINNING RESERVE	374,079.48	374,079.48	382,870.52	382,870.52	356,910.08
SEWER INCOME	563,406.00	634,212.94	557,596.00	536,394.47	542,256.00
SEWER EXPENSE	563,406.00	625,421.90	557,596.00	562,354.91	542,256.00
NET CHANGE	0.00	8,791.04	(0.00)	(25,960.44)	0.00
AUDIT ADJUSTMENT					
SEWER ENDING RESERVE	374,079.48	382,870.52	382,870.52	356,910.08	356,910.08
SOURCE (USE) OF FUNDS					
LESS CLASSIFIED FUND BALANCE					
RESTRICTED					
COMMITTED					
DEPRICIATION	102,000.00	102,000.00	102,000.00	102,004.00	102,000.00
DEBT RESERVE (3MO)	140,851.50	156,355.48	139,399.00	140,588.73	135,564.00
10% DEBT PAYMENT RES	101,040.00	101,040.00	101,040.00	101,040.00	101,040.00
ASSIGNED					
CAPITAL PURCHASES					
CAPITAL PROJECTS					
TOTAL CLASSIFIED FUND BAL	343,891.50	359,395.48	342,439.00	343,632.73	338,604.00
UNASSIGNED FUND BAL	30,187.98	23,475.05	40,431.52	13,277.35	18,306.08
EST UNASSIGNED	56,340.60	62,542.19	55,759.60	56,235.49	54,225.60
	140,851.50	156,355.48	139,399.00	140,588.73	135,564.00
	281,703.00	312,710.95	278,798.00	281,177.46	271,128.00

ACCOUNT DESCRIPTION	2020	2020	2021	2021	2022
	BUDGET	ACTUAL	BUDGET	EST ACTUAL	BUDGET

GARBAGE FEES - RECEIVED	216,000.00	220,172.59	218,880.00	251,930.98	254,340.00
INCREASE	-	-	38,892.00	-	-
SALES & SERVICE	-	1,152.00	1,300.00	8,109.92	10,000.00
RESERVE	27,780.00	-	-	-	18,760.00
INCOME	243,780.00	221,324.59	259,072.00	260,040.90	283,100.00

TOTAL PAYROLL	149,900.00	132,015.71	162,428.00	155,574.02	174,850.00
WORK COMP	3,561.00	3,561.00	6,057.00	5,772.32	6,250.00
OFFICE SUPPLIES	250.00	157.00	202.00	-	160.00
OPERATING SUPPLIES	1,275.00	1,113.04	1,145.00	844.68	1,205.00
POSTAGE	1,000.00	1,029.15	876.00	1,670.86	1,793.00
LEGAL SERVICES	390.00	-	-	-	-
AUDIT	3,525.00	3,600.00	4,500.00	4,500.00	4,500.00
REPAIRS & MAINTENANCE	1,525.00	1,287.98	106.00	-	1,600.00
VEHICLE EXPENSE	13,550.00	7,859.04	7,929.00	12,245.81	16,760.00
SHOP EXPENSE	1,400.00	607.74	681.00	1,378.67	1,420.00
TRAVEL & MEETINGS	1,550.00	-	520.00	546.25	-
INSURANCE & BONDS	4,324.00	6,336.27	4,985.00	5,820.28	6,695.00
UTILITIES	1,900.00	3,037.21	1,576.00	2,521.77	2,671.00
TELEPHONE	500.00	569.82	543.00	728.38	750.00
PUBLISHING & ADS	150.00	-	35.00	138.60	140.00
DATA PROCESSING	1,450.00	2,542.84	2,172.00	3,508.32	2,740.00
WRITEOFF-UNCOLLECTABLE	250.00	-	270.00	-	-
LANDFILL FEES	33,000.00	33,053.50	37,868.00	36,480.96	37,320.00
CLEAN-UP DAY	6,300.00	-	1,800.00	3,106.05	3,000.00
CAPITAL OUTLAY	6,500.00	-	-	-	3,600.00
PASS THRU FUNDS	6,480.00	6,604.92	7,733.00	7,557.93	-
DEPRECIATION	5,000.00	17,646.00	17,646.00	17,646.00	17,646.00
TRASH EXPENDITURES	243,780.00	221,021.22	259,072.00	260,040.90	283,100.00
	(0.00)	303.37	0.00	(0.00)	0.00

GARBAGE BEGINNING RESERVE	112,419.74	112,419.74	112,723.11	112,723.11	112,723.11
GARBAGE INCOME	243,780.00	221,324.59	259,072.00	260,040.90	283,100.00
GARBAGE EXPENSE	243,780.00	221,021.22	259,072.00	260,040.90	283,100.00
AUDIT ADJUSTMENT					(18,760.00)
NET CHANGE	(0.00)	303.37	0.00	(0.00)	(18,760.00)
GARBAGE ENDING RESERVE	112,419.74	112,723.11	112,723.11	112,723.11	93,963.11
CAPITAL PURCHASES					
TOTAL CLASSIFIED FUND BAL	-	-	-	-	-
UNASSIGNED FUND BAL	112,419.74	112,723.11	112,723.11	112,723.11	93,963.11
EST UNASSIGNED	24,378.00	22,102.12	25,907.20	26,004.09	28,310.00
25%	60,945.00	55,255.31	64,768.00	65,010.23	70,775.00
50%	121,890.00	110,510.61	129,536.00	130,020.45	141,550.00

ACCOUNT DESCRIPTION	2020 BUDGET	2020 ACTUAL	2021 BUDGET	2021 EST ACTUAL	2022 BUDGET
BEGINNING RESERVE	1,641,069.35	1,702,276.86	1,828,754.68	1,828,754.68	1,828,754.68
INCOME	3,607,198.65	3,167,118.98	4,561,832.73	3,978,594.16	6,006,575.19
EXPENSE	3,300,751.66	3,040,641.16	4,561,832.74	3,659,266.21	5,958,575.20
AUDIT ADJUSTMENT	-	-	-	-	(354,260.00)
NET CHANGE	306,446.99	126,477.82	(0.00)	319,327.95	(306,260.01)
ENDING RESERVE	1,947,516.34	1,828,754.68	1,828,754.67	2,148,082.63	1,522,494.67

CAPITAL IMPROVEMENT ALLOCATIONS FOR 2022

DESCRIPTION	ALLOCATION	ACTUAL	2021	REMAINING	2022	2021-2015	2014	2021	2020	2019	2018	2017
					SALES TAX	CELL TOWER		CARRY				
AIRPORT												
PAONIA SHARE AIRPORT	67,842.00			67,842.00	(7,650.00)	(53,550.00)	(6,642.00)					
ADMINISTRATION												
COMPUTERS	10,000.00			10,000.00	(10,000.00)							
POLICE												
VEHICLE	53,416.70			53,416.70	(48,000.00)			(5,416.70)				
PUBLIC WORKS												
STREETS	240,327.21			240,327.21	(77,000.00)			(38,945.00)	(49,226.38)	(45,540.62)	(14,725.00)	(14,890.21)
STREETS (OVERLAY)	92,349.23		30,000.00	62,349.23	(30,000.00)			(20,000.00)	(11,687.50)	(661.73)		(30,000.00)
SIGN REPLACEMENT	6,894.00			6,894.00					(1,490.46)	(212.74)	(296.80)	(4,894.00)
STRUCTURE UPGRADES	20,000.00			20,000.00					(20,000.00)			
VEHICLE	135,000.00		90,000.00	45,000.00	(45,000.00)			(45,000.00)	(45,000.00)			
EQUIPMENT	104,079.33			104,079.33	(20,000.00)			(67,740.00)	(16,339.33)			
TOTAL	729,908.47	-		609,908.47	(237,650.00)	(53,550.00)	(6,642.00)	(177,101.70)	(143,743.67)	(46,415.09)	(15,021.80)	(49,784.21)
					(230,000.00)							

Employee Number	Name	85-00 Net Pay Emp Amt
1053	Beardslee, Dominic D	1,517.18
1056	Cecil, Raymond Cole	1,010.17
1052	Edwards, Roger	965.94
1002	Ferguson, J.Corinne	2,257.55
1026	Heiniger, Kaden D	1,117.43
1022	Hinyard, Patrick	1,612.54
1001	Jones, Cynthia	1,765.50
1050	Loberg, Travis	2,056.74
1003	Mojarro-Lopez, Amanda	1,017.32
1051	Reich, Dennis	982.81
1057	Rose, Clinton A.	1,129.44
1021	Winnett, Lorin E	1,663.36
1004	Wuollet, Candice C	1,058.09
Grand Totals:		
		13
		18,154.07

Report Criteria:
 Paid transmittals included
 Unpaid transmittals included

Transmittal Number	Name	Check Number	Pay Per Date	Pay Code	Description	GL Account	Amount
2							
2	IRS Tax Deposit	711052103	10/29/2021	74-00	Federal Tax Deposit Social Security Pay	10-0216	1,190.55
2	IRS Tax Deposit	711052103	10/29/2021	74-00	Federal Tax Deposit Social Security Pay	10-0216	1,190.55
2	IRS Tax Deposit	711052103	10/29/2021	75-00	Federal Tax Deposit Medicare Pay Peri	10-0216	345.33
2	IRS Tax Deposit	711052103	10/29/2021	75-00	Federal Tax Deposit Medicare Pay Peri	10-0216	345.33
2	IRS Tax Deposit	711052103	10/29/2021	76-00	Federal Tax Deposit Federal Withholding	10-0216	1,945.57
Total 2:							X 5,017.33
4							
4	Aflac	0	10/29/2021	63-01	Aflac Pre-Tax Pay Period: 10/29/2021	10-0225	136.50
4	Aflac	0	10/29/2021	63-02	Aflac After Tax Pay Period: 10/29/2021	10-0225	24.90
Total 4:							161.40
6							
6	Colorado Dept of Labor	0	10/29/2021	98-00	SUTA State Unemployment Tax Pay Pe	10-0218	74.20
Total 6:							74.20
9							
9	Colorado Dept of Revenue	0	10/29/2021	77-00	State Withholding Tax Pay Period: 10/29	10-0217	798.00
Total 9:							798.00
30							
30	Empower Retirement	711052101	10/29/2021	51-01	Retirement Plan Retirement Plan Pay P	10-0220	589.40
30	Empower Retirement	711052101	10/29/2021	51-01	Retirement Plan Retirement Plan Pay P	10-0220	783.20
30	Empower Retirement	711052101	10/29/2021	51-02	Retirement Plan Retirement Loan Paym	10-0220	310.47
Total 30:							X 1,683.07
33							
33	FPPA - Fire & Police Pensi	711052102	10/29/2021	50-00	FPPA Pay Period: 10/29/2021	10-0219	432.40
33	FPPA - Fire & Police Pensi	711052102	10/29/2021	50-00	FPPA Pay Period: 10/29/2021	10-0219	319.60
33	FPPA - Fire & Police Pensi	711052102	10/29/2021	90-00	Death & Disability Pay Period: 10/29/20	10-0219	112.80
Total 33:							X 864.80
70							
70	Rocky Mountain HMO	0	10/29/2021	60-01	RMHMO - Employee Only Pay Period: 1	10-0223	251.84
70	Rocky Mountain HMO	0	10/29/2021	60-01	RMHMO - Employee Only Pay Period: 1	10-0223	4,155.14
70	Rocky Mountain HMO	0	10/29/2021	60-03	RMHMO - Employee + Family Pay Perio	10-0223	133.80
70	Rocky Mountain HMO	0	10/29/2021	60-03	RMHMO - Employee + Family Pay Perio	10-0223	3,356.42
70	Rocky Mountain HMO	0	10/29/2021	60-07	RMHMO - Employee + Spouse Pay Peri	10-0223	93.98
70	Rocky Mountain HMO	0	10/29/2021	60-07	RMHMO - Employee + Spouse Pay Peri	10-0223	874.38
Total 70:							8,865.56
71							
71	The Harford	0	10/29/2021	65-01	Group#013307460001 Hartford Basic P	10-0226	19.08
71	The Harford	0	10/29/2021	65-02	Group#013307460001 Hartford Supple	10-0226	25.16
71	The Harford	0	10/29/2021	65-03	Group#013307460001 Hartford Disability	10-0226	85.06

Transmittal Number	Name	Check Number	Pay Per Date	Pay Code	Description	GL Account	Amount
Total 71:							129.30
73							
73	Delta Dental of Colorado	0	10/29/2021	60-05	Dental RMHMO - Dental Pay Period: 10	10-0223	219.33
Total 73:							219.33
75							
75	VSP Insurance CO (CT)	0	10/29/2021	60-04	RMHMO - Vision Pay Period: 10/29/202	10-0223	81.75
Total 75:							81.75
Grand Totals:							17,894.74

Report Criteria:

- Paid transmittals included
- Unpaid transmittals included

cf 11/5/2021

5,017.33
 1,683.07
 864.80
7,565.20

From: [Corinne Ferguson](#)
To: ["Paige Smith"](#)
Cc: [Cindy Jones](#)
Bcc: [Mary B](#); [Dave K](#); [Karen Budinger](#); [Mick J](#); [Michelle P](#); [Tamie M](#); [Bill Bear](#)
Subject: RE: Comments on the draft 2022 Budget provided to date
Date: Thursday, November 4, 2021 11:13:00 AM

Paige, (Board bcc'd)

Thank you for sending in your thoughts and questions in advance. This is very helpful for staff to be able to provide the information with opportunity for review ahead of time.

Please see below for answers. I will include your email and my responses in the budget session of the packet.

J. Corinne Ferguson
Town Administrator/Clerk

“The first responsibility of a leader is to define reality. The last is to say thank you. In between, the leader is a servant.” Max DePree

Please consider the environment before printing this e-mail.

Sender and receiver should be mindful that all my incoming and outgoing emails may be subject to the Colorado Open Records Act, § 24-72-100.1, et seq.

The Town of Paonia is an equal opportunity employer.

From: Paige Smith <paige@greenhousegarden.com>
Sent: Wednesday, November 3, 2021 10:12 PM
To: Mary B <maryb@townofpaonia.com>; Dave K <DaveK@townofpaonia.com>; Karen Budinger <karenb@townofpaonia.com>; Mick J <mickj@townofpaonia.com>; Michelle P <michellep@townofpaonia.com>; Tamie M <tamiem@townofpaonia.com>; Bill Bear <bbear@townofpaonia.com>; Corinne Ferguson <corinne@townofpaonia.com>
Subject: Comments on the draft 2022 Budget provided to date

Mayor Bachran, Trustees and Administrator Ferguson,

I have several comments and questions regarding the budget documents provided to date.

1. I don't think enough time has been provided for the trustees and public to view and discuss the budget. Of the seven Budget Workshops included in the Budget Timeline, two were not held (Sept. 7 and Sept. 21) and there is now only one more Budget Workshop currently scheduled (Nov. 9) before the statutory deadline of Nov. 23 for budget approval. Given the valuable information we received last night from Ty of the RCAC, I'm concerned there won't be adequate time to address the many issues he identified and the additional issues that were brought up at previous Workshops if additional time isn't scheduled for public discussion. I hope this is a moot point and you've already scheduled at least one more Budget Workshop. **I would say yes, this is a moot point. At the October**

26th regular meeting, via email follow-up, and at the RCAC work session on November 2nd I informed the Board that the SGM presentation scheduled for November 9th has been postponed in order to host a full work session prior to the regular meeting, we anticipate an additional work session November 16th, prior to the Public Hearing on November 23rd.

2. A draft 2022 Summary Budget consisting of two spreadsheets (pages 5 and 6 of the packet) was provided at the Sept. 14 Workshop packet. At the next Workshop held on Sept. 28, both spreadsheets were provided, but many of the entries in both had changed significantly. **The initial presentation were potential numbers to stimulate discussion with the Board to begin review and discussion of wants and needs in the 2022 budget. As staff receives comment and direction from Trustees projects and numbers are updated accordingly.** Two additional spreadsheets were also added to the packet for the Sept. 28 Workshop. None of these four pages of spreadsheets were discussed at the Sept. 28 Workshop or during any of the following Workshops. These tables have not been included in any Workshop packets since the Sept. 28 Workshop. Where do these tables fit into the final budget discussion? **Individual spreadsheets are snap shots of different pieces of the overall budget intended to direct conversation and decisions so that they can be fed into the full budget document. The spreadsheets were provided at direction from the Board to simplify the amount of data given, which becomes overwhelming to review all at once.**

3. The SGM report was included in the Sept. 28 Workshop packet but was not discussed during that Workshop and has not been included in any of the recent Workshop packets. This report was relied upon heavily for Ty's rate analysis. When will this report be discussed and approved for acceptance by the Trustees? I'd also like to know when the SGM report was received by the Town of Paonia? The deadline for approval, rejection, and final reporting for the grant that paid for the SGM CIP and Inventory is May of 2022. **As stated above in question number 1, I had initially scheduled SGM to present at the November 9th meeting work session, but due to the necessity to hold additional budget sessions I have postponed this. The information is still of value for review and budgeting purposes and the required deadline for board approval/acceptance/rejection of the study is May of 2022. Staff received preliminary data in March of 2021, provided the data to the finance committee and treasurer for review and comment, and following their review received the final draft for submittal to the Board in September 2021.**

4. There were 22 pages of budget tables provided in the Oct. 12 Workshop packet describing fund specific revenue and expenditures. Many of the values included in this set of tables do not match the draft 2022 Summary Budget spreadsheets provided during the Sept. 28 Workshop. Which of these are being relied upon for the budget? **The original draft budget is what we rely on for the final draft budget for adoption. These are continuously updated with information as received by the Board and studies such as RCAC fund presentation. Again, summary worksheets are to stimulate discussion only.**

5. The Oct. 26 Workshop packet included the narrative summary of the budget. On page 10 of the packet, the narrative explains that proposed increased water rates will result in an additional \$155,644 in revenue. Page 13 of the packet includes a table with proposed staffing levels/wage increases with a total estimated increase, if adopted, of \$242,598 as compared to the salary level budgeted in 2021. Given what we learned at last night's RCAC workshop, any increases in water rates will need to be applied to water system infrastructure improvements. What is the proposed source of funding for the increase in payroll? **The \$242,598 includes additional support staff necessary in 2022. Payroll is funded through all revenue across all funds. Impact on the water enterprise fund for payroll for proposed staff increases is \$5,590.00 annually.**

6. Page 14 of the Oct 26 Workshop packet includes a table devoted to the Capital Improvement Fund. This table has values different than the original table (found on page 13 of 22) with the same title in the Oct 12 Budget packet. There is no narrative in the Oct 26 Workshop packet explaining why the values have changed and this revised table was not discussed during the Oct. 26 Workshop. Could the explanation behind this table's revised numbers please be included in the next Budget Workshop packet? **Again, the reports are updated as we receive additional information and Board**

direction. Trustee Bear asked that the numbers be reconciled to match back to the capital improvement detail sheet, additional information regarding allocation to airport, and revenue increases we are seeing as we move further through 2021.

7. I'm attaching a copy of the *Allocations* table (page 39) from the Town of Paonia's 2018 budget. This is an easily read, comprehensive summary of the approved spending allocations for the entire budget year. Please consider reinstating the use of a similar table for the 2022 budget. The Board requested the layout be changed to show year over year, so we no longer used that allocation sheet for budget discussion. The Board also has directed staff to use and direct to ClearGov, not internally created spreadsheets – so that is what we are moving to. ClearGov has been updated, continues to be updated, and is available at: <https://cleargov.com/colorado/delta/town/paonia>

Reminder: Data is updated with most current information prior to each work session so the Board always has the most up-to-date information to work from.

I very much appreciate that you stay informed until your answers are received.

Thank you!

Corinne

Thank you for your consideration of my questions and comments.

Paige Smith

AGENDA SUMMARY FORM

	Roll Call		
Summary:			
Notes:			
Possible Motions:			
Motion by: _____ 2 nd : _____ vote: _____			
Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran

November 3, 2021

AGENDA SUMMARY FORM

	Approval of Agenda		
Summary:			
Notes:			
Possible Motions:			
Motion by: _____ 2 nd : _____ vote: _____			
Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran

November 3, 2021

AGENDA SUMMARY FORM



Announcements

Summary:

Notes:

Possible Motions:

Motion by: _____ 2nd: _____ vote: _____

Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran

November 3, 2021

AGENDA SUMMARY FORM

	<p>Oath of Office - Police Officer Lance Kramer</p>		
<p>Summary: Lance Kramer passed academy and became a POST certified officer in 2019. He has served both in the state of Colorado as well as the state of New Mexico. Please welcome Officer Kramer to the Paonia Police Force.</p>			
<p>Notes:</p>			
<p>Possible Motions:</p> <p>Motion by: _____ 2nd: _____ vote: _____</p>			
Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran:

November 5, 2021

AGENDA SUMMARY FORM

	Visitors & Guests		
Summary:			
Notes:			
Possible Motions:			
Motion by: _____ 2 nd : _____ vote: _____			
Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran

November 5, 2021

AGENDA SUMMARY FORM



Administrator's Report
Town Attorney Report

Summary: Staff Reports and Police Blotter will be provided monthly at the first meeting of the Board of Trustees.

Notes:

VW – verbal warning
WW – written warning
CIT - citation
CAA – clear adult arrest
UTL – unable to locate
UNF - unfounded

Possible Motions:

Motion by: _____ 2nd: _____ vote: _____

Vote:	Trustee Bear:	Trustee Budinger:	Trustee Johnson:
Trustee Knutson:	Trustee Meck: :	Trustee Pattison:	Mayor Bachran:

“A house divided against itself cannot stand.” Abraham Lincoln

Administrators Report for November 9, 2021

Please note: This report is not a comprehensive list of all projects but acts as a highlight for included packet documents, ongoing, and upcoming projects.

Last meeting follow-up:

1a. As requested, the Town springs information provided by Ms. Karen Fogg with staff notes has been included in the packet following this report.

Updates:

- 1b.** The bid opening for the pedestrian bridge project took place as scheduled. Two bids were received and are under review prior to Board submittal.
- 2b.** Ty Long with RCAC is scheduled to attend a workshop with the Town 11/2/21 to present the cost-of-service analysis for the Water Fund.
- 3b.** Ty Long has offered to perform the Sewer fund cost of service analysis in 2022.
- 4b.** SGM will be re-scheduled later to present the Asset Inventory and GIS Mapping.
- 5b.** The Planning Commission met and made a recommendation regarding the master plan and dark skies ordinance. The Ordinance will be on the next regular agenda.
- 6b.** CVRF business grant applications are coming in. As a reminder, the closing date is November 24th.
- 7b.** All water meters except consecutive systems were averaged for the November billing cycle due to a trans receiver fail in the remote ready system. The repaired receiver has been delivered and reading will resume for December billing cycle.
- 8b.** A draft agreement regarding the shared building depart is anticipated for 11/23/2021 meeting.
- 9b.** The introduction of the amending ordinance for 2018 building code is anticipated for the 11/23/2021 meeting.

Upcoming – No Date Confirmed, Not in Order of Importance:

- 1.** Electronic Billing.

From the desk of Corinne Ferguson
Town Administrator/Clerk

2. Non-conforming ADU Update - Staff continues to walk each street in the Town to compile lists of locations with outbuildings, then researches permit – if applicable – to determine use. This is an ongoing project, as time permits – which was the Board direction at the time of request.

From: [Karen Fogg](#)
To: [Corinne Ferguson](#)
Cc: [Dave K](#)
Subject: Fwd: What is the condition of our town springs? Photos of two of our springs.
Date: Wednesday, June 16, 2021 9:02:21 AM
Attachments: [nmmlrghlemekimhi.png](#)
[pbiokiakoodolhfm.png](#)
[nakeaqaalikhmerca.png](#)
[gecefkccchihimfn.png](#)
[pnlfkafdkkmoahel.png](#)
[kncmfikealbbnncd.png](#)
[mmfhdhimikcbeko.png](#)
[dkonfhfndohnfabl.png](#)

Corinne,
Please make sure this email including the photos are put into the packet for the next meeting.

Thank you,

K Fogg

----- Forwarded Message -----

Subject: What is the condition of our town springs? Photos of two of our springs.

Date: Tue, 15 Jun 2021 10:33:39 -0600

From: Karen Fogg <karenleefogg@gmail.com>

To: Michelle P <MichelleP@townofpaonia.com>, tamie@townofpaonia.com <tamie@townofpaonia.com>, DaveK@townofpaonia.com <DaveK@townofpaonia.com>, mickj@townofpaonia.com <mickj@townofpaonia.com>, karenb@townofpaonia.com <karenb@townofpaonia.com>, BBear@townofpaonia.com <BBear@townofpaonia.com>, maryb@townofpaonia.com <maryb@townofpaonia.com>

To Paonia Trustees,

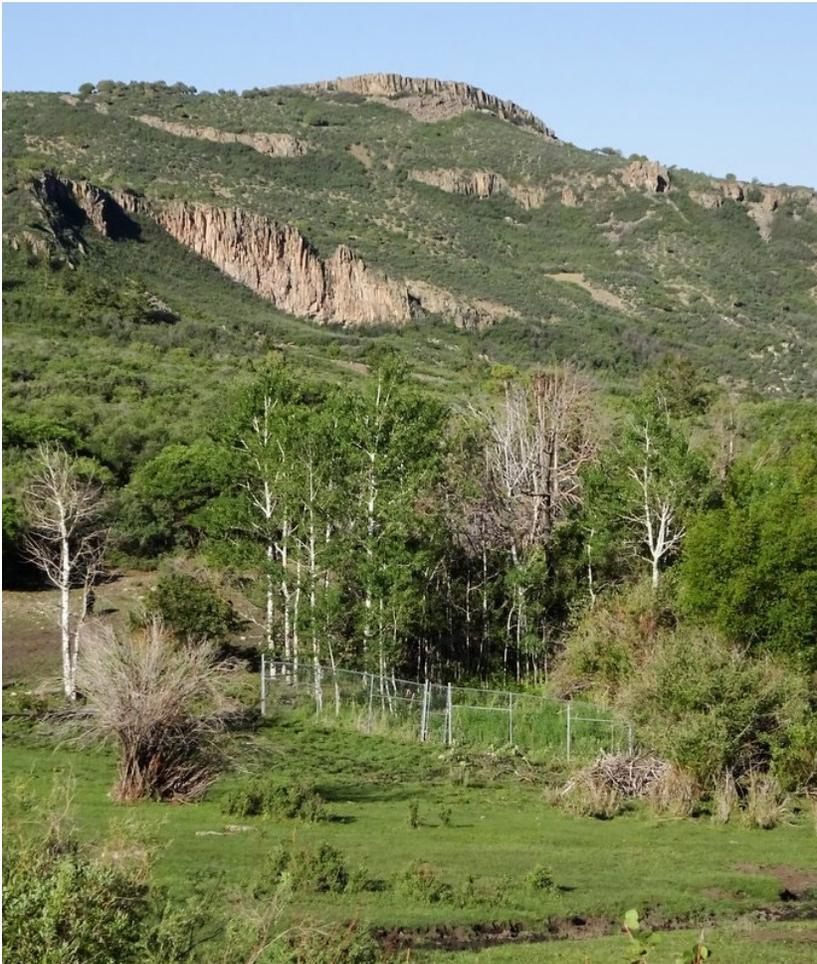
Please look at the recent photographs of both German Creek and Bell Creek Springs. If these are any indicator of the condition of our other springs providing our domestic water we are, one might say, flushing our water down the toilet. We have water; it is just not getting to us because of negligence. Please compare the condition of these springs to the last photo of the town of Crawford spring.

After seeing the condition of these springs, I cannot believe that JD Hydro actually saw them or they would not have said they had "complete confidence" in Travis Loberg.

We paid this engineering firm to do a complete study; they did not. We need to know what the flow is at all of our spring sites for a period of two years to get reliable data. Instead of paying JD Hydro for another three months of work, let's first put our money into upgrading the top four springs which provide us with the most water and install remote monitors, **now**. Let's hire someone who cares enough to maintain them and capable enough to monitor them.

One of the Bell Springs: the spring box is empty and this spring has *probably* been bypassed for the ones above it.

Why was this spring abandoned? It is the most accessible spring after you get up the 4-wheel drive road. *Photos by Fogg and Weber*



---- Karen Fogg Comment:

One of the Bell Springs: the spring box is empty and this spring has probably been bypassed for the ones above it.

Why was this spring abandoned? It is the most accessible spring after you get up the 4-wheel drive road. Photos by Fogg and Weber

Staff Comment:

This is not an abandoned spring. Several things can occur that would cause the spring box to be empty (meaning no water in it). 1. Bell Creek Springs feed the IMG system.

When we are not releasing production water in to the distribution system from the IMG we are required to spill the water at the spring. This is before the spring box. 2.

Bell Creek can place a call on the water, which will cause the Town to shut down the collection of the spring water which occurs before the spring box. 3. The spring can go dry, causing no water in the collection spring box.



Karen Fogg Comment:
Next spring upstream: completely overgrown

Staff Comment:
Agreed. This is overgrown. Spring site
rehab is very time consuming and expensive. Staff is
happy to take on contracting out this endeavor at such a
time as the Board deems this a budgetary priority and
funding is available.

Karen Fogg Comment: The gate cannot be opened due to the overgrowth at this Bell Creek spring. The spring box can no longer be maintained. A meter is needed here.



Staff Comment:

The measuring device is not in the fenced area. This is not Bell Creek Spring, this is a collection box for Reynolds Creek.

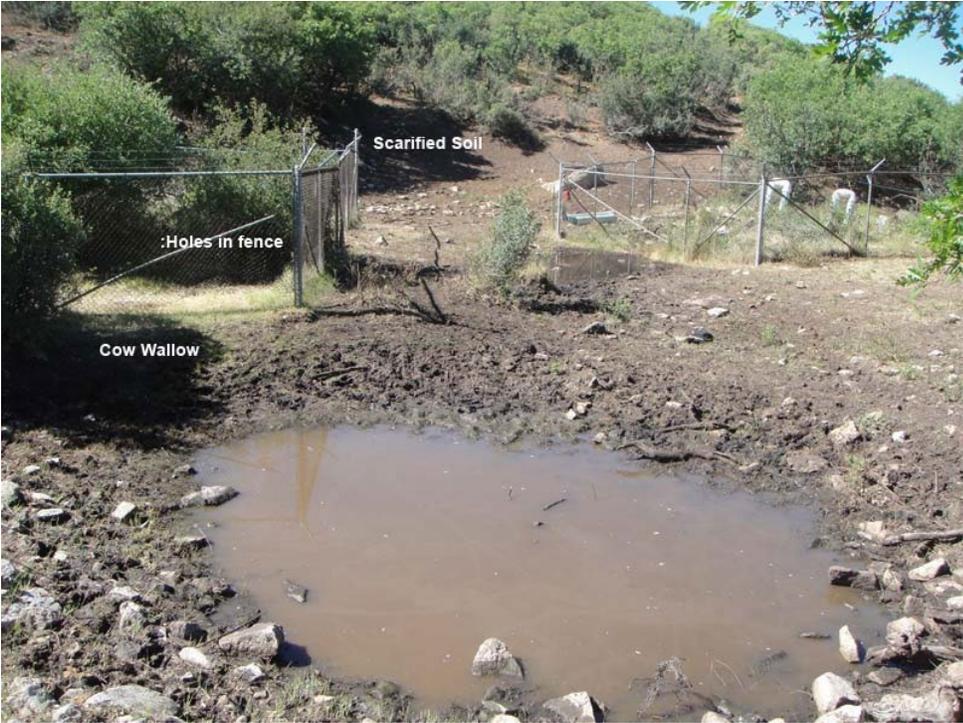
Karen Fogg Comment: The third Bell creek spring above the other two: Completely overgrown and the gate cannot be opened to maintain the spring box. This spring needs a monitor.



Staff Comment:
Some Spring rehabilitation was completed in 2020 but more is needed as noted above.

Recent pic of our second largest spring, German Creek (there are other developed spring boxes in the German Creek complex).

Photos by Bill Brunner



Staff Comment:

Cattle and Wildlife move through the area. This is forest service land we are permitted to do maintenance on. Fence repair is needed.

Karen Fogg Comment: One of the broken pipes at German Creek



Staff Comment:

This is a Beaver Dam Ditch pipe not German Creek and the repair has already been made. The pipe has also been buried underground for better protection moving forward.

The condition of the fence at this German Creek spring. Bill Brunner took pics of this spring 6 years ago showing the poor condition. Nothing was done. The condition of this spring is worse now. This spring needs a monitor.



Staff Comment:

Agreed. The fence is in need of repair.



Karen Fogg Comment: Last by not least is a pic of the spring for the town of Crawford. Note the solar panel to run the remote monitor. This is what a municipal developed spring should look like. Photo by David Weber

Staff Comment:

Agreed. Crawford has a beautifully maintained spring. This is similar to the set-up Town has currently at the Mays Spring site. What is important to take into consideration when making a comparison to the Town of Crawford spring and water system is to note that the Town of Crawford has One spring that services one treatment plant that is run by two full-time employees. The Town of Paonia has 30 springs that services two treatment plants that is also run by two full-time employees. The expectation that the 30 Paonia springs can be maintained at the same level as the 1 Crawford spring with the exact same staffing level is untenable.

	A	B	C	D	E	F	G	H	I	J	K	N
1		Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	TO DATE TOTAL
2	2MG	ONLINE	ONLINE	ONLINE	ONLINE	ONLINE	ONLINE	ONLINE	ONLINE	ONLINE	ONLINE	
3	RAW WATER REYNOLDS CREEK SPRING	2,762,470	2,569,620	2,738,540	2,377,130	2,430,270	2,158,510	4,953,100	5,130,630	4,036,400	1,186,500	30,343,170
4	RAW WATER GERMAN CREEK SPRINGS	No Data Collection	No Data Collection	No Data Collection	No Data Collection	No Data Collection	1st Month Data Collection	11,793,300	10,441,500	7,881,600	10,266,700	40,383,100
5	WATER PRODUCED*	4524810*	8853790*	13562220*	5014510*	7,817,900	16,300,600	17,018,700	15,585,700	11,762,400	11,003,400	79,488,700
6	STORAGE TANK LEVEL	29.46	29.72	30.23	29.98	28.95	30.13	30.12	FULL	30.1	30.1	
7	SPILL AMOUNT	412,410	534,970	537,370	595,120	3,077,486	1,197,480	583,000	2,149,520	562,780	1,098,100	10,748,236
8	BACK WASH WATER **	163,550	319,870	500,720	153,240	129,680	111,990	330,023	299,610	318,158	0 - under repair	2,326,841
9	WATER LOSS AT PLANT (BACKWASH)							105,127	SKID REPAIR	SKID REPAIR	SKID REPAIR	
10												
11												
12	* DISCREPANCY NOTED BETWEEN FILTERTECH MASTER METER AND COMPUTER SOFTWARE.											
13	** BACK WASH WATER IS INCLUDED IN PRODUCED WATER BUT IS NOT INCLUDED IN MONTHLY REPORT OF SOLD WATER											
14	*** UNACCOUNTED WATER CAN BE ATTRIBUTED TO LEAKS, LINE FLUSHING, HYDRANT USE, UN-METERED LOCATION USE, ETC.											
15												
16	NOTE: DATA IS APPROXIMATION ONLY AND DOES NOT ACCOUNT FOR USAGE ESTIMATION MONTHS, FIRE HYDRANT AND											
17	WATERLINE FLUSHES, NON-METERED ACCOUNTS OR SPILL AT SPRINGS											
18												
19	DATA CHANGE TO MATCH METER READ DATES SO SEPT 2021 IS AUG 15TH TO SEPT 15TH DATA											
20												
21	SIX RAW WATER SPRINGS CONVERGE AND FEED THE 2MG SYSTEM AT TWO POINTS, KNOWN AS THE GERMAN CREEK LINE (GC)											
22	AND THE REYNOLDS CREEK LINE (RC).											
23												
24												
25		Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	44,470	TO DATE TOTAL
26	1MG	OFFLINE	OFFLINE	OFFLINE	OFFLINE	OFFLINE	OFFLINE	OFFLINE	ONLINE	ONLINE	ONLINE	
27	RAW WATER MAYS SPRING								1,577,000	3,530,000		5,107,000
28	RAW WATER _____ SPRING	FEEDING TO 2MG Through RC	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		-
29	WATER PRODUCED*								908,000	1,450,000	2,160,000	4,518,000
30	STORAGE TANK LEVEL								11.2	10.2	10.1	
31	SPILL AMOUNT								583,000	2,080,000	3,499,200	6,162,200
32												
33												
34												
35	BOTH PLANTS AS OF AUGUST 2021											
36	TOTAL WATER PRODUCED								16,493,700	13,212,400	13,163,400	
37	WATER SOLD	5,503,144	6,912,361	4,422,485	7,489,338	8,627,540	10,914,410	10,554,450	11,627,494	9,618,504	9,400,410	85,070,136
38	NO BILL ACCOUNTS WATER USED							289,510	217,600	234,930	234,930	976,970
39	WATER + NO BILL							10,843,960	11,845,094	9,853,434	9,635,340	42,177,828
40	UNACCOUNTED ***							6,174,740	4,866,206	3,593,896	3,762,990	18,397,832
41	UNACCOUNTED PERCENTAGE							36%	31%	31%	34%	
42	TOTAL NUMBER OF ACTIVE TAPS	1,610	1,610	1,610	1,610	1,610	1,610	1,610	1,610	1,610	1,610	



MEMORANDUM

To: Board of Trustees, Town of Paonia
From: Bo James Nerlin, Esq. *Bo James Nerlin*
Re: Town Attorney Report
Date: 11/5/2021
CC: Ms. Corinne Ferguson

The purpose of this memorandum is to outline several projects that I have been working on as Town Attorney. This is to serve as a brief overview and not a comprehensive list.

Opioid Settlement and Recovery

Enclosed in the packet is a Resolution prepared by the Town Administrator approving Colorado’s Opioid Settlement and Recovery Documents. On behalf of the Town, I have reviewed the document which constitute the Town’s approval for the Settlement:

- (1) The Memorandum of Understanding
- (2) The Subdivision Settlement Participation Form - Johnson & Johnson;
- (3) The Subdivision Settlement Participation Form - AmerisourceBergen, Cardinal Health, and McKesson; and
- (4) The Colorado Subdivision Escrow Agreement

Citizen’s Initiative

I have reviewed the most recent Citizen’s initiative submitted by Mr. Brunner and conferred with the Town Administrator/ Town Clerk in its approval to form.

Fence Memo

I have reviewed the Town Administrator’s Fence Memo enclosed in the Board Packet, and I have conferred with the Town Administrator regarding the same.

IGA With the Town of Hotchkiss

I have provided a copy of the updated IGA between the Town’s of Paonia and Hotchkiss regarding the provision of law enforcement officers by Hotchkiss to Paonia on an interim basis to the Town Administrator.

Electronic Participation in Meetings – Covid Concerns

I've been asked to examine the Town's authority to reschedule in person meetings to an electronic format. Absent an electronic participation policy, it is my position that meetings of the Board of Trustees should be in person unless there is an emergency declaration from the Mayor, ratified by the Board of Trustees. It is my opinion that the Town should consider adopting an electronic participation policy which would allow for Trustees and staff members to attend meetings remotely.

AGENDA SUMMARY FORM

	Disbursements		
Summary:			
Notes:			
Possible Motions: Motion by: _____ 2 nd : _____ vote: _____			
Vote:	Trustee Bear:	Trustee Budinger:	Trustee Johnson:
Trustee Knutson:	Trustee Meck:	Trustee Pattison:	Mayor Bachran:

November 3, 2021

FOR: 11/09/2021

UBB OPS DISBURSEMENT SUMMARY		
DESCRIPTION	DATES	AMOUNT
CURRENT FSBC OPS BALANCE		131,566.82
ACCOUNTS PAYABLE	10/23/21-11/05/21	(56,924.77)
LOAN PAYMENT		
NORRIS RETIREMENT PAYMENT	SCHEDULED 11/26/2021	(1,680.00)
CHASE CREDIT CARD	09/24/21 - 10/23/21	(1,664.85)
AMAZON	10/1/21 - 10/31/21	(342.49)
TRANSFER TO SUMMIT		
TRANSFER TO PAYROLL	11/5/2021	(18,154.07)
PAYROLL TAXES	11/5/2021	(7,565.20)
BALANCE AFTER PAYMENT		45,235.44

1

UBB SUMMIT/PAYROLL DISBURSEMENT SUMMARY		
DESCRIPTION	DATES	AMOUNT
CURRENT FSBC SUMMIT BALANCE		1,292,187.06
TRANSFER FROM OPS		-
TRANSFER FROM INT. GRANTS		-
CURRENT FSBC PAYROLL BALANCE		25.00
TRANSFER FROM OPS		18,154.07
PAYROLL (DIRECT DEPOSIT)	11/5/2021	(18,154.07)
BALANCE AFTER PAYMENT		1,310,366.13

1

1

UBB INTERNAL GRANT DISBURSEMENT SUMMARY		
DESCRIPTION	DATES	AMOUNT
CURRENT INTERNAL GRANT BALANCE		25.00
BALANCE AFTER PAYMENT		25.00

of 11/5/21

	BANK BALANCES			DESCRIPTION
	FSBC	COLOTRUST	TOTAL	
As of: 11/05/2021				
GENERAL		532,370.89		COMBINED FUNDS
SEWER RESTRICTED		530,460.23		PROPERTY SALE-RESTRICTED
DEBT RESERVE		106,885.64		AMKO BOND REQUIRED RESERVE
BRIDGE RESERVE		588,679.78		BRIDGE RESERVE
CONS.TRUST	10,404.36			RESTRICTED TO PARK USE ONLY
GRANT PASS THRU	25.00			PLACE HOLDER-COMBINED FUNDS
INT GRANT	25.00			MOVING TO CD-AMKO BOND RESERVE
OPS	148,337.86			COMBINED FUNDS
PARK CONTRIBUTIONS	12,563.11			SPECIFIC PARK PROJECTS
PAYROLL	25.00			PLACE HOLDER-COMBINED FUNDS
SPACE-TO-CREATE	13,181.70			SPACE TO CREATE ONLY
SUMMIT	1,292,187.06			COMBINED FUNDS
WWTP	58,458.30			OLD SEWER REHAB ONLY
CD#2-402	203,060.69			COMBINED FUNDS-LOC COLLATERAL
CD#3-2578	260,073.18			COMBINED FUNDS
	1,998,341.26	1,758,396.54	3,756,737.80	

	CASH POSITION			DESCRIPTION
	COMBINED	RESTRICTED	TOTAL	
As of: 11/05/2021				
GENERAL	532,370.89			
SEWER RESTRICTED		530,460.23		RESTRICTED TO SEWER CAPITAL PROJECT
DEBT RESERVE		106,885.64		RESTRICTED LOAN REQUIREMENT
BRIDGE RESERVE		588,679.78		RESTRICTED TO BRIDGE REPAIRS
CONS.TRUST		10,404.36		RESTRICTED TO PARK CAPITAL PROJECT
GRANT PASS THRU	25.00			
INT GRANT		25.00		RESTRICTED LOAN REQUIREMENT
OPS	148,337.86			
PARK CONTRIBUTIONS		12,563.11		SPECIFIC PARK PROJECTS AS DONATED
PAYROLL	25.00			
SPACE-TO-CREATE		13,181.70		SPACE TO CREATE ONLY
SUMMIT	1,292,187.06			
WWTP		58,458.30		OLD SEWER REHAB ONLY
CD#2-402	203,060.69			
CD#3-2578	260,073.18			
	2,436,079.68	1,320,658.12	3,756,737.80	

cf 11/5/21

Due Date	Vendor Number	Vendor Name	Invoice Number	Invoice Amount	Discount Amount	Partial Payments	Net Due Amount	Pay	Partial Pmt Amt	Part Pmt Disc Amt	
11/10/2021	661	All Points Transit I	4171	3,100.00	.00	.00	3,100.00		<i>cf</i>		ANNUAL SHARE
11/10/2021	1185	AQUAFIX INC	38496	2,572.04	.00	.00	2,572.04				SEWER TREATMENT
11/10/2021	654	Badger Meter, Inc.	1467221	2,200.00	.00	.00	2,200.00				NEW METER READER
11/10/2021	654	Badger Meter, Inc.	80083674	260.00	.00	.00	260.00				SERVICE AGREEMENT 11/2021-12/2021
11/10/2021	473	Better Containers	236581	188.73	.00	.00	188.73				HALLOWEEN BAGS
11/10/2021	1141	BO JAMES NERLI	35475	4,166.66	.00	.00	4,166.66				ATTORNEY
11/10/2021	1141	BO JAMES NERLI	35477-35487	286.00	.00	.00	286.00				ATTORNEY-RIVERBANK
11/10/2021	1126	Brown Hill Enginee	523	1,710.00	.00	.00	1,710.00				WATER SCADA SYSTEM
11/10/2021	21	Caselle, Inc	113066	1,114.00	.00	.00	1,114.00				MONTHLY SOFTWARE FEE
11/10/2021	309	Colorado State For	90495	800.00	.00	.00	800.00				APPLE VALLEY TREE INVENTORY
11/10/2021	1183	Column Software	03BB435C-0	42.39	.00	.00	42.39				LEGAL NOTICES
11/10/2021	39	Delta County Inde	1021519674	56.44	.00	.00	56.44				CLASSIFIED ADS
11/10/2021	56	Delta County Land	10312021	3,261.75	.00	.00	3,261.75				LANDFILL FEES
11/10/2021	43	Delta Montrose Ele	11-2021-W	2,238.03	.00	.00	2,238.03				UTILITIES
11/10/2021	46	Dependable Lumb	2110-199033	738.91	.00	.00	738.91				VARIOUS
11/10/2021	48	Don's Market	01-1343504	5.85	.00	.00	5.85				PD BATTERIES
11/10/2021	986	Elevate Fiber	10_21	803.34	.00	.00	803.34				TELEPHONE & INTERNET
11/10/2021	822	Erica Ruth Hill	CO10486 03	118.01	.00	.00	118.01				ANNUAL SHARE
11/10/2021	822	Erica Ruth Hill	CO10486 11	1,601.83	.00	.00	1,601.83				ANNUAL SHARE
11/10/2021	62	Feather Petroleum	10312021	1,225.13	.00	.00	1,225.13				FUEL
11/10/2021	888	Filter Tech System	9040	1,187.46	.00	.00	1,187.46				2MG PLANT REPAIR
11/10/2021	823	Gail Jean James	C010486 030	118.01	.00	.00	118.01				ANNUAL SHARE
11/10/2021	823	Gail Jean James	C010486 112	1,601.83	.00	.00	1,601.83				ANNUAL SHARE
11/10/2021	80	Hellman Motor Co	638010	287.36	.00	.00	287.36				VEHICLE REPAIR
11/10/2021	82	High Country Shop	91515	110.20	.00	.00	110.20				CLASSIFIED AD
11/10/2021	82	High Country Shop	91516	60.80	.00	.00	60.80				CVRF GRANT
11/10/2021	82	High Country Shop	91768	110.20	.00	.00	110.20				CLASSIFIED AD
11/10/2021	82	High Country Shop	91769	60.80	.00	.00	60.80				CVRF GRANT
11/10/2021	482	Larry D Gillenwate	423086	30.13	.00	.00	30.13				CAR WASH
11/10/2021	470	Leon, Susan	11/1/2021-11/	725.00	.00	.00	725.00				CLEANING CONTRACT
11/10/2021	851	North Fork Mercha	5380	19.00	.00	.00	19.00				CVRF GRANT
11/10/2021	141	North Fork Service	520354-5203	621.84	.00	.00	621.84				FUEL
11/10/2021	122	Paonia Auto Parts	381850-3828	1,347.25	.00	.00	1,347.25				VARIOUS
11/10/2021	125	Paonia Farm & Ho	103533,1035	37.56	.00	.00	37.56				VARIOUS
11/10/2021	1119	Peak Alarm Co., In	1155437	225.00	.00	.00	225.00				ALARM REPAIRS
11/10/2021	499	Phonz +	12289	1,573.73	.00	.00	1,573.73				MONTHLY IT FEES
11/10/2021	520	PR Diamond Prod	0060210-IN	555.00	.00	.00	555.00				TOOL (LASER WELDED CORE BIT)
11/10/2021	1224	Rhinehart Oil Co.,L	CP-059528-2	729.09	.00	.00	729.09				FUEL
11/10/2021	737	Ricoh USA Inc	5063092777	193.57	.00	.00	193.57				COPIER COPIES
11/10/2021	656	Schmueser Gordo	2013-471.01	6,889.50	.00	.00	6,889.50				LEAD & COPPER COMPLIANCE
11/10/2021	656	Schmueser Gordo	2013-471.01	4,698.75	.00	.00	4,698.75				2MG TANK RE-COATING
11/10/2021	833	U.S. Geological Su	90940693	4,089.00	.00	.00	4,089.00				GAGING STATION
11/10/2021	161	UNCC	221101097	44.88	.00	.00	44.88				LOCATES
11/10/2021	162	United Companies	1431458	185.70	.00	.00	185.70				STREET REPAIR
11/10/2021	162	United Companies	1432229	381.65	.00	.00	381.65				WATER LEAK
11/10/2021	165	Valley Machine LL	5848	145.00	.00	.00	145.00				F350 REPAIR
11/10/2021	181	Vandanacker, Marc	CO10486 03	118.01	.00	.00	118.01				ANNUAL SHARE
11/10/2021	181	Vandanacker, Marc	CO10486 11	1,601.83	.00	.00	1,601.83				ANNUAL SHARE
11/10/2021	491	Winwater Corp	061291-01	489.12	.00	.00	489.12				WATER PARTS
11/10/2021	491	Winwater Corp	061365-01	1,925.63	.00	.00	1,925.63				WATER LEAK
11/10/2021	491	Winwater Corp	061386-01	272.76	.00	.00	272.76				WATER PLANT REPAIR
Grand Totals:			51	56,924.77	.00	.00	56,924.77		<i>cf</i>		

Cash Requirements Summary

Date	Invoice Amount	Discount Amount	Partial Payments	Net Due Amount	Net Cumulative Amount
11/10/2021	56,924.77	.00	.00	56,924.77	56,924.77
Grand Totals:	<u>56,924.77</u>	<u>.00</u>	<u>.00</u>	<u>56,924.77</u>	



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Customer Service: 1-800-945-2028

Mobile: Download the Chase Mobile® app today

November 2021						
S	M	T	W	T	F	S
31	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	1	2	3	4
5	6	7	8	9	10	11

New Balance
\$1,664.85
 Minimum Payment Due
\$40.00
 Payment Due Date
11/17/21

Late Payment Warning: If we do not receive your minimum payment by the due date, you may have to pay a late fee, and existing and new balances may become subject to the Default APR.

Minimum Payment Warning: Enroll in Auto-Pay and avoid missing a payment. To enroll, go to www.chase.com

ACCOUNT SUMMARY

Account Number:	[REDACTED]
Previous Balance	\$1,733.94
Payment, Credits	-\$1,733.94
Purchases	+\$1,664.85
Cash Advances	\$0.00
Balance Transfers	\$0.00
Fees Charged	\$0.00
Interest Charged	\$0.00
New Balance	\$1,664.85
Opening/Closing Date	09/24/21 - 10/23/21
Credit Limit	\$45,000
Available Credit	\$43,335
Cash Access Line	\$2,250
Available for Cash	\$2,250
Past Due Amount	\$0.00
Balance over the Credit Limit	\$0.00

YOUR ACCOUNT MESSAGES

Your next AutoPay payment for \$1,664.85 will be deducted from your Pay From account and credited on your due date. If your due date falls on a Saturday, we'll credit your payment the Friday before.

Your AutoPay amount will be reduced by any payments or merchant credits that post to your account before we process your AutoPay payment. If the total of these payments and merchant credits is more than your set AutoPay amount, your AutoPay payment for that month will be zero.

This Statement is a Facsimile - Not an original



P.O. BOX 15123
WILMINGTON, DE 19850-5123
For Undeliverable Mail Only

AUTOPAY IS ON
See Your Account
Messages for details.

Payment Due Date:	11/17/21
New Balance:	\$1,664.85
Minimum Payment:	\$40.00

Account number: [REDACTED]

\$ _____ Amount Enclosed

AUTOPAY IS ON

80481 BEX Z 29621 C
CINDY JONES
TOWN OF PAONIA
PO BOX 460
PAONIA CO 81428-0460

CARDMEMBER SERVICE
PO BOX 6294
CAROL STREAM IL 60197-6294

To contact us regarding your account:



Call Customer Service:
In U.S. 1-800-945-2028
Spanish 1-888-795-0574
Pay by phone 1-800-436-7958
International 1-480-350-7099
We accept operator relay calls



Send Inquiries to:
P.O. Box 15298
Wilmington, DE 19850-5298



Mail Payments to:
P.O. Box 6294
Carol Stream, IL 60197-6294



Visit Our Website:
www.chase.com/cardhelp

Information About Your Account

Making Your Payments: The amount of your payment should be at least your minimum payment due, payable in U.S. dollars and drawn on or payable through a U.S. financial institution or the U.S. branch of a foreign financial institution. You can pay down balances faster by paying more than the minimum payment or the total unpaid balance on your account.

You may make payments electronically through our website or by one of our customer service phone numbers above. In using any of these channels, you are authorizing us to withdraw funds as a one-time electronic funds transfer from your bank account. In our automated phone system, this authorization is provided via entry of a personal identification number. You may revoke this authorization by cancelling your payment through our website or customer service telephone numbers prior to the payment processing. If we receive your completed payment request through one of these channels by 11:59 p.m. Eastern Time, we will credit your payment as of that day. If we receive your request after 11:59 p.m. Eastern Time, we will credit your payment as of the next calendar day. If you specify a future date in your request we will credit your payment as of that day.

If you pay by regular U.S. mail to the Payments address shown on this statement, write your account number on your check or money order and include the payment coupon in the envelope. Do not send more than one payment or coupon per envelope. Do not staple, clip or tape the documents. Do not include correspondence. Do not send cash. If we receive your properly prepared payment on any day by 5 p.m. local time at our Payments address on this statement, we will credit to your account that day. If your payment is received after 5 p.m. local time at our Payments address on this statement, we will credit it to your account as of the next calendar day.

For all other payments or for any payment type above for which you do not follow our payment instructions, crediting of your payments may be delayed for up to 5 days.

Account Information Reported To Credit Bureau: We may report information about your Account to credit bureaus. Late payments, missed payments or other defaults on your Account may be reflected in your credit report. If you think we have reported inaccurate information to a credit bureau, please write to us at Chase Card Services P.O. Box 15369, Wilmington, DE 19850-5369.

To Service And Manage Any Of Your Account(s): By providing my mobile phone number, I am giving permission to be contacted at that number about all of my accounts by JPMorgan Chase and companies working on its behalf. My consent allows the use of text messages, artificial or prerecorded voice messages and automatic dialing technology for informational and account servicing, but not for sales or telemarketing. Message and data rates may apply.

Authorization To Convert Your Check To An Electronic Transfer Debit: When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check. Your bank account may be debited as soon as the same day we receive your payment. You will not receive your check back from your institution.

Conditional Payments: Any payment check or other form of payment that you send

us for less than the full balance due that is marked "paid in full" or contains a similar notation, or that you otherwise tender in full satisfaction of a disputed amount, must be sent to Card Services, P.O. Box 15049, Wilmington, DE 19850-5049. We reserve all our rights regarding these payments (e.g., if it is determined there is no valid dispute or if any such check is received at any other address, we may accept the check and you will still owe any remaining balance). We may refuse to accept any such payment by returning it to you, not cashing it or destroying it. All other payments that you make should be sent to the regular Payment address shown on this statement.

Annual Renewal Notice: If your Account Agreement has an annual membership fee, you are responsible for it every year your Account is open. We will add your annual membership fee to your monthly billing statement once a year, whether or not you use your account. Your annual membership fee will be added to your purchase balance and may incur interest. The annual membership fee is non-refundable unless you notify us that you wish to close your account within 30 days or one billing cycle (whichever is less) after we provide the statement on which the annual membership fee is billed. Your payment of the annual membership fee does not affect our rights to close your Account and to limit your right to make transactions on your Account. If your Account is closed by you or us, the annual membership fee will no longer be billed to your Account.

Calculation Of Balance Subject To Interest Rate: To figure your periodic interest charges for each billing cycle when a daily periodic rate(s) applies, we use the daily balance method (including new transactions). To figure your periodic interest charges for each billing cycle when a monthly periodic rate(s) applies, we use the average daily balance method (including new transactions). For an explanation of either method, or questions about a particular interest charge calculation on your statement, please call us at the toll free customer service phone number listed above.

We calculate periodic interest charges separately for each feature (for example, purchases, balance transfers, cash advances or overdraft advances). These calculations may combine different categories with the same periodic rates. Variable rates will vary with the market based on the Prime Rate or such index described in your Account Agreement. There is a transaction fee for each balance transfer, cash advance, or check transaction in the amount stated in your Account Agreement. There is a foreign transaction fee of 3% of the U.S. dollar amount of any foreign transaction for some accounts. Please see your Account Agreement for information about these fees.

Interest Accrual: We accrue periodic interest charges on a transaction, fee or interest charge from the date it is added to your daily balance until payment in full is received on your account.

Credit Limit: If you want to inquire about your options to help prevent your account from exceeding your credit limit, please call the number on the back of your card.

Payment Allocation: When you make a payment, generally, we first apply your minimum payment to the balance on your monthly statement with the lowest APR. Any payment above your minimum payment would generally then be applied to the balance on your monthly statement with the highest APR first. If you do not pay your balance in full each month, you may not be able to avoid interest charges on new purchases.



DA05042021

To manage your account, including card payments, alerts, and change of address, visit www.chase.com/cardhelp or call the customer service number which appears on your account statement.



YOUR ACCOUNT MESSAGES (CONTINUED)

'ALERT': The US Postal Service announced that mail may take up to 2 additional days to arrive starting October 1, 2021. This may impact delivery of mailed statements to you and mailed payments to us. Consider enrolling in paperless statements, online payments, and payment alerts to avoid any impacts. To enroll visit chase.com/paperless.

ACCOUNT ACTIVITY

Date of Transaction	Merchant Name or Transaction Description	\$ Amount
10/17	AUTOMATIC PAYMENT - THANK YOU	-1,733.94
10/21	SPRINT *WIRELESS 800-639-6111 KS CINDY JONES TRANSACTIONS THIS CYCLE (CARD 8901) \$1443.91- INCLUDING PAYMENTS RECEIVED	290.03
10/16	ZOOM.US 888-799-9666 WWW.ZOOM.US CA	40.00
10/17	TARGET 00023432 MONTROSE CO CORINNE FERGUSON TRANSACTIONS THIS CYCLE (CARD 3742) \$154.13	114.13
09/29	USPS PO 0769660541 PAONIA CO	1.76
10/01	USPS PO 0769660541 PAONIA CO	8.16
10/04	USPS PO 0769660541 PAONIA CO	27.10
10/08	USPS PO 0769660541 PAONIA CO	88.40
10/19	USPS PO 0769660541 PAONIA CO	68.00
10/19	USPS PO 0769660541 PAONIA CO	88.40
10/19	USPS PO 0769660541 PAONIA CO	170.00
10/20	DEFENDER DISTRIBUTION LLC 910-4791177 NC TOWNOF PAONIA TRANSACTIONS THIS CYCLE (CARD 8181) \$633.33	181.51
10/01	ALLIED ELECTRONICS INC 800-433-5700 TX TOWNOF PAONIA TRANSACTIONS THIS CYCLE (CARD 8158) \$587.36	587.36

2021 Totals Year-to-Date	
Total fees charged in 2021	\$0.00
Total interest charged in 2021	\$0.00

Year-to-date totals do not reflect any fee or interest refunds you may have received.

INTEREST CHARGES

Your Annual Percentage Rate (APR) is the annual interest rate on your account.

Balance Type	Annual Percentage Rate (APR)	Balance Subject To Interest Rate	Interest Charges
PURCHASES			
Purchases	13.24%(v)(d)	- 0 -	- 0 -
CASH ADVANCES			
Cash Advances	24.99%(v)(d)	- 0 -	- 0 -
BALANCE TRANSFERS			
Balance Transfer	13.24%(v)(d)	- 0 -	- 0 -

30 Days in Billing Period

(v) = Variable Rate

(d) = Daily Balance Method (including new transactions)

(a) = Average Daily Balance Method (including new transactions)

Please see Information About Your Account section for the Calculation of Balance Subject to Interest Rate, Annual Renewal Notice, How to Avoid Interest on Purchases, and other important information, as applicable.

IMPORTANT NEWS

Your account is a business account, to be used only for business transactions. It is not intended for personal, family or household purposes.



For customer support, visit www.amazon.com/contact-us.

Invoice summary *Due 45 days from receipt of invoice*

Item subtotal before tax	\$ 372.89
Shipping & handling	\$ 0.00
Promos & discounts	\$ 0.00
<hr/>	
Total before tax	\$ 372.89
Tax	\$ 0.00
<hr/>	
Amount due	\$ 372.89 USD

Billing period 10/1/21 to 10/31/21

Account # [REDACTED]

Payment terms Net 45

Registered business name

City of Paonia

Bill to

Town of Paonia
 Corinne Ferguson
 214 Grand Avenue
 PO Box 460
 PAONIA, CO 81428

Group Name

City of Paonia

Pay by

Electronic funds transfer (EFT/ACH/Wire)

Account name Amazon Capital Services, Inc.
Bank name Wells Fargo Bank
Bank routing # (ABA) 121000248
Bank account # (DDA) 41630410406736077
SWIFT code (wire transfer) WFBUS6S

Check

Amazon Capital Services
 PO Box 035184
 Seattle, WA 98124-5184

Include Amazon invoice number(s) in the descriptive field of your electronic funds transfer payment, or
 Email ar-businessinvoicing@amazon.com to submit your remittance detail.

Invoice details

#	Ship date	PO #	Description	Qty	Unit price	Item subtotal before tax	Tax
1	10/22/21	460	Dust-Off Disposable Compressed Gas Duster kcFgcZ, 4Pack (Can 10oz.)	1	\$19.99	\$19.99	0.000%
			ASIN: B075X2QLFW	Sold by: Ki Me Co LLC			
			Order # 113-0624367-1050641				
			Order date: October 21, 2021				

#	Ship date	PO #	Description	Qty	Unit price	Item subtotal before tax	Tax
2	10/22/21	460	ComplyRight Confidential Employee Records Folder, Expanded, Pack of 25 ASIN: B01FULD1UO Sold by: Taylor Corporation Order # 113-1325444-5597015 Order date: October 21, 2021	1	\$94.99	\$94.99	0.000%
3	10/24/21	460	PartySticks Glow Sticks Party Supplies 100pk - 8 Inch Glow in the Dark Light Up Sticks Party Favors, Glow Party Decorations, Neon Party Glow Necklaces ASIN: B00N1QPNMA Sold by: Ace Business Services LLC Order # 111-4890903-0008226 Order date: October 20, 2021	1	\$11.99	\$11.99	0.000%
4	10/24/21	460	PartySticks Glow Sticks Party Supplies 300pk - 8 Inch Glow in The Dark Light Up Sticks Party Favors, Glow Party Decorations, Neon Party Glow Necklaces ASIN: B00N1QVCMU Sold by: Ace Business Services LLC Order # 111-4890903-0008226 Order date: October 20, 2021	1	\$20.95	\$20.95	0.000%
5	10/24/21	460	Jumbl Blue Disposable Face Masks Protective 3-Ply Breathable Comfortable Nose/Mouth Coverings for Home & Office Elastic Ear Loop 3-Layer Safety Sh ASIN: B08D6V35W5 Sold by: DBROTH Inc Order # 111-4890903-0008226 Order date: October 20, 2021	1	\$25.00	\$25.00	0.000%

#	Ship date	PO #	Description	Qty	Unit price	Item subtotal before tax	Tax
6	10/24/21	460	JOYIN 120 Pieces Halloween Glow in The Dark Bugs and Toys Glow Bugs, Plastic Bugs, Glow Bug Rings , Glow Bouncy Balls and Witch Fingers for Halloween ASIN: B07579V2PT Sold by: McCormick trading Order # 111-4890903-0008226 Order date: October 20, 2021	3	\$15.99	\$47.97	0.000%
7	10/24/21	460	Samsill Plastic Sheet Protectors 8.5 x 11, Page Protectors for 3 Ring Binders, Clear Standard Weight, Top Load Inserts, Box of 200 Sheets, Reinforced ASIN: B089S9CXTS Sold by: ELG Corp Order # 113-5766687-5881014 Order date: October 21, 2021	1	\$9.92	\$9.92	0.000%
8	10/24/21	460	Post-it Note Dispenser, 3x3 in, Vertical, Black with Grey (ABS-330-B) ASIN: B07K8YVDZZ Sold by: Amazon.com Services LLC Order # 113-5766687-5881014 Order date: October 21, 2021	1	\$10.49	\$10.49	0.000%
9	10/28/21		Max Heavy-Duty Black Staple Remover (RZ-3F) 4" x 1.1" x 5.5" ASIN: B0006HX56I Sold by: Amazon.com Services LLC Order # 111-8751041-5745807 Order date: October 26, 2021	1	\$13.49	\$13.49	0.000%
10	10/28/21		64 Pcs Small Binder Clips 1 Inch Width for Office ASIN: B07V85T4GB Sold by: Fuya Inc - Lijuan Wu Order # 111-8751041-5745807 Order date: October 26, 2021	1	\$6.92	\$6.92	0.000%

#	Ship date	PO #	Description	Qty	Unit price	Item subtotal before tax	Tax
11	10/29/21		Original HP 951XL Cyan High-yield Ink Cartridge Works with HP OfficeJet 8600, HP OfficeJet Pro 251dw, 276dw, 8100, 8610, 8620, 8630 Series Eligibl ASIN: B005BZNERK Sold by: Amazon.com Services LLC Order # 111-8544493-8016201 Order date: October 26, 2021	1	\$34.89	\$34.89	0.000%
12	10/29/21		Verbatim CD-R 700MB 52X with Branded Surface - 100pk Spindle, Silver ASIN: B00029U1DU Sold by: Amazon.com Services LLC Order # 111-8544493-8016201 Order date: October 26, 2021	1	\$19.41	\$19.41	0.000%
13	10/29/21		Amazon Basics Hanging Folders, Legal Size, Assorted (Blue, Red, Yellow), 25-Pack ASIN: B07TJK1LJZ Sold by: Amazon.com Services LLC Order # 111-8544493-8016201 Order date: October 26, 2021	1	\$11.99	\$11.99	0.000%
14	10/29/21		HP 950XL Ink Cartridge Black Works with HP OfficeJet Pro 251dw, 276dw, 8100, 8600 Series CN045AN ASIN: B005BZNEMK Sold by: Amazon.com Services LLC Order # 111-8544493-8016201 Order date: October 26, 2021	1	\$44.89	\$44.89	0.000%

Total before tax	\$372.89
Tax	\$0.00
Amount due	\$372.89

FAQs

How is tax calculated?

Visit https://www.amazon.com/gp/help/customer/display.html/ref=hp_leftv4_sib?ie=UTF8&nodeId=202036190

How are digital products and services taxed?

Visit https://www.amazon.com/gp/help/customer/display.html/ref=hp_leftv4_sib?ie=UTF8&nodeId=202074670

AGENDA SUMMARY FORM



Regular Minutes:
10/26/2021
Special Minutes:
10/28/2021

Summary:

Notes:

Possible Motions:

Motion by: _____ 2nd: _____ vote: _____

Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran

November 3, 2021

TOWN OF PAONIA



Regular Town Board Meeting, October 26, 2021

Work Session, October 26, 2021

MAYOR AND CITY COUNCILMEMBERS

**Mayor Bachran
Trustee Knutson
Trustee Budinger
Trustee Pattison
Trustee Johnson
Trustee Meck
Trustee Bear**

October 26, 2021,

Work Session Minutes

5:00 pm

Mayor Mary Bachran called the Work Session Meeting of the Town of Paonia to order at 5:00 pm. A link to the formal video of the Special Meeting - <https://www.youtube.com/watch?v=F5gZnQ5eZMY>

ROLL CALL:

Mayor Bachran asked Deputy Clerk Amanda Mojarro to call the roll.

Deputy Clerk Amanda Mojarro called the roll and those present were Mayor Bachran, Trustee Bear, Trustee Pattison, Trustee Johnson, Trustee Meck, Trustee Budinger. Trustee Knutson was absent.

Budget Workshop:

The Board discussed multiple items on the transmittal letter including public safety, questions were asked and answered regarding the purchase of new computers for the police department, their computers are old and need to be replaced. Discussed capital improvements, tank lining and cost associated with it.

- A request was made to clarify what historical budget on page 6 under known assumptions was regarding.
- Asked questions regarding where the timeline for the building department was at with becoming a shared department with other communities.
- Discussed the 3% impact fee, some board members commented on changing it while others preferred to wait and revisit in a 1 year.
- Discussed changing the trash system from a manual to a tote system.
- Discussed payroll, allocations for 2022, and capital improvement.
- Direction by the board was given to staff to have a list of what would be spent in the administrative area. The Clerk/Administrator Ferguson suggested to modify what would be spent in the administrative capital improvement area by 1%.
- The 2021 budget will continue to be discussed.

ADJOURNMENT:

The Work Session Meeting was adjourned at 6:14 pm.

October 26, 2021,

Regular Meeting Minutes

6:30 pm

Mayor Mary Bachran called the Regular Meeting of the Town of Paonia to order at 6:30 pm.

ROLL CALL:

TOWN OF PAONIA



Mayor Bachran asked Deputy Clerk Amanda Mojarro to call the roll.

Deputy Clerk Mojarro called the roll and those present were Mayor Bachran, Trustee Bear, Trustee Pattison, Trustee Johnson, and Trustee Meck, Trustee Budinger and Trustee Knutson was absent.

Approval of the Agenda:

Trustee Bear moved to approve the agenda as presented, seconded by Trustee Budinger Motion unanimously passed.

Trustee Pattison moved to amend the motion to continue the budget session with time permitting, seconded by Trustee Meck. Motion unanimously passed.

Announcements:

None.

Visitors and Guest:

DOLA Northwest Regional Manager – Dana Hlavac presented himself to the Board as the Northwestern Regional Manager.

- Thomas Markle discussed his request to have all documents searchable in a PDF format and his concerns on the water fund from the previous budget meeting.
- Suzanne Watson spoke her concerns with advertisement of paid rates and how job advertisements were being handled.
- Marion Hillary spoke her concerns with a disconnect notice she received. Betsy Johnson gave thanks to town administration for helping out with the new trail.
- Mary Difrancio spoke her concern regarding the fence that is encroaching on town property located on first street.
- Pamela Jackson requested to have the letter that was written regarding the fence issue on first street to be included in the next meeting packet.
- Page Smith would like the board to look at how the allocation table was in the 2019 budget.

Staff Reports:

Town Administrator Corinne Ferguson report was included and reported out on the recent scheduled maintenance for a main line on Lamborn Mesa.

Town Attorney Nerlin no report was provided.

Public Work & Utilities Director Travis Loberg was absent the Town Administrator Ferguson answered questions.

Finance Director Cindy Jones report was included. Town Administrator Ferguson answered questions.

Disbursements: Trustee Budinger moved to approve disbursements as presented, seconded by Trustee Bear. Motion unanimously passed.

Consent Agenda

Regular Minutes – 10/12/21

Special Minutes – 07/12/2021

Special Minutes – 08/03/2021

Trustee Pattison abstained from voting.

Trustee Budinger moved to approve the consent agenda as presented, seconded by Trustee Bear. Motion unanimously passed.

TOWN OF PAONIA



Unfinished Business

None

New Business

COVID-19 County Update: Discussion ensued by Mayor Bachran regarding the current cases and situation going on with COVID-19 in Delta County and discussed to begin using masks during meetings.

Trustee Budinger moved to approve the mask mandate during Board meetings, seconded by Trustee Pattison. Motion unanimously passed.

Alley Access Property Deed to Town: Trustee Bear moved to have the alley access property deed issue on the next planning commission meeting, seconded by Trustee Budinger. Motion unanimously passed.

Boettcher Grant – Project Approval: Trustee Budinger moved to approve the Boettcher, seconded by Trustee Meck. Motion unanimously passed.

Paonia Bulk fill Station Analysis: Town Clerk/Administrator Ferguson provided an analysis of the bulk water fill station. Trustee Pattison suggested the advisory water committee preview the document. No board action was taken.

Enterprise Fund – Water Preliminary Priority List: Town Clerk/Administrator Ferguson provided a priority list. Trustee Meck stated that she would share the list with the advisory water committee. Trustee Pattison stated that she would like that the Facebook comment from Karen Fogg regarding the rehabilitation of the springs and the response from staff that was provided by email to be included in the next packet for informational purposes. Public member Suzanne Watson asked if the priority list provided was a part of the 2021 budget process. No board action was taken.

Introduction – Town Participation in the National Opioid Settlement in Support of The State of Colorado: This item was included as an introduction and information only. Trustee Meck suggested to assign this to an ad-hawk committee. Town Clerk/Administrator Ferguson stated this will be put back on the next agenda along with information and data from the Town attorney. No board action was taken.

Discussion Regarding Additional Advisory Water Committee Board Members: Trustee Pattison moved to bring the water advisory committee to the board before the end of the year with recommendations from the committee with a copy of the ordinance to revisit, seconded by Trustee Bear. Motion unanimously passed.

Mayor's Report

Mayor called a five (5) minute recess.

Returned to the meeting at 9:02pm

Mayor's report was included.

Continued Budget Discussion: The board continued the discussion from the previous work session regarding the 2021 budget process. Trustee Meck made a comment regarding the contract for engineering services, Trustee Pattison suggested that on page 15-line-item vehicles should have more information on the use and justification for purchasing additional vehicles and suggested adding more detail on the line item regarding equipment. Trustee Meck made a comment that marijuana money be allocated to trees.

ADJOURNMENT:

The Regular Council Meeting was adjourned at 9:27 pm.

TOWN OF PAONIA



Amanda Mojarro, Deputy Clerk

Mary Bachran, Mayor

DRAFT

TOWN OF PAONIA



Regular Town Board Work Session, November 02, 2021
MAYOR AND TOWN COUNCIL MEMBERS

Mayor Bachran
Trustee Knutson
Trustee Budinger
Trustee Pattison
Trustee Johnson
Trustee Meck
Trustee Bear

November 02, 2021,

Work Session Minutes

5:00 pm

Mayor Mary Bachran called the Work Session Meeting of the Town of Paonia to order at 5:00 pm. A link to the formal video of the Special Meeting -https://www.youtube.com/watch?v=P3l_GdLE_Cc

ROLL CALL:

Mayor Bachran asked **Deputy Clerk Amanda Mojarro** to call the roll.

Deputy Clerk Amanda Mojarro called the roll and those present were **Mayor Bachran, Trustee Pattison, Trustee Knutson, Trustee Johnson, Trustee Meck, Trustee Budinger. Trustee Bear was absent.**

Unfinished Business:

Ty Long – RCAC Cost of Service Analysis presented a slide show on session objectives, understanding how to calculate the base charge and volumetric charges to cover full cost of providing water, water system objective, full cost recovery/revenue stability, and understanding water revenues. Ty also presented an excel data rate spreadsheet showing the cost change if the rates were to go up or stay the same. Ty discussed having emergency reserves, cost of the infrastructure, cost of replacing lines, and capital improvement plan funding. Ty stated that the town's rates do need to be raised because the capital improvement is heavily underfunded. Ty will be providing a draft report to the board for review by November 9th. The Board gave direction to Ty to include three (3) scenarios 1. Show an incremental increase on rates, 2. Have affordable rates and show how this would impact the reserves, 3. Board member Trustee Pattison would like to drop project's that are more than 30 years out to be replaced and keeping those that are to be replaced with in the next 30 years.

ADJOURNMENT:

The Work Session Meeting was adjourned 7:19 pm.

Amanda Mojarro, Deputy Clerk

Mary Bachran, Mayor

AGENDA SUMMARY FORM

	Public Hearing - DMT Paonia, LLC Regulated Marijuana License		
Summary: Public Hearing for DMT Paonia, located at 232 Grand Avenue. Retail & Medical marijuana store.			
Notes: Ordinance 2021-01 6-4-80 – all requirements met/sufficient 6-4-90 – requirements met/sufficient – C. Surety Bond Receipt Pending 6-4-100 – all requirements met/sufficient All fees have been paid. Public notice posting and advertisement complete. No issues or concerns noted.			
Possible Motions: Motion by: _____ 2 nd : _____ vote: _____			
Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran

November 5, 2021



Marijuana Licensing Process

- 1) License Availability: Process information and application will be available on the Town website TownofPaonia.Colorado.gov and at Town Hall July 5th, 2021.
- 2) Applicant files the Finding of Suitability with the State Licensing Authority and submits proof of submittal to the Town Clerk. If Applicant has already done the Finding of Suitability process with the State Licensing Authority, Applicant will submit to the Town Clerk a copy of the application and the approval from the State.
- 3) Applicant files a complete application, including all documents on the Application Checklist, all required attachments, and all local fees. Applications will be date and time stamped when received and applications will be reviewed in order of receipt. Only one application per site will be accepted. Any incomplete or missing documentation will be given a cure period of 10 business days to be completed. After 10 days if the missing or incomplete items are not corrected, the Application will be disregarded.
- 11/9 4) The Board of Trustees, who per Town ordinance operates as the Local Licensing Authority, using the public hearing process will evaluate the Application. The Local Licensing Authority will determine if the applicant meets the requirements, and upon the granting of a license the applicant then must proceed with State licensing.
- 5) The local license will be issued upon the approval of both the Local Licensing Authority and the State licensing authority, and once a Certificate of Occupancy is issued following successful site inspections.

STATE OF COLORADO

DEPARTMENT OF REVENUE



Marijuana Enforcement Division



Regulated Marijuana Conditional License

DMT PAONIA, LLC

EMJ'S

232 Grand Avenue, Paonia, CO 81428

Medical Marijuana Store - 402-01336

License Issue Date: 09/23/2021

License Valid Through: 09/23/2022

This license is conditioned upon Local Authority approval, pursuant to section 44-10-305 C.R.S.

This conditional license is issued subject to the laws of the State of Colorado and especially under the provisions of Title 44, Article 10, as amended. This conditional license is nontransferable and shall be conspicuously posted in the place above described.

This conditional license is only valid through the expiration date shown above. Any questions concerning this conditional license should be addressed to: Colorado Marijuana Enforcement Division, 1697 Cole Blvd., Suite 200, Lakewood, CO 80401. In testimony whereof, I have hereunto set my hand.

Handwritten signature of Dominique Mendiola in black ink.

Dominique Mendiola, Division Director

Handwritten signature of Mark Ferrandino in black ink.

Mark Ferrandino, Executive Director

New Business Application Required Disclosures

Consolidated Financial Statements (Must provide Balance Sheet, Income Statement & Cash Flow Statement for the previous calendar year), including auditors reports and footnotes, if applicable. (See separate PTC requirements on PTC Addendum)

Audited (PTC only) Not Audited

Copy of the Local license application, if required for a Regulated Marijuana Business.

Organizational Chart, including the identity and ownership percentage of all CBO's.

Certificate of Good Standing from jurisdiction where Entity was formed. (Must be U.S. or country that authorizes the sale of marijuana).

Organizational documents including identity and physical address of the registered agent in Colorado.

Organizational Documents (Indicate which document is being provided)

Articles of Incorporation By-Laws Shareholder agreement Operating Agreement for LLC Partnership Agreement for partnership

Corporate Governance Documents

Required for Publicly Traded Companies Permitted, but not required for Privately held companies

Proof of Possession of Licensed Property (Indicate which document is being provided)

Deed Lease Sublease Rental Agreement Contract

Facility Diagrams – Provide a Legible and Accurate diagram for the facility. The diagram must include a plan for the Licensed Premises and a separate plan for the Security/Surveillance, including camera location, number and direction of coverage. If the diagram is larger than 8.5x11 inches, the Applicant must also provide a PDF copy of the diagram.

Licensed Premises Security and Surveillance

A copy of any contracts, agreements, royalty agreements, equipment leases, financing agreement, security contract or any other IFIH required to be disclosed by Rule 2-230(A)(3).

A copy of any management agreement(s).

Provide a list of any sanctions, penalties, assessments or cease and desist orders.

Addendums:

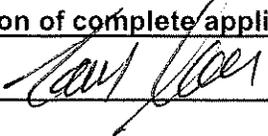
PTC QPF QII

Glossary of Terms:

RMB - Regulated Marijuana Business
PBO - Passive Beneficial Owner
QII - Qualified Institutional Investor
PTC - Publicly Traded Company

CBO - Controlling Beneficial Owner
IFIH - Indirect Financial Interest Holder
QPF - Qualified Private Fund

Affirmation of complete application

Signature  Printed Name Tom Sandler Date 7/13/21

2021 AUG -9 AM 8:58

DR 8548 (01/29/21)
COLORADO DEPARTMENT OF REVENUE
Marijuana Enforcement Division
Colorado.gov/revenue/med

Marijuana License Number (Leave Blank)

402R-00938

LOCAL AUTHORITY COPY

Colorado Marijuana Licensing Authority Regulated Marijuana Business License Application

License Types		<input checked="" type="checkbox"/> New Retail		<input type="checkbox"/> New Medical	
<input checked="" type="checkbox"/> Retail Marijuana Store		<input type="checkbox"/> Retail Marijuana Products Manufacturer			
<input type="checkbox"/> Retail Marijuana Cultivation Facility					
<input type="checkbox"/> Retail Marijuana Testing Facility		<input type="checkbox"/> Retail/Medical Marijuana Combined Use - Combined with Lic. # _____			
<input type="checkbox"/> Retail Marijuana Business Operator					
<input type="checkbox"/> Retail Marijuana Transporter					
<input type="checkbox"/> Retail Marijuana Transporter No Premises					
<input type="checkbox"/> Medical Marijuana Store		<input type="checkbox"/> Medical Marijuana Transporter			
<input type="checkbox"/> Medical Marijuana Products Manufacturer		<input type="checkbox"/> Medical Marijuana Transporter No Premises			
<input type="checkbox"/> Medical Marijuana Testing Facility		<input type="checkbox"/> Marijuana Research & Development Facility			
<input type="checkbox"/> Medical Marijuana Business Operator		<input type="checkbox"/> Medical Marijuana Cultivation Facility			
Applicant's Legal Business Name (Please Print) <p style="text-align: center;">DMT Paonia LLC</p>					
Registered Trade Name (DBA) <p style="text-align: center;">EmJ's</p>					
Federal Taxpayer ID 87-443780		Colorado Sales Tax License # 94945745		Name of Registered Agent (with CO Secretary of State) Dale A Cecil	
Physical Address					
Street Address of Marijuana Business 232 Grand Ave				Business Phone Number 719-233-3425	
City Paonia	County Delta	State CO	ZIP 81428	Email Address [REDACTED]	
Mailing Address (if different from Physical Address)					
Address [REDACTED]		City Paonia	State CO	ZIP 81428	
Main Business Contact Person Information					
Primary Contact Person for Business Thomas A Scudder				Primary Contact Phone Number 719-233-3425	
Primary Contact Email ts1086@aol.com					
Physical Address of Contact Person [REDACTED]					
City Monument		State CO	ZIP 80132		
Jurisdiction of Incorporation or Creation of Business Entity Colorado Secretary of State				Date 2/27/2021	
If a Corporation, List all Jurisdictions Where the Corporation is Authorized to Conduct Business					

Ownership Structure - Controlling Beneficial Owners with 10% or greater ownership and/or Executive Officers, managers and any other individual that Controls the RMB.

Name	Thomas Scudder	SSN/FEIN	DOB	License Number
				M68360

Address (Home)	City	State/Prov	ZIP	Phone Number

Business Associated with (Parent business or sub-entity)	Own. % Entity	Own. % in Applicant
DMT Paonia	90.01%	

Name	Dale Cecil	SSN/FEIN	DOB	License Number
				M01722

Address (Home)	City	State/Prov	ZIP	Phone Number

Business Associated with (Parent business or sub-entity)	Own. % Entity	Own. % in Applicant
DMT Paonia	9.99%	

Name		SSN/FEIN	DOB	License Number

Address (Home)	City	State/Prov	ZIP	Phone Number

Business Associated with (Parent business or sub-entity)	Own. % Entity	Own. % in Applicant

Name		SSN/FEIN	DOB	License Number

Address (Home)	City	State/Prov	ZIP	Phone Number

Business Associated with (Parent business or sub-entity)	Own. % Entity	Own. % in Applicant

Name		SSN/FEIN	DOB	License Number

Address (Home)	City	State/Prov	ZIP	Phone Number

Business Associated with (Parent business or sub-entity)	Own. % Entity	Own. % in Applicant

Name		SSN/FEIN	DOB	License Number

Address (Home)	City	State/Prov	ZIP	Phone Number

Business Associated with (Parent business or sub-entity)	Own. % Entity	Own. % in Applicant

Name		SSN/FEIN	DOB	License Number

Address (Home)	City	State/Prov	ZIP	Phone Number

Business Associated with (Parent business or sub-entity)	Own. % Entity	Own. % in Applicant

Name		SSN/FEIN	DOB	License Number

Address (Home)	City	State/Prov	ZIP	Phone Number

Business Associated with (Parent business or sub-entity)	Own. % Entity	Own. % in Applicant

Are there any outstanding options, warrants or contracts, that may be exercised into an Owner's Interest in the RMB within the next 60 days that would constitute a CBO?	Yes	No
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

*If YES, attach list of persons

Are there any other Persons, other than those listed in the Ownership Structure, that can control the RMB?	Yes	No
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

*If YES, attach list of persons

Printed Legal Business Name DMT Paonia, LLC		Printed Trade Name (DBA) EmJ's	
Indirect Financial Interest Holder - List those with 2 or more interests (PBO, lease, Intellectual Property agreements, finance and/or equipment lease agreements, etc.) or loans that are 50% or more of the operating capital as defined in Rule 2-230(A)(3).			
Name of Interest Holder	Date of Birth	FEIN/SSN	Address
List Types of Interests			
Name of Interest Holder	Date of Birth	FEIN/SSN	Address
List Types of Interests			
Name of Interest Holder	Date of Birth	FEIN/SSN	Address
List Types of Interests			
Name of Interest Holder	Date of Birth	FEIN/SSN	Address
List Types of Interests			

1. Is the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation) under the age of twenty-one years?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2. MEDICAL ONLY Are the premises to be licensed within 1000 feet of a school (as defined in 10-103(67), alcohol or drug treatment facility, principal campus of a college, university, or seminary, or a residential childcare facility? If YES, then include a copy of a waiver or ordinance from the local jurisdiction where the business is located.	<input type="checkbox"/> <input checked="" type="checkbox"/>
3. Do you have or will you have possession of a licensed premises?	<input checked="" type="checkbox"/> <input type="checkbox"/>
4. Are you a Person (Entity) applying for a license at a location that is currently licensed as a retail food establishment? If YES, provide details on a separate sheet and attach any applicable documents.	<input type="checkbox"/> <input checked="" type="checkbox"/>
5. Is the applicant, the applicant's parent company or any other intermediary business entity delinquent in the payment of any judgments, taxes, interest or penalties due to the Department of Revenue, relating to a Medical or Retail Marijuana Business? If YES, provide details on a separate sheet and attach any documents to prove settlement or resolution of the delinquency.	<input type="checkbox"/> <input checked="" type="checkbox"/>
6. Has a judgment, consent decree, settlement or other disposition related to a violation of federal, state or similar foreign or security law or regulation, ever been filed or entered against the applicant, the applicant's parent company or any other intermediary business entity? If YES, provide details on a separate sheet and attach any applicable documents.	<input type="checkbox"/> <input checked="" type="checkbox"/>
7. In the past year, has the applicant (including any parent companies), been indicted, served with a criminal summons, charged with or convicted of ANY crime or offense in any manner? Include ALL offenses regardless of class of crime or outcome, even if the charges were dismissed or you were found not guilty. If YES, provide details on a separate sheet and attach any applicable documents.	<input type="checkbox"/> <input checked="" type="checkbox"/>
8. Has the applicant filed all Finding of Suitability applications required by the Division?	<input type="checkbox"/> <input checked="" type="checkbox"/>

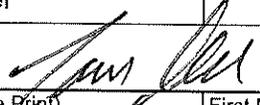
Local Licensing Authority (To be completed by Applicant)	
Local Licensing Authority Town of Paonia	Local Licensing Authority contact name Corinne Ferguson
Contact Phone 970-527-4101	Contact Email corinne@townofpaonia.com
Does the local licensing authority permit this type of business in their jurisdiction?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Affirmation & Consent

I/We, Thomas Scudder, as an owner(s) for the applicant business, state under penalty for offering a false instrument for recording pursuant to 18-5-114 C.R.S. that the entire Regulated Marijuana Business License Application statements, attachments, and supporting schedules are true and correct to the best of my/our knowledge and belief, and that this statement is executed with the knowledge that misrepresentation or failure to reveal information requested may be deemed sufficient cause for the refusal to issue a Marijuana license by the State Licensing Authority. Further, I/We am/are aware that later discovery of an omission or misrepresentation made in the above statements may be grounds for denial of the marijuana business application. I/We am/are voluntarily submitting this application to the Colorado Marijuana Licensing Authority, under oath, with full knowledge that I/We may be charged with perjury or other crimes for intentional omissions and misrepresentations pursuant to Colorado law or for offering a false instrument for recording pursuant to 18-5-114 C.R.S. I/We further consent to any background investigation necessary to determine my/our present and continuing suitability and that this consent continues as long as I/We hold a Colorado Marijuana License.

Note: If your check is rejected due to insufficient or uncollected funds, the Department of Revenue may collect the payment amount directly from your banking account(s) electronically.

Print Full Legal Name of Owner clearly below:

Applicant's Legal Business Name <p style="text-align: center;">DMT Paonia, LLC</p>		Trade Name (DBA) <p style="text-align: center;">EmJ's</p>	
Last Name of Owner (Please Print) <p style="text-align: center;">Scudder</p>	First Name of Owner <p style="text-align: center;">Thomas</p>	Middle Name of Owner <p style="text-align: center;">Alan</p>	
Signature 			Date <p style="text-align: center;">7/13/21</p>
Last Name of Owner (Please Print)	First Name of Owner	Middle Name of Owner	
Signature			Date
Last Name of Owner (Please Print)	First Name of Owner	Middle Name of Owner	
Signature			Date
Last Name of Owner (Please Print)	First Name of Owner	Middle Name of Owner	
Signature			Date

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Note: If there are more than four (4) owners, please use a second Affirmation & Consent page.

Tax Check Authorization and Request To Release Information

I Thomas Scudder am signing this waiver on behalf of DMT Paonia, LLC (the "Applicant/Licensee") to permit the Colorado Department of Revenue and any other state or local taxing authority to release information and documents that would otherwise be confidential. If I am signing this waiver for someone other than myself, I certify that I have the authority to execute this waiver on behalf of the Applicant/Licensee.

The information and documentation obtained pursuant to this waiver will be used in connection with the Applicant/Licensee's application or licensure with the Colorado Marijuana Enforcement Division, which requires proof of compliance with certain tax obligations pursuant to several statutory provisions, including sections 44-10-202(1) and 44-10-307(1)(e), C.R.S. This waiver is made pursuant to section 39-21-113(4), C.R.S.; and any other similar law or ordinance concerning the confidentiality of tax returns and return information. This waiver shall be valid while the application is pending and, if the application is approved, (1) for one year from the date of licensure or; (2) if applying for an employee license under the medical marijuana code, for two years from the date of licensure. If the license is administratively continued pursuant to section 44-10-314, C.R.S., this waiver shall be valid until the state licensing authority takes final action to approve or deny the renewal of the license. Applicant/Licensee agrees to execute a new waiver for each subsequent licensing period in connection with the renewal of any license.

Applicant/Licensee requests that the Colorado Department of Revenue and any other state or local taxing authority release the following information and supporting documentation to the Colorado Marijuana Enforcement Division, which is acting as Applicant's/Licensee's duly authorized representative under section 39-21-113(4), C.R.S., solely to obtain the information specified below.

1. Whether the Applicant/Licensee has failed to file any state tax return with the Colorado Department of Revenue or any other state or local taxing authority by the required due date (determined with regard to any extension(s) of time for filing) for any tax year for which filing of a return might have been required.
2. Whether the Applicant/Licensee has failed to pay any tax, penalty, or interest liability within 30 days of the date on which the Colorado Department of Revenue or any other state or local taxing authority gave notice of the amount due and requested payment.
3. Whether the Applicant/Licensee has entered into a payment plan with the Colorado Department of Revenue or any other state or local taxing authority and whether Applicant/Licensee is current on any payments required by said payment plan.

Applicant/Licensee authorizes the Colorado Department of Revenue and any other state or local taxing authority to release any additional information or documentation necessary to answer the questions above. Applicant/Licensee authorizes the Colorado Marijuana Enforcement Division and its legal representatives to use the information and documentation obtained from the Colorado Department of Revenue and any other state or local taxing authority in any administrative action regarding the application or license. To assist the Colorado Department of Revenue and any other state or local taxing authority locate the tax records, Applicant/Licensee is voluntarily providing the following information (please type or print).

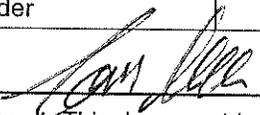
Applicant's Name (Individual/Business) <p style="text-align: center;">Thomas Scudder/DMT Paonia, LLC</p>		Social Security Number/Tax Identification Number <p style="text-align: center;">[REDACTED]</p>	
Street Address <p style="text-align: center;">[REDACTED]</p>			
Home Telephone Number <p style="text-align: center;">[REDACTED]</p>		Business/Work Telephone Number	
Legal Last Name (Please Print) <p style="text-align: center;">Scudder</p>	Legal First Name <p style="text-align: center;">Thomas</p>	Full Middle Name <p style="text-align: center;">Alan</p>	
Applicant's Signature 		Date <p style="text-align: center;">7/13/21</p>	

Investigation Authorization/Authorization to Release Information

I, Thomas Scudder, hereby authorize the Colorado Marijuana Licensing Authority, the Marijuana Enforcement Division, (hereafter, the Investigatory Agencies) to conduct a complete investigation into my personal background, using whatever legal means they deem appropriate. I hereby authorize any person or entity contacted by the Investigatory Agencies to provide any and all such information deemed necessary by the Investigatory Agencies. I hereby waive any rights of confidentiality in this regard. I understand that by signing this authorization, a financial record check may be performed. I authorize any financial institution to surrender to the Investigatory Agencies a complete and accurate record of such transactions that may have occurred with that institution, including, but not limited to, internal banking memoranda, past and present loan applications, financial statements and any other documents relating to my personal or business financial records in whatever form and wherever located. I authorize the release of this type of information, even though such information may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws. I understand that by signing this authorization, a criminal history check will be performed. I authorize the Investigatory Agencies to obtain and use from any source, any information concerning me contained in any type of criminal history record files, wherever located. I understand that the criminal history record files contain records of arrests which may have resulted in a disposition other than a finding of guilt (i.e., dismissed charges, or charges that resulted in a not guilty finding). I understand that the information may contain listings of charges that resulted in suspended imposition of sentence, even though I successfully completed the conditions of said sentence and was discharged pursuant to law. I authorize the release of this type of information, even though this record may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws.

The Investigatory Agencies reserve the right to investigate all relevant information and facts to their satisfaction. I understand that the Investigatory Agencies may conduct a complete and comprehensive investigation to determine the accuracy of all information gathered. However, the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado shall not be held liable for the receipt, use, or dissemination of inaccurate information. I, on behalf of the applicant, its legal representatives, and assigns, hereby release, waive, discharge, and agree to hold harmless, and otherwise waive liability as to the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado for any damages resulting from any use, disclosure, or publication in any manner, other than a willfully unlawful disclosure or publication, of any material or information acquired during inquiries, investigations, or hearings, and hereby authorize the lawful use, disclosure, or publication of this material or information. Any information contained within my application, contained within any financial or personnel record, or otherwise found, obtained, or maintained by the Investigatory Agencies, shall be accessible to law enforcement agents of this or any other state, the government of the United States, or any foreign country.

Print Full Legal Name of Owner clearly below:

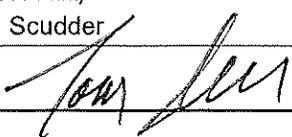
Applicant's Legal Business Name <p style="text-align: center;">DMT Paonia, LLC</p>		Trade Name (DBA) <p style="text-align: center;">EmJ's</p>	
Last Name of Owner (Please Print) <p style="text-align: center;">Scudder</p>	First Name of Owner <p style="text-align: center;">Thomas</p>	Middle Name of Owner <p style="text-align: center;">Alan</p>	
Signature 			Date <p style="text-align: center;">7/13/21</p>

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Applicant's Request to Release Information

TO: (Leave this Blank)	FROM: (Applicant's Printed Name) Thomas Scudder
------------------------	----------------------------------------------------

1. I/We hereby authorize and request all persons to whom this request is presented having information relating to or concerning the above named applicant to furnish such information to a duly appointed agent of the Marijuana Enforcement Division whether or not such information would otherwise be protected from the disclosure by any constitutional, statutory or common law privilege.
2. I/We hereby authorize and request all persons to whom this request is presented having documents relating to or concerning the above named applicant to permit a duly appointed agent of the Marijuana Enforcement Division to review and copy any such documents, whether or not such documents would otherwise be protected from disclosure by any constitutional, statutory, or common law privilege.
3. If the person to whom this request is presented is a brokerage firm, bank, savings and loan, or other financial institution or an officer of the same, I/we hereby authorize and request that a duly appointed agent of the Marijuana Enforcement Division be permitted to review and obtain copies of any and all documents, records or correspondence pertaining to me/us, including but not limited to past loan information, notes co-signed by me/us, checking account records, savings deposit records, safe deposit box records, passbook records, and general ledger folio sheets.
4. I/We do hereby make, constitute, and appoint any duly appointed agent of the Colorado Marijuana Enforcement Division, my/our true and lawful attorney in fact for me/us in my/our name, place, stead, and on my/our behalf and for my/our use and benefit:
 - (a) To request, review, copy sign for, or otherwise act for investigative purposes with respect to documents and information in the possession of the person to whom this request is presented as I/we might;
 - (b) To name the person or entity to whom this request is presented and insert that person's name in the appropriate location in this request;
 - (c) To place the name of the agent presenting this request in the appropriate location on this request.
5. I grant to said attorney in fact full power and authority to do, take, and perform all and every act and thing whatsoever requisite, proper, or necessary to be done, in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as I/we might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that said attorney in fact, or his substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted.
6. This power of attorney ends twenty-four (24) months from the date of execution.
7. The above named applicant has filed with the Colorado Marijuana Licensing Authority an application for a Marijuana license. Said applicant understands that it is seeking the granting of a privilege and acknowledges that the burden of proving its qualifications for a favorable determination is at all times on the applicant.
8. I/We do, for myself/ourselves, my/our heirs, executors, administrators, successors, and assigns, hereby release, remise, and forever discharge the person to whom this request is presented, and his agents and employees from all and all manner or actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever, known or unknown, in law or equity, which the applicant ever had, now has, may have, or claims to have against the person to whom this request is being presented or his agents or employees arising out of or by reason of complying with the request.
9. A reproduction of this request by photocopying or similar process shall be for all intents and purposes as valid as the original.

Applicant's Legal Business Name DMT Paonia, LLC		
Trade Name (DBA) EmJ's		
Applicant's Last Name (Please Print) Scudder	First Name Thomas	Full Middle Name Alan
Signature 		Date 7/13/21

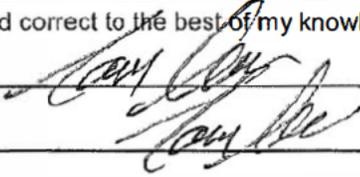
AFFIRMATION OF REASONABLE CARE – PRIVATE COMPANY

Pursuant to subsections 44-10-309(4) C.R.S. and Rule 2-230(D), Applicant or Licensee affirms that, prior to submission of this application, it exercised reasonable care to confirm its Passive Beneficial Owners, (including any Qualified Institutional Investors) and Indirect Financial Interest Holders, are not Persons prohibited from being issued or holding a license by section 44-10-307 C.R.S., or otherwise restricted from holding an interest under the Colorado Regulated Marijuana Business Code. An Applicant's or Licensee's failure to exercise reasonable care is a basis for denial, fine, suspension, revocation or other sanction by the State Licensing Authority.

I, Thomas Scudder, as Controlling Beneficial Owner or Manager for
Print

DMT Paonia, LLC, state under penalty of perjury, pursuant to §18-8-503, that the foregoing is true and correct to the best of my knowledge, information and belief.

Signature



Date

7/13/21

Not Applicable – CF

AFFIRMATION OF REASONABLE CARE – PUBLICLY TRADED CORPORATION

Pursuant to subsections 44-10-309(5) C.R.S. and Rule 2-230(D), Applicant or Licensee affirms that, prior to submission of this application, it exercised reasonable care to confirm its Non-objecting Passive Beneficial Owner, (including any Qualified Institutional Investors) and Indirect Financial Interest Holders, are not Persons prohibited from being issued or holding a license by section 44-10-307 C.R.S., or otherwise restricted from holding an interest under the Colorado Regulated Marijuana Business Code. An Applicant's or Licensee's failure to exercise reasonable care is a basis for denial, fine, suspension, revocation or other sanction by the State Licensing Authority.

I, _____, as Controlling Beneficial Owner or Manager for
Print

_____, state under penalty of perjury, pursuant to §18-8-503, that the foregoing is true and correct to the best of my knowledge, information and belief.

Signature

Date

Received 7.7.21
@ 2:17pm
(4)



Marijuana License Application Checklist

Applications must be complete. Please organize your application documents in the same order as the checklist below and place the checklist on top. Please do not use staples in any documents.

Required Documentation

- Date you filed or will file an application with the Colorado Marijuana Enforcement Division.¹
- Town of Paonia Marijuana License Application and all applicable fees
- A set of fingerprints for each Controlling Owner. Fingerprints may be scheduled and obtained via the Paonia Police Department. Fingerprints will be run for a criminal background check. Please contact the Police Department to schedule at 970-527-4822.
- Completed copy of State of Colorado Marijuana License Application Packet, including a Site Development Plan
- Odor mitigation plan
- Business plan
- Sign design specifications, including drawings or photos, including size, height and location *shows for EMT - is this example of OMT signage?*
- Proof of Ownership of the proposed location in the name of the business, or a lease in the business name showing possession of one year (deed, lease, rental agreement or other appropriate documentation) *2 locations submitted (3)*
- Floor plan of the facility, to scale, no larger than 8 1/2 x 11-inch paper, identifying walls, fixtures, countertops and entrances *location # 1 only*
- Copy of State of Colorado Sales Tax License
- Articles of Organization and Operating Agreement (if LLC)

¹ Any Town licensed store must open within sixty days of issuance of license.

N/A Articles of Incorporation and Bylaws (if corporation)

Certificate of Good Standing from jurisdiction where Entity was formed (must be a U.S. or country that authorizes the sale of marijuana)

N/A Documentation evidencing authority for applicant to apply on behalf of owners with more than twenty-five percent (25%) ownership in license

Certification that Applicant and all individual Controlling Owners are not prohibited from becoming a licensee due to violating provisions of C.R.S. 44-10-307

Choice #1



Marijuana License Application

Business Information

Applicant Name: DMT Paonia LLC

Applicant Address: 232 Grand Ave, Paonia CO 81428

Applicant Phone: [REDACTED] Applicant Email: [REDACTED]

Applicant is: Agent Owner

Legal Business/Licensee Name: DMT Paonia LLC

Trade Name (DBA): Em J's

Business is applying for (check all that apply):

- Retail Marijuana Store
- Medical Marijuana Store
- Both
- Delivery - Medical
- Delivery - Retail
- Change in Location
- Change in Entity Structure
- License Renewal
- Transfer of Ownership
- Major Modification of Premises

Business is a:

- Corporation
- Individual
- Partnership
- LLC
- Association
- Other

Physical Address of Proposed Location: 232 Grand Ave Paonia CO 81428

Mailing Address: 232 Grand Ave Paonia CO 81428

Business Phone Number: 719-233-3425 Business Website: n/a

Will you provide online ordering and pick up? Yes No

Individual Information

**Each Controlling Owner with at least 25% financial interest in the business whose name the license is in, including sub entity owners, must complete this portion of the application and include a copy of valid identification. **

Full Name: Thomas Scudder

Title & Role in the Business: Owner/manager

Cell/Home Phone Number: [REDACTED] Work Phone Number: —

Email Address: [REDACTED]

Full Physical Address where you reside: [REDACTED]
Dates you have lived at this address: From Mar '21 To July '21 80132

Full Mailing Address, if different: _____

List complete physical addresses for past 5 years of residency and dates you resided there:
[REDACTED]

Social Security Number: [REDACTED] Date of Birth: [REDACTED]

Have you or any domestic or foreign entity that you had any ownership interest in ever owned or applied for a marijuana license in any jurisdiction? Yes No

If yes to the above question, have you ever been subject to any of the following actions: Denial, Surrender, Order to Show Cause, Suspension, Revocation, Settlement or Stipulation? If yes to any action, provide details on a separate sheet, including the jurisdiction, type of action, and date of action. NO

Have you, or has any domestic or foreign entity that you had any ownership interest in, ever been found to have violated state or local marijuana regulations, or been subject to paid late fees or fines. Yes No

If yes to the above question, provide details on a separate sheet, including the jurisdiction, type of action, and date of action.

In the past three years have you, or has any domestic or foreign entity that you had any ownership interest in, been delinquent in the remittance of any local or state sales taxes?

Yes No

If yes to the above question, provide details on a separate sheet, including the jurisdiction and the remediation of the issue.



Applicant Certification

Applicant / Owner certifies and affirms that (initial all):

JS I have read Article 4 (ordinance 2021-01) of the Paonia Municipal Code regarding medical and retail marijuana regulations.

JS I am at least 21 years old

JS I understand that the Town of Paonia makes no promises in connection with this application and all application fees are nonrefundable.

JS I understand that federal laws concerning possession and distribution of controlled substances apply and the Town accepts no legal liability for approval and licensing of marijuana stores.

JS I understand that other than personal identifying information, this application and its accompanying documents are subject to Colorado Open Records Act.

JS I understand that no major changes to the license or the licensed premises may occur without a modification to the license, including a change of ownership structure.

JS I am granted full authority to act concerning this application filed for legal business/licensee on behalf of all controlling owners, including the submittal of this application under written authority, a copy of which has been provided.

JS I declare under penalty of perjury that all of the information contained in this application and all attachments are true, correct and complete to the best of my knowledge, information and belief.

JS I agree to indemnify and hold the Town harmless from any and all damages in connection with this application, including all damages in connection with this application, including paying for all Town Attorney fees and costs incurred as a result of any damage claim made against the Town.

Signature Tom Scudde Date: 7/7/21
Printed Name Tom Scudde

DMT PAONIA, LLC

Odor Mitigation Plan

3.4 Air Quality/Odor Control

Odor Mitigation

DMT Paonia, LLC has extensive experience in mitigating odors emanating from our retail locations. This method will be used for the proposed Pasadena RMC odor mitigation plan of the marijuana space is depressurization of the spaces via filtered exhaust. DMT Paonia, LLC will use high mass, carbon-based air filters to scrub the odors from the exhaust air streams. Discharging the exhaust above the roof will be the method employed. The carbon filters shall be replaced (or re-filled with new carbon) at periodic scheduled intervals according to the manufacturer's recommendations to be included in DMT Paonia, LLC's already established filter maintenance logs.

The following is a list of the room-by-room requirements for ventilation & filtration. All filtered exhaust will be routed to the roof and terminated with a gooseneck fitting. The installation shall be performed by a licensed HVAC technician in accordance to the codes of the Town of Paonia.

001-Reception Space

1. 150 CFM exhaust fan with carbon filter. Fan to be controlled by a fan speed control.

002- Storage (Safe Room)

1. 150 CFM exhaust fan with carbon filter. Fan to be controlled by a fan speed control.

003 -Dispensary

1. 900 CFM exhaust fan with carbon filter. Fan to be controlled by a fan speed control.

DMT Paonia, LLC will ensure that odors from cannabis are not detectable off-site. DMT Paonia, LLC will provide a sufficient odor absorbing ventilation and exhaust system acceptable to the city so that odor generated inside the business that is distinctive to its operation is not detected outside of the business. This includes: (adjacent property or public right-of-ways, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as DMT Paonia, LLC).

DMT Paonia, LLC Business Plan

1.1 Cannabis Industry Knowledge

DMT Paonia, LLC, has throughout the screening application demonstrated the use of industry best practices and adhering to the state regulations of Colorado and local jurisdictions showing we have successfully incorporated all of these practices in our existing operations.

1.3 Ownership Team

The owners of DMT Paonia, LLC will be Tom Scudder with 90.01% ownership and Dale Cecil with 9.99% ownership. Tom and Dale have been business partners since 2010.

Section 2 Business Plan

Tom and Dale have opened 2 retail stores and 3 cultivation facilities together. We will use this knowledge and experience to start up this operation in a way that ensures compliance, customer service and operational competence. This industry is far more challenging than most know.

We are using an existing document from one of our existing operations that will be used as a baseline for our operations in Paonia.

Sub-Section 2A: Operations

2A.1 Standard Operating Procedures

DMT Paonia, LLC's operating hours will be 8:00am – 10:00pm.

DMT Paonia, LLC will use COVA software for their point-of-sale system. Established in 2010, COVA is the global leader in cannabis traceability technology. Rocky Road Remedies started using COVA in 2012, all Rocky Road locations currently utilize the COVA software, which is compatible with METRC. Having prior experience with the software will enable DMT Paonia, LLC to hit the ground running. Rocky Road Remedies utilizes a professional IT company, our partner computer technicians whose private servers ensure security and backups of all computer point of sale records. COVA is capable of providing all required reports as well as historical transactional data. DMT Paonia, LLC will ensure that any systems used are approved and authorized from the City Manager or his/her designee.

DMT Paonia, LLC has extensive Standard Operating Procedures

DMT Paonia, LLC has a team of attorneys, CPAs, insurance agents, and industry experts it relies upon to reduce regulatory risk and help generate accurate and concise bookkeeping records, compliance, marketing plans, lease reviews and business pro formas.

SECTION A - INTRODUCTION

- A.1 Explanation

SECTION B – HUMAN RESOURCE

- B.1 Employee Definitions
- B.2 Applications Interviews, Selection & Hiring
- B.3 Personnel Files
- B.4 Corrective Action/Termination of Employment
- B.5 EEO Policy – Non Discrimination Policy
- B.6 Probationary Period
- B.7 Paid Time Off
- B.8 Employee Benefits
- B.9 Insurance on Personal Effects
- B.10 Non-Disclosure/Confidentiality
- B.11 Supplies; Expenditures; Obligor DMT Paonia, LLC
- B.12 Health Related Issues
- B.13 Employee Requiring Medical Attention
- B.14 Personnel Data Changes
- B.15 Immigration Law Compliance

SECTION C - EMPLOYEE CONDUCT

- C.1 Time Clocks/Breaks/Lunch Periods
- C.2 Attendance/Punctuality
- C.3 Absence Without Notice
- C.4 Visitors
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- C.6 Harassment in the Workplace
- C.7 Telephone Use
- C.8 Public Image/Hygiene
- C.9 Substance Abuse
- C.10 Tobacco Products
- C.11 Internet Use

SECTION D – BUSINESS STANDARDS

- D.1 Business Hours
- D.2 Security Systems & Measures
- D.3 Theft & Loss Prevention
- D.4 Transaction Procedures
 - D.4.1 Bank Deposits
 - D.4.2 Handling Cash & Cash Drawers
 - D.4.3 ATM Information

D.4.4 Return Policy

SECTION E – INDUSTRY STANDARDS

- E.1 Rules for Sales
- E.2 Limited Access Areas

SECTION F - WAGE AND SALARY POLICIES

- F.1 Wage or Salary Increases
- F.2 Timekeeping
- F.3 Overtime
- F.4 Pay Schedule
- F.5 Holidays
- F.6 Jury Duty/Military Leave

SECTION G - EMPLOYEE COMMUNICATIONS

- G.1 Bulletin Boards
- G.2 Procedure for Handling Complaints
- G.3 Manager's Log

SECTION H - INVENTORY MANAGEMENT & MERCHANDISING

- H.1 Approved Vendors
- H.2 Inventory Controls
- H.3 Min/Max Levels and Inventory Reordering
- H.4 Product Pricing/Strategy
- H.5 Floor Plan & Displays
- H.6 Corporate Branding – Interior Signs

SECTION I – CUSTOMER SERVICE

- I.1 Returns & Exchanges
- I.2 Complaints
- I.3 General Product Knowledge
- I.4 Sales Principles
- I.5 Sales Associate Responsibilities to Customer

SECTION J - EMERGENCY PROCEDURES

- J.1 Robbery, Theft and Vandalism
- J.2 Fire or Natural Disaster
- J.3 Customer Conflict Resolution
- J.4 Evacuation Procedures
- J.5 Alarms
- J.6 Municipal & Government Inspections

SECTION K – CRITICAL ORGANIZATION INFORMATION

- K.1 Organizational Chart
- K.2 Licensure Information
- K.3 Location Addresses
- K.4 METRC
- K.5 COVA
- K.6 IT
- K.7 Security Company
- K.8 Maintenance

SECTION A - INTRODUCTION

A.1 EXPLANATION

This Operations Standards/Employee Guide is designed to acquaint you with DMT Paonia, LLC and provide you with information and expectations regarding employment and daily operations.

Employment with DMT Paonia, LLC is conditional to employees adhering to the policies and standards described in this guide. The contents of this document shall not constitute nor be construed as a promise of employment or as a contract between DMT Paonia, LLC and any of its employees. The Operations Standards/Employee Guide is an outline of our policies and is presented here as a matter of information.

You are responsible for reading, understanding, and complying with the provisions of this guide.

This guide supersedes all previous employee manuals, guidelines and memos that have been written or verbal.

DMT Paonia, LLC reserves the right to change all or any part of our policies, procedures, and benefits without prior notice.

No individual supervisor or manager has the authority to change policies at any time. If you are uncertain about any policy or procedure, speak with your direct supervisor.

SECTION B – HUMAN RESOURCES

B.1 EMPLOYEE DEFINITIONS

EMPLOYEE DEFINED

An EMPLOYEE of DMT Paonia, LLC is a person who regularly works for DMT Paonia, LLC on a wage or salary basis.

Employees may include exempt, non-exempt, regular full-time, regular part-time, and temporary persons, and others employed with DMT Paonia, LLC who are subject to the control and direction of DMT Paonia, LLC in the performance of their duties.

EXEMPT/SALARIED

Employees whose positions meet specific criteria established by the Fair Labor Standards Act (FLSA) and who are exempt from overtime pay requirements.

NON-EXEMPT

Employees whose positions do not meet FLSA criteria and who are paid one and one-half their regular rate of pay for hours worked in excess of 40 hours per week.

REGULAR FULL-TIME

Employees who have completed the 90-day probationary period and who are regularly scheduled to work 35 or more hours per week.

REGULAR PART-TIME

Employees who have completed the 90-day probationary period and who are regularly scheduled to work less than 35 hours per week.

TEMPORARY (FULL-TIME or PART-TIME)

Those whose performance is being evaluated to determine whether further employment in a specific position or with DMT Paonia, LLC is appropriate or individuals who are hired as interim replacements to assist in the completion of a specific project or for vacation relief. Employment beyond any initially stated period does not in any way imply a change in employment status. Temporary employees retain that status until they are notified of a change. They are not eligible for any of DMT Paonia, LLC's benefit programs.

B.2 APPLICATION INTERVIEWS, SELECTION & HIRING

All employees must fill out a DMT Paonia, LLC application, and have it on file in their employee records, or have a suitable resume that contains all of the information required on the application. Any misrepresentations, falsifications, or material omissions may result in exclusion of the individual from further consideration for employment or, if the person has been hired, termination of employment. All employees must have a valid badge from the Colorado Marijuana Enforcement Division.

B.3 PERSONNEL FILES

Employee personnel files may include the following: W4, I9, Authorization to Work, job application, job description, résumé, records of participation in training events, salary history, records of disciplinary action and documents related to employee performance reviews, coaching, and mentoring.

Personnel files are the property of DMT Paonia, LLC and access to the information is restricted. Management personnel of DMT Paonia, LLC who have a legitimate reason to review the file are allowed to do so.

Employees who wish to review their own file should request to do so to their direct supervisor. A copy of personnel files may be requested and can take up to 2 weeks to process.

B.4 CORRECTIVE ACTION/TERMINATION OF EMPLOYMENT

When an employee deviates from the standards designated by DMT Paonia, LLC, or the laws outlined by the Colorado Marijuana Enforcement Division, the employee's supervisor is to take corrective action.

The typical sequence of corrective actions includes an oral warning, a written warning, probation, and finally termination of employment. In deciding which initial corrective action would be appropriate, a supervisor will consider the seriousness of the infraction, the circumstances surrounding the matter, and the employee's previous record.

There are some infractions that result in immediate termination. These include but are not limited to: theft in any form, insubordinate behavior, vandalism or destruction of company property, unauthorized presence on property during non-business hours, the use of company equipment and/or company vehicles without prior authorization by executive staff, untruthfulness about personal work history, skills, or training, divulging proprietary information, and misrepresentations of DMT Paonia, LLC to a customer, a prospective customer, the general public, or an employee.

Termination of employment may come from the employer or the employee.

- **Resignation** – voluntary employment termination initiated by an employee.
- **Termination** – involuntary employment termination initiated by DMT Paonia, LLC
- **Layoff** – involuntary employment termination initiated by DMT Paonia, LLC for non-disciplinary reasons.

Employees intending to terminate employment with DMT Paonia, LLC shall give DMT Paonia, LLC at least two (2) weeks written notice. Failure to give stated notice will result in ineligibility for rehire.

Any employee who terminates employment with DMT Paonia, LLC shall immediately return all files, records, keys, and any other materials that are property of DMT Paonia, LLC. No final settlement of an employee's pay will be made until all items are returned in appropriate condition. The cost of replacing non-returned items will be deducted from the employee's final paycheck. Furthermore, any outstanding financial obligations owed to DMT Paonia, LLC will also be deducted from the employee's final check.

Colorado is an Employment at Will State. Either the employer or employee may terminate employment at any time with or without cause. Employment in the state of Colorado is voluntary for both parties.

B.5 EEO- NON-DISCRIMINATION POLICY

DMT Paonia, LLC is an equal opportunity employer. Employment is based on merit, qualifications, and abilities. DMT Paonia, LLC does not discriminate in employment opportunities or practices because of race, color, religion, sex, national origin, age or disability.

DMT Paonia, LLC will make reasonable accommodations for qualified individuals with known disabilities. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

Employees with questions or concerns about discrimination in the workplace are encouraged to bring these issues to the attention of their supervisor. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in unlawful discrimination will be subject to disciplinary action, up to, and possibly including termination of employment.

B.6 PROBATIONARY PERIOD

There is a 90 day probationary period for regular full-time and regular part-time employees that begin on the date of hire. This is the time for DMT Paonia, LLC and the employee to determine whether or not the employment is a good fit. During this introductory period DMT Paonia, LLC and/or the employee has the right to terminate employment without advance notice.

Upon satisfactory completion of the probationary period, the employee's status will change from Temporary to Regular. All employees, regardless of classification or length of service, are expected to meet and maintain company standards for job description and conduct, as outlined in this guide.

B.7 PAID TIME OFF

DMT Paonia, LLC employees will begin accruing vacation at the completion of 90 days retroactive to the first day of employment. Employees accrue 40 hours in the first two years of employment. 80 hours in the third and fourth year and 100 hours in the fifth year. PTO can be used for sick leave, vacation, or personal days. The employee must submit their PTO request at a minimum two weeks prior to taking leave unless it is due to an immediate illness or personal day. Approval from a manager must be in writing prior to taking said leave.

B.8 EMPLOYEE BENEFITS

DMT Paonia, LLC employees will receive enrollment options for medical, dental and vision after the completion of 90 days. Please contact the HR manager for further information or questions.

B.9 INSURANCE ON PERSONAL EFFECTS

DMT Paonia, LLC assumes no risk for any loss or damage to personal property on DMT Paonia, LLC property.

B.10 NON-DISCLOSURE/CONFIDENTIALITY

The protection of confidential business information and trade secrets is vital to the interests and success of DMT Paonia, LLC. Such confidential information includes, but is not limited to, the following:

- Financial information
- Marketing strategies and materials
- Vendor Agreements
- Product Pricing
- Pending projects and proposals
- Proprietary production processes
- Personnel Information (salary, application information, personal information, etc.)
- Personal Pay Information
- Conversations between any persons associated with DMT Paonia, LLC
- Patient information

All employees are required to consent to non-disclosure as a condition of employment. Employees who improperly use or disclose trade secrets or confidential business information will be subject to disciplinary action, including termination of employment and legal action.

B.11 SUPPLIES; EXPENDITURES; OBLIGATING DMT PAONIA, LLC

Only authorized persons may purchase supplies in the name of DMT Paonia, LLC. No employee whose regular duties do not include purchasing shall incur any expense on behalf of DMT Paonia, LLC or bind DMT Paonia, LLC by any promise or representation without written approval. With prior approval from a supervisor, an employee may use petty cash for a small DMT Paonia, LLC supply purpose. The employee must bring a receipt matching the purchase and turn it in. Failure to bring a receipt may result in the employee reimbursing the company for the purchase.

B.12 HEALTH-RELATED ISSUES

Employees who become aware of any personal medical issue should notify their supervisor of health status immediately.

A doctor's note will be required at the time or shortly after notice has been given. The doctor's note should specify whether the employee is able to perform regular duties as outlined in his/her job description, including what restrictions must be implemented.

A leave of absence may be granted on a case-by-case basis. If the need arises for a leave of absence, employees should notify their supervisor. If a leave of absence is granted, a written doctor's release is required to return to work.

Any employee who, by medical examination or supervisory observation, is shown to have, or appears to have, an illness, open lesion, including boils, sores, or infected wounds, or any other abnormal source of microbial contamination for whom there is a reasonable possibility of contact with preparation surfaces for marijuana shall not be able to participate in their regular job duties until the condition is corrected per doctor's advice. Should there be job duties in which the employee would not have contact with marijuana; the employee will be offered those duties as appropriate.

B.13 EMPLOYEE REQUIRING MEDICAL ATTENTION

In the event an employee requires medical attention, whether injured or becoming ill while at work, the employee's personal physician must be notified immediately. If it is necessary for the employee to be seen by the doctor or go to the hospital, a family member will be called to transport the employee to the appropriate facility. If an emergency arises requiring Emergency Medical Services to evaluate the injury/illness of an employee on-site, the employee will be responsible for any transportation charges. Furthermore, DMT Paonia, LLC's' employees will not be responsible for transportation of another employee due to liabilities that may occur.

A physician's "return to work" notice may be required.

B.14 PERSONNEL DATA CHANGES

It is the responsibility of each employee to promptly notify their supervisor of any changes in personnel data such as:

- Mailing address,
- Telephone numbers,
- Name and number of dependents, and
- Individuals to be contacted in the event of an emergency.

An employee's personnel data should be accurate and current at all times.

B.15 IMMIGRATION LAW COMPLIANCE

DMT Paonia, LLC employs only United States citizens and those non-U.S. citizens authorized to work in the United States in compliance with the Immigration Reform and Control Act of 1986.

Each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility. Former employees who are rehired must also complete the form if they have not completed an I-9 with DMT Paonia, LLC within the past three years or if their previous I-9 is no longer retained or valid.

SECTION C – EMPLOYEE CONDUCT

DMT Paonia, LLC takes the Standards of Conduct seriously. All employees must be familiar with these rules and standards, and those of the Colorado Marijuana Enforcement Division. In addition, employees are expected to follow the rules and standards to the letter in doing their own jobs and conducting DMT Paonia, LLC's business. Please note that any employee who deviates from these rules and standards will be subject to corrective action, up to and including termination of employment.

While not intended to list all the forms of behavior that are considered unacceptable in the workplace, the following are examples of rule infractions or misconduct that may result in disciplinary action, including termination of employment.

- Failure to comply with these rules and the rules of the MED;
- Any drug or alcohol use on Company property;
- Possession of paraphernalia;
- Theft or inappropriate removal or possession of property;
- Falsification of timekeeping records
- Working under the influence of alcohol or illegal drugs
- Possession, distribution, sale, transfer, or use of alcohol or illegal drugs in the workplace
- Fighting or threatening violence in the workplace;
- Boisterous or disruptive activity in the workplace;
- Negligence or improper conduct leading to damage of company-owned or customer-owned property;
- Insubordination or other disrespectful conduct;
- Violation of safety or health rules;
- Smoking in the workplace;
- Sexual or other unlawful or unwelcome harassment
- Excessive absenteeism or any absence without notice
- Unauthorized use of telephones, or other company-owned equipment
- Using company equipment for purposes other than business;
- Unauthorized disclosure of business "secrets" or confidential information;
- Violation of personnel policies; and
- Unsatisfactory performance or conduct.

C.1 TIME CLOCKS/BREAKS

All non-exempt staff must clock in at the beginning of their shift, clock out at the beginning of their break, clock back in when returning from break, and clock out at the end of their shift.

Employees are allowed to take a 30 minute or 60 minute break during a shift of 6 hours or more. Non-exempt staff are required to take a 30 minute lunch break when they work a 6+ hour shift. When practical, staff may leave the premises for a full duty-free break. Employees must clock out during that time. When it is not practical or possible for a duty-free break, staff may consume their meal while working, and should not clock out. However, whenever practical, employees **must** take an unpaid break of 30 minutes. Failure to adhere to the lunch policy will be subject to disciplinary action, including termination.

Employees are not to "skip" their meal break in order to leave their shift early.

If employees have unexpected personal business to take care of, they must notify their direct supervisor immediately to obtain coverage before leaving. Scheduled personal business should be arranged in advance.

Employees are permitted a paid 10 minute break period for each 4 hours worked.

C.2 ATTENDANCE/PUNCTUALITY

DMT Paonia, LLC expects that every employee will be regular and punctual in attendance. This means being in the office, ready to work, at their starting time each day.

If you are unable to report for work for any reason, notify your supervisor before regular starting time. You are responsible for speaking directly with your supervisor about your absence. It is not acceptable to leave a message on a supervisor's voice mail, except in extreme emergencies. In the case of leaving a voice-mail message, a follow-up call must be made later that day.

Should tardiness become evident, disciplinary action will begin.

C.3 ABSENCE WITHOUT NOTICE

If you do not report for work and DMT Paonia, LLC is not notified of your status, it will be assumed after two consecutive days of absence that you have resigned, and you will be removed from the payroll.

If you become ill while at work or must leave the office for some other reason before the end of the workday, employees must inform their supervisor of the situation.

C.4 VISITORS

To provide for the safety and security of employees, visitors, visiting the facilities of DMT Paonia, LLC, only authorized visitors are allowed in the workplace. Restricting unauthorized visitors helps ensure security, decreases insurance liability, protects confidential information, safeguards employee welfare, and avoids potential distractions and disturbances. Visitors are not allowed in limited access areas unless they receive a visitor's badge, have logged into the visitors log and are escorted.

Any employee allowing a visitor in the limited access area is required to give the visitor a visitor badge, have that visitor sign in for the badge, have the visitor sign out the badge when they are finished, and collect the badge when the visitor leaves. Failure to do so will result in disciplinary action up to and including termination.

All visitors must be escorted by an employee of DMT Paonia, LLC at all times.

C.5 PARKING

Employees must park their cars in areas indicated and provided by DMT Paonia, LLC. The parking lot clearly marks parking spots for DMT Paonia, LLC staff. Employees shall refrain from parking in spots designated for visitors or other businesses.

C.6 HARRASSMENT IN THE WORKPLACE

DMT Paonia, LLC is committed to providing a work environment that is free of discrimination and unlawful harassment. Actions, words, jokes, or comments based on an individual's sex, race, ethnicity, age, religion, or any other legally protected characteristic will not be tolerated.

If you believe you have been the victim of harassment, or know of another employee who has, report it to a supervisor immediately. Employees can raise concerns and make reports without fear of reprisal.

Any supervisor who becomes aware of possible harassment should promptly advise their supervisor who will handle the matter in a timely and confidential manner.

C.7 TELEPHONE USE

Personal telephone usage during business hours is discouraged. All personal telephone calls should be kept brief and should be returned during breaks.

If an employee is found to be deviating from this policy, he/she will be subject to disciplinary action.

C.8 PUBLIC IMAGE/HYGIENE

A professional appearance is important anytime that you come in contact with the public. Employees should be well groomed and dressed appropriately for our business and for their position in particular.

The following items are considered inappropriate working attire for DMT Paonia, LLC

- Gym or workout clothing
- Slogans that talk about “drugs” or “weed”. Anything that pokes fun at marijuana.
- Gang related colors or clothing

Employees working in the “front of the house” should always dress in clothing appropriate for a retail establishment catering to customers.

Employees working in the “back of the house” should dress appropriate for their job responsibilities keeping safety in mind.

Consult your supervisor if you have any questions about appropriate business attire.

All employees working in direct contact with preparation of marijuana shall conform to hygienic practices while on duty;

Including:

- Maintaining adequate personal cleanliness.
- Washing hands thoroughly in an adequate hand-washing area(s) before starting work and at any other time when the hands may have become soiled or contaminated.
- Refrain from having direct contact with preparation of marijuana if the person has or may have an illness, open lesion, including boils, sores, or infected wounds, or any other abnormal source of microbial contamination, until such condition is corrected.

C.9 SUBSTANCE ABUSE

DMT Paonia, LLC is committed to providing a safe and productive workplace for its employees. In keeping with this commitment, the following rules regarding alcohol and drugs of abuse have been established for all staff members, regardless of rank or position, including both regular and temporary employees. The rules apply during working hours to all employees of DMT Paonia, LLC while they are on Company premises or elsewhere on Company business.

The manufacture, distribution, possession, sale, or purchase of controlled substances of abuse on Company property is prohibited. This includes the illegal manufacture, distribution, possession, sale, or purchase of marijuana.

Being impaired by illegal drugs, alcohol, or substances of abuse on Company property is prohibited.

Working while under the influence of prescription or recommended drugs that impair performance is prohibited.

So that there is no question about what these rules signify, please note the following definitions:

Company property: All Company owned or leased property used by employees.

Controlled substance of abuse: Any substance listed in Schedules I-V of Section 202 of the Controlled Substance Act, as amended.

Drug: Any chemical substance that produces physical, mental, emotional, or behavioral change in the user.

Drug paraphernalia: Equipment, a product, or material that is used or intended for use in concealing an illegal drug, or otherwise introducing into the human body an illegal drug or controlled substance.

Illegal drug:

a. Any drug or derivative thereof whose use, possession, sale, transfer, attempted sale or transfer, manufacture, or storage is illegal or regulated under any federal, state, or local law or regulation.

b. Any drug, including – but not limited to – a prescription or recommended drug, used for any reason other than that prescribed or recommended by a physician.

c. Inhalants used illegally.

Under the influence: A state of not having the normal use of mental or physical faculties resulting from the voluntary introduction into the body of an alcoholic beverage, drug, or substance of abuse.

Consistent with the rules listed above, any of the following actions constitutes a violation of DMT Paonia, LLC's policy on drugs and may subject an employee to disciplinary action, up to and including immediate termination.

Using, selling, purchasing, transferring, manufacturing, or storing an illegal drug or drug paraphernalia, or attempting to or assisting another to do so, while in the course of employment.

Working or reporting to work, conducting Company business or being on Company property while under the influence of an illegal drug or alcohol, or in an impaired condition.

C.10 TOBACCO USE

The use of tobacco products is not permitted anywhere on DMT Paonia, LLC's premises, including the parking lot. All employees must dispose of their tobacco properly. Cigarette "butts" should not be disposed of in DMT Paonia, LLC's trash, nor left outside.

C.11 INTERNET USE

DMT Paonia, LLC employees are allowed use of the Internet and e-mail to conduct DMT Paonia, LLC's business.

Employees may use the Internet when appropriate to access information needed to conduct business of DMT Paonia, LLC. Employees may use e-mail when appropriate for Company business correspondence.

Personal use of the Internet must not disrupt operation DMT Paonia, LLC's computer network. Use of the Internet must not interfere with an employee's productivity. Employees are responsible for using the Internet in a manner that is ethical and lawful.

Internet messages are public and not private. DMT Paonia, LLC reserves the right to access and monitor all files and messages on its systems.

SECTION D – BUSINESS STANDARDS

D.1 BUSINESS HOURS

DMT Paonia, LLC's (store) is open for business from 8 a.m. to 10 p.m. 7 days per week, 364 days per year.

The standard workweek is 40 hours of work. In the computation of various employee benefits, the employee workweek is considered to begin on Monday (starting at 12:01 a.m.) through Sunday (ending at 12:00 a.m.), unless a supervisor makes prior other arrangement with the employee.

D.2 SECURITY SYSTEMS

All employees who are issued keys, alarm codes or other access through security to the office are responsible for their safekeeping. The last employee, or a designated employee, who leaves the building at the end of the business day assumes the responsibility to ensure that all doors are securely locked, the alarm system is armed, thermostats are set on appropriate evening and/or weekend setting, and all appliances and lights are turned off with exception of the lights normally left on for security purposes. Employees are not allowed on Company property after hours without prior authorization from their supervisor.

D.3 THEFT & LOSS PREVENTION – See Section 4.4 Employee Theft Reduction Measures

D.4 TRANSACTION PROCEDURES – See Section 4

D.4.1 BANK DEPOSITS – See Section 4.3, Cash Handling

See Section 4.5, Cash Management Plan

See Section 4.10 Armored Vehicle

Rocky Road uses the Armored Knights service in Colorado successfully. All deposits are made following the SOP's and the cash is picked up from Armored Knights and deposited to our bank account. We have not had any issues or concerns. The result of using this service provides a smart safe in which all cash is deposited throughout the day. The safety and security measures ensure that we do not have a large amount of cash unsecured on the premises. This is a service we would use at DMT Paonia, LLC.

D.4.2 HANDLING CASH & CASH DRAWERS – See Section 4.3 Cash Handling

D.4.3 ATM INFORMATION –

DMT Paonia, LLC will have an ATM on the premises for customer use. The ATM service provider information will be available to DMT Paonia, LLC in the event the ATM machine requires servicing.

D.4.4 RETURN POLICY – See Section 2 – I.1 Customer Returns

SECTION E – INDUSTRY STANDARDS

E.1 RULES FOR SALES

Daily Sales Limits

DMT Paonia, LLC will not sell more than the following amounts to a single cannabis customer in a single day:

Recreational:

A Retail Marijuana Store or Retail Marijuana Transporter must not deliver individually or in any combination, more than one ounce of Retail Marijuana, 8 grams of Retail Marijuana Concentrate, or Retail Marijuana Products containing more than ten 80 milligram servings of THC to a customer in a single business day.

Medical:

A Medical Marijuana Store or Medical Marijuana Transporter must not deliver individually or in any combination, more than two ounces of Medical Marijuana, 40 grams of Medical Marijuana Concentrate, or Medical Marijuana Products containing more than 20,000 milligrams of THC to a patient in a single business day.

As defined in the Code of Colorado Regulations, Colorado Marijuana Enforcement Division.

Sales Reporting

- DMT Paonia, LLC will only use the POS system to conduct sales
- Sales will be uploaded at the end of each business day to Metrc by an authorized user of Metrc
- Sales records will not be defiled or unlawfully changed

E.2 LIMITED ACCESS AREAS – See Section 4 of the Security Plan, Product Access Controls 4.6

SECTION F – WAGE AND SALARY POLICIES

F.1 WAGE/SALARY INCREASES

Wage/Salary increases are based on performance and merit. Each employee will receive a quarterly performance review. At that time, it will be determined whether pay will stay the same, increase, or be decreased. In the event of a position change, wage/salary will be adjusted at the time of change.

F.2 TIMEKEEPING

Accurately recording time worked is the responsibility of every non-exempt employee. Time worked is the time actually spent on a job(s) performing assigned duties.

DMT Paonia, LLC does not pay for extended breaks or time spent on personal matters.

The time clock is a legal instrument. Altering, falsifying, tampering with time records, or recording time on another employee's time record will result in disciplinary action, including termination of employment.

Authorized personnel will review time records each week. Any changes to an employee's time record must be approved by his/her supervisor. Questions regarding the timekeeping system should be directed to the supervisor.

COVA Time Clock: Non-exempt employees will be issued a PIN on their first day of employment. The PIN is used to clock in and out on the terminals.

Exempt employees are not eligible for overtime and are responsible for working the hours necessary to meet the responsibilities outlined in their job description.

F.3 OVERTIME

Overtime compensation is paid to non-exempt employees in accordance with federal and state wage and hour restrictions. Overtime is payable for all hours worked over 40 per week at a rate of one and one-half times the non-exempt employee's regular hourly rate. Time off on personal time, holidays, or any leave of absence will not be considered hours worked when calculating overtime.

All overtime work performed by an hourly employee must receive the supervisor's prior authorization. Overtime worked without prior authorization from the supervisor may result in disciplinary action.

F.4 PAY SCHEDULE

All employees are paid bi-weekly, 26 pay periods per year.

Direct Deposit is available to all regular employees. If an employee does not wish to participate in direct deposit, the paychecks will be available for pick up at the employee's main location for employment.

If a regular payday falls during an employee's vacation, the employee's paycheck will be available upon his/her return from vacation.

Paychecks will not, under any circumstances, be given to any person other than the employee without written authorization. Paychecks may also be mailed to the employee's address upon request.

DMT Paonia, LLC withholds income tax from all employees' earnings and participates in FICA (Social Security) and Medicare withholding and matching programs as required by law.

F.5 HOLIDAYS

DMT Paonia, LLC Dispensaries are open every day of the year, except for Christmas Day.

F.6 JURY DUTY/MILITARY LEAVE

Employees will be granted time off to serve on a jury or military leave without pay. Employees will be kept on the active payroll until their civic duties have been completed. A copy of the jury duty summons and all other associated paperwork are required for the personnel file.

SECTION G – EMPLOYEE COMMUNICATIONS

G.1 BULLETIN BOARD

A bulletin board is located in each store and provides employees access to important information and announcements. The employee is responsible for reading information posted on the bulletin boards.

G.2 PROCEDURE FOR HANDLING COMPLAINTS

Employees who have a job-related problem, question or complaint should first discuss it with their immediate supervisor, and try to come to a resolution. If a resolution cannot be met, then the issue may be escalated to the next person outlined in the organizational chart.

G.3 MANAGER'S LOG

Each location shall keep a notebook to be used by management and key badged associates, to log any pertinent business information from each day. This is to keep information current for people who may have been off. Things to include in the log (for example purposes only, and the log could contain many other things):

- Customer issues
- Broken water cooler/soda fountain
- Scheduled maintenance
- Personnel/Scheduling issues
- Inventory information
- Vendor information
- Interesting things that happened that day

SECTION H – INVENTORY MANAGEMENT & MERCHANDISING

H.1 APPROVED VENDORS

DMT Paonia, LLC will only use approved vendors. All employees responsible for purchasing will be provided with a list of approved vendors as well as a copy of the purchasing procedure including required approvals.

H.2 INVENTORY CONTROLS

DMT Paonia, LLC employees will follow all inventory controls established by DMT Paonia, LLC.

Inventory

Packaging and Labeling by a Retailer

DMT Paonia, LLC will not accept, possess, or sell cannabis goods that are not packaged as they will be sold at final sale. DMT Paonia, LLC will not package or label cannabis goods except for a barcode or similar sticker on the packaging of cannabis goods to be used in inventory tracking. A barcode or similar sticker placed on the packaging of cannabis goods will not obscure any labels required by the Colorado Marijuana Enforcement Division.

Cannabis Goods Packaging and Exit Packaging

All cannabis goods sold by DMT Paonia, LLC will be in compliance with the packaging requirements. Beginning January 1, 2020, a package containing cannabis goods will be resealable, tamper-evident, and child resistant. All cannabis goods purchased by a customer will not leave DMT Paonia, LLC's premises unless the goods are placed in an opaque exit package.

Inventory Audits and Reconciliation

- Inventory audits will be performed on a daily basis of all cannabis goods on the sales floor and once weekly on all cannabis goods in storage
- Audit forms will be printed from COVA
- All items will be counted
- All discrepancies will be investigated, i.e. Move error, incorrectly rung, etc.
- Inventory audits will be submitted via the COVA software.
- Printed Audits and Reconciliations will be kept and readily available if asked for by any of the state agencies.
- Employees will follow all of the Inventory Audit rules outlined in section 4.4 Employee theft reduction.
- Expiration dates on product shall also be audited during audits of inventory and expired product shall be wasted appropriately
- All discrepancies will be handled in a timely manner. If a discrepancy is found a manager will research to find the true nature of the discrepancy and take appropriate action to rectify
- Any differences noted between COVA and found during reconciliation shall be rectified immediately
- If any adjustment is made in Metrc then a descriptive reason will also be given as to why

Removing Expired Inventory

Product

Adjustment will be made in POS and in Metrc by a manager and logged in a Waste Log.

1. Immediately make waste unusable and unrecognizable by grinding and incorporating the marijuana waste with non-consumable, solid waste so that the mixture is at least 50 percent non-marijuana waste.
2. Place waste into the waste container.
3. Record the waste on the waste log.

Inventory Waste

- DMT Paonia, LLC will not dispose of cannabis goods unless it is disposed of as cannabis waste
- Cannabis waste will be secured in a receptacle that is only accessible to DMT Paonia, LLC, its employees, and an authorized waste hauler. It will be separate and distinct from all other cannabis goods
- Waste will be destroyed, removed from packaging, rendered unrecognizable and unusable on the licensed premise.

- Cannabis waste shall be stored, managed, and disposed of in accordance with all applicable waste management laws and shall remain on premise until rendered into waste.
- All cannabis goods that are destroyed or disposed of shall be recorded in CCTT with the name of the employee, the reason for disposal and the entity as well as a description.
- All waste will be submitted to Metrc within 24hrs of occurrence

H.3 MIN/MAX LEVELS AND INVENTORY REORDERING

DMT Paonia, LLC will establish minimum and maximum inventory levels based on sales. These inventory levels will be used to determine reordering.

H.4 PRODUCT PRICING/STRATEGY

Rocky Road is an industry leader in the pricing of all products. We invest a great deal of research in our pricing strategy and have found the most profitable model to offer lower pricing and focus more on volume. As an example we have provided research and pricing model for Rocky Road Aurora. We plan to use this same pricing strategy for DMT Paonia, LLC. See Exhibit: 14

H.6 FLOOR PLAN & DISPLAYS See Section 3

H.7 CORPORATE BRANDING-INTERIOR SIGNS See Section 3

SECTION I – CUSTOMER SERVICE

DMT Paonia, LLC believes that customer service is one of the main factors in the success of all of our other current operating locations. We are known for having exceptional customer service and are one of the leading cannabis companies defining customer service worldwide. Examples of this are Best Of: Colorado Springs Independent and List Awards with Leafly in which Rocky Road South and A Wellness Centers were the only two which placed among 132 medical centers in Colorado Springs.

I.1 RETURNS & EXCHANGES

Customer Returns

- DMT Paonia, LLC will only accept customer returns in the event that the cannabis goods are defective.
- Returned products will not be resold. They will either be destroyed and wasted following protocol of cannabis waste or returned to the distributor pursuant to the Colorado Code of Regulations.

I.2 COMPLAINTS

Complaints which can be immediately addressed in a simple manner should be addressed as soon it is brought to your attention. If you are unable to provide a reasonable solution to the complaint please bring this complaint to the attention of the manager. All complaints must be logged in the complaint binder.

I.3 GENERAL PRODUCT KNOWLEDGE

Employees will receive extensive training regarding product knowledge. These trainings will be provided by DMT Paonia, LLC as well as from vendors providing training on their specific products.

I.4 SALES ASSOCIATES RESPONSIBILITIES TO CUSTOMERS

DMT Paonia, LLC will provide exceptional customer service to all customers. It is the employees' responsibility to provide customer service, product knowledge, marijuana awareness information, and simple legal information as to the laws of Colorado regarding cannabis possession and consumption.

SECTION J – EMERGENCY PROCEDURES

Each employee is expected to obey safety rules and exercise caution and common sense in all work activities. Employees must immediately report any unsafe conditions to their supervisor. Employees who violate safety standards, cause hazardous or dangerous situations, or fail to report, or where appropriate, remedy such situations, may be subject to disciplinary action including termination of employment.

In the case of an accident that results in injury, regardless of how insignificant the injury may appear, employees should notify their supervisor.

J.1 ROBBERY, THEFT, & VANDALISM See Section 4 Security Plan

J.2 FIRE OR NATURAL DISASTER/INCLEMENT WEATHER

In the case of severe weather or emergency disasters, such as flooding or fire, the decision to close the office will be made by the executive staff.

When the decision is made to close DMT Paonia, LLC, employees will receive official notification from their supervisor.

Time off from scheduled work due to emergency closings will be unpaid for all non-exempt employees.

J.3 CUSTOMER CONFLICT RESOLUTION

Employees will be trained to address any customer conflicts using our customer conflict resolution training. This training has proven to be successful in our other stores where customer conflict resolution has been provided. It provides employees with tools to address customer conflicts.

J.4 EVACUATION PROCEDURES

Evacuation procedures are outlined in our Safety & Security Binder. All employees will be trained in the new hire training orientation evacuation procedures.

J.5 ALARMS

DMT Paonia, LLC has a professional alarm company monitoring our alarm system. See Section 4.9

J.6 MUNICIPAL & STATE INSPECTIONS

The City Manager, or his/her designee charged with enforcing the provisions of the Town Of Paonia Municipal Code, or any provisions thereof, may enter the location of a commercial cannabis business at any time during business hours, without notice, and inspect the location of any commercial business, as well as any recordings and records required to be maintained pursuant to the Colorado Marijuana Enforcement Division, or under applicable provisions of state law.

It is unlawful for any person having responsibility over the operation of commercial cannabis, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection, review or copy records, recordings or other documents required to be maintained by a commercial cannabis business.

The City Manager, or his/her designee charged with the enforcing the provisions may enter the location of a commercial cannabis business at any time during the hours of operations and without notice to obtain samples cannabis to test for public safety reasons. Any samples obtained by the Town of Paonia shall be logged, recorded, and maintained in accordance with the procedures established by the Town of Paonia.

SECTION K – CRITICAL ORGANIZATION INFORMATION

K.1 ORGANIZATIONAL CHART The organizational structure of DMT Paonia, LLC will consist of: Owners, General Manager, Director of Security, Retail Manager, Compliance Officer, Human Resources Manager, Customer Service Manager, Marketing Manager, Accountant, Budtender, Reception, and Security Guards.

K.2 LICENSURE INFORMATION

DMT Paonia, LLC will display the original copy of the commercial cannabis permit issued by the City of Pasadena pursuant to Chapter 5.78 and the City issued business license in a location readily visible to the public.

K.3 LOCATION ADDRESSES To Be Determined

K.4 METRC – See Section 2A.5 Track and Trace

K.5 COVA

Rocky Road will use the point of sale software COVA as outlined in Section 2. All employees will be trained on the use and functions of the point of sale software. COVA also provides a user manual and IT support. We have been using this software for many years in all of our locations. In the event that we have had minor issues with the software we have worked with COVA to correct these issues. DMT Paonia, LLC will also use COVA software.

K.6 IT

Rocky Road has a professional IT company that will provide IT services for all of our IT needs.

K.7 SECURITY COMPANY – Section 4 Security Plan

K.8 MAINTENANCE

All equipment requiring regular maintenance will be on a service contract for maintenance. All maintenance issues are to be logged in the maintenance log book and a manager must be informed. The manager will reach out to the corresponding company, based on the needs, in order to ensure that all required maintenance is performed in a timely manner.

DMT Paonia, LLC has used and successfully implemented Standard Operating Procedures which incorporate industry best standards. Rocky Road has a proven track record of where these practices have worked before:

Examples include:

1. Rocky Road has successfully used the ID electronic verification system: a magnetic strip reader with a 2D Barcode Id reader, ID-e and Model: ID-e3000, a TaoTronics 12 UV Led flashlight, Model: TT-FL001 and a Forensic Magnifier, Model: HS110...These verification/readers do not collect or store personal information, per statutory and MED regulations. Rocky Road Remedies uses these devices at all locations to ensure that we have properly verified all forms of identification. We have had a very high success rate with identifying false identification and not allowing them into the licensed premises. In such cases we retain the false identification and submit them to the local police department. This has also prevented under age citizens from entering the licensed premises.
2. Rocky Road uses COVA point of sale software for all of our locations. We have excellent expertise in using this software for all of our inventory needs. Using this software and our standard operating procedures regarding inventory has created a system with in Rocky Road that ensures that we have received all inventory correctly, entered all inventory correctly, weights, product name, pricing points, etc., are able to perform internal inventory audits and review receipts, move errors, ring errors, etc. in order to quickly rectify any inventory discrepancies. Additionally COVA is compatible with CCTT which enables to compare inventories and submit all sales on a daily bases. This expertise will be implemented in DMT Paonia, LLC to ensure that DMT Paonia, LLC has the needed support to effectively manage its inventory.
3. Rocky Road has an extensive safety plan which we have successfully implemented in our other locations. The requirements include safety training for all employees and evidence thereof as well as regular safety committee meetings. These practices have contributed to ensuring the safety of our employees and result in a reduced workman's comp insurance costs.
4. In Colorado we have been noted by city and state officials to be one of the most compliant companies in the State of Colorado. Due to this the local and state marijuana enforcement division has used our store locations to provide training to law enforcement and MED staff of what they should expect to find as a compliant cannabis company. These trainings were conducted in 2018.

2A.2 Financial Plan

Start Up Budget, Anticipated Financial Budget, Cash Flow Projection

See Exhibit 15

Accounting Procedures

- DMT Paonia, LLC will use our existing company, Basic Bookkeeping, for its' accounting purposes until a local Accountant can be hired. Basic Bookkeeping provides Rocky Road Aurora will all of its financial and accounting needs.
- Basic Bookkeeping provided accounting services for multiple cannabis companies in the beginning. However, after reviewing the company's policies and procedures they decided to not provide accounting services to these companies as they were, in their opinion not compliant. This resulted in Rocky Road being the only cannabis company they provide services to.
- Rocky Road has used Basic Bookkeeping's services for four plus years and has found them to be excellent in recording our financial activities as well as providing regular financial statements.
- Duties will include:
 1. Recording of all income daily by category, flower, concentrates, edibles, non-edibles, and soft goods.
 2. Recording of all expenses, accounts payable, vendor payments, license fees (state and local) rent, utilities, etc.

3. Calculation of cost of goods sold
4. All bank and credit card reconciliations
5. File and pay all applicable taxes, (sales, use, business, city and state)
6. Provide management with financial statements on a monthly basis
7. Provide financial institutes with quarterly bank review to ensure accurate accounting and banking relations. We have completed these quarterly with any discrepancies or issues. This is requirement the bank has established in order for us to use the financial institute for our banking needs.

2A.3 Funding/Proof of Capitalization See Exhibit 16 & 17

2A.4 Records Software

DMT Paonia, LLC will maintain record retention for a period of 4 years for the following:

Financial records including, but not limited to, bank statements, sales invoices, receipts, tax records, and all records required by the Colorado Department of Revenue.

Personnel records, including each employee’s full name, social security or individual tax payer identification number, date employment begins, and date of termination of employment if applicable.

DMT Paonia, LLC will maintain a current register of the names and contact information (including name, address, and telephone number) of anyone owning or holding an interest in DMT Paonia, LLC, and separately all of the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by DMT Paonia, LLC. This register will be available to the City Manager or his/her designee upon request.

Training records including, but not limited to, the content of the training provided and the names of the employees that received the training.

Contracts with other licensees regarding commercial cannabis activity.

Permits, licenses, and other local authorizations to conduct the licensee’s commercial cannabis activity.

Security records, except for surveillance recordings required pursuant to the Colorado Marijuana Enforcement Division.

Records relating to the composting or destruction of cannabis goods.

Documentation for data or information entered into the track and trace system.

All other documents prepared or executed by an owner or their employees or assignees in connection with the licensed commercial cannabis business.

All required records will be prepared and retained in accordance with the following conditions:

- (1) Records will be legible; and
- (2) Records will be stored in a secured area where the records are protected from debris, moisture, contamination, hazardous waste, fire, and theft.

All records will be made available upon demand to The Bureau as it deems necessary to perform its duties under the Act.

All records are subject to review by the Bureau any time the licensee is exercising the privileges of the license or at any other time as mutually agreed to by the Bureau and the licensee. Prior notice by the Bureau to review records is not necessary. The Bureau may review records outside of the licensee's standard daily business hours.

Records will be kept in a manner that allows records to be produced for the Bureau immediately upon request at the licensed premises in either hard copy or electronic form, whichever the Bureau requests.

DMT Paonia, LLC will hire an independent certified public accountant to conduct a financial audit of the business's operations at the time of the annual permit renewal process with the Town of Paonia and will provide the financial audit to the Town of Paonia.

2A.5 Track-and-Trace

DMT Paonia, LLC will create and maintain an active and functional account within the track and trace system prior to engaging in any commercial cannabis activity, including the purchase, sale, test, packaging, transfer, transport, return, destruction, or disposal, of any cannabis goods.

DMT Paonia, LLC will designate one individual owner as the track and trace system account manager. The account manager may authorize additional owners or employees as track and trace system users and shall ensure that each user is trained on the track and trace system prior to its access or use.

The account manager will attend and successfully complete all required track and trace system training, including any orientation and continuing education within five calendar days of license issuance.

The account manager and each user will be assigned a unique log-on, consisting of a username and password. The account manager or each user accessing the track and trace system will only do so under his or her assigned log-on, and will not use or access a log-on of any other individual. No account manager or user will share or transfer his or her log-on, username, or password, to be used by any other individual for any reason.

The account manager will maintain a complete, accurate, and up-to-date list of all track and trace system users, consisting of their full names and usernames.

DMT Paonia, LLC will monitor all compliance notifications from the track and trace system, and timely resolve the issues detailed in the compliance notification.

DMT Paonia, LLC will keep a record, independent of the track and trace system, of all compliance notifications received from the track and trace system, and how and when compliance was achieved.

If DMT Paonia, LLC is unable to resolve a compliance notification within three business days of receiving the notification, DMT Paonia, LLC will notify the MED immediately.

DMT Paonia, LLC is accountable for all actions its owners or employees take while logged into or using the track and trace system, or otherwise while conducting track and trace activities.

A Wellness Centers and Rocky Road Remedies were some of the first users of METRC. We consider ourselves experts in the use of this system. We have worked closely with the owners and initial

management over the years. We believe this is one of the toughest components of compliance in our industry. We are very confident that we can bring a high level of professional and competence to this aspect of our based.

Track and Trace Reporting

DMT Paonia, LLC will record in the track and trace system all commercial cannabis activity, including:

- (1) Packaging of cannabis goods.
- (2) Sale and transfer of cannabis goods.
- (3) Transportation of cannabis goods to a licensee.
- (4) Receipt of cannabis goods.
- (5) Return of cannabis goods.
- (6) Destruction and disposal of cannabis goods.
- (7) Laboratory testing and results.
- (8) Any other activity as required pursuant to this division, or by any other licensing authority.

The following information will be recorded for each activity entered in the track and trace system:

- (1) Name and type of the cannabis goods.
- (2) Unique identifier of the cannabis goods.
- (3) Amount of the cannabis goods, by weight or count, and total wholesale cost of the cannabis goods, as applicable.
- (4) Date and time of the activity or transaction.
- (5) Name and license number of other licensees involved in the activity or transaction.
- (6) If the cannabis goods are being transported:

DMT Paonia, LLC will transport pursuant to a shipping manifest generated through the track and trace system that includes:

- (1) The name, license number, and licensed premises address of the originating licensee.
- (2) The name, license number, and licensed premises address of the licensee transporting the cannabis goods.
- (3) The name, license number, and licensed premises address of the destination licensee receiving the cannabis goods into inventory or storage.
- (4) The date and time of departure from the licensed premises and approximate date and time of departure from each subsequent licensed premises, if any.
- (5) Arrival date and estimated time of arrival at each licensed premises.

(6) Driver license number of the personnel transporting the cannabis goods, and the make, model, and license plate number of the vehicle used for transport.

Upon pick-up or receipt of cannabis goods for transport, storage, or inventory, DMT Paonia, LLC will ensure that the cannabis goods received are as described in the shipping manifest, and shall record acceptance or receipt, and acknowledgment of the cannabis goods in the track and trace system.

If there are any discrepancies between the type or quantity of cannabis goods specified in the shipping manifest and the type or quantity received by DMT Paonia, LLC, DMT Paonia, LLC will record and document the discrepancy in the track and trace system and in any relevant business record.

If cannabis goods are being destroyed or disposed of, the licensee will record in the track and trace system the following additional information:

(A) The name of the employee performing the destruction or disposal.

(B) The reason for destruction and disposal.

(C) The entity disposing of the cannabis waste.

Description for any adjustments made in the track and trace system, including, but not limited to:

(A) Spoilage or fouling of the cannabis goods.

(B) Any event resulting in damage, exposure, or compromise of the cannabis goods.

All transactions will be entered into the track and trace system within 24 hours of occurrence.

DMT Paonia, LLC will only enter and record complete and accurate information into the track and trace system, and shall correct any known errors entered into the track and trace system immediately upon discovery.

Loss of Connectivity

If at any point DMT Paonia, LLC loses connectivity to the track and trace system for any reason, DMT Paonia, LLC will prepare and maintain comprehensive records detailing all commercial cannabis activities that were conducted during the loss of connectivity.

DMT Paonia, LLC will notify the MED/Metric immediately for any loss of connectivity, and shall not transport, receive, or deliver any cannabis goods until such time as connectivity is restored.

Once connectivity has been restored, DMT Paonia, LLC will:

(1) Within three calendar days, enter all commercial cannabis activity that occurred during the loss of connectivity into the track and trace system.

(2) Document the cause for loss of connectivity, and the date and time for when connectivity to the track and trace system was lost and when it was restored.

Track and Trace Reconciliation

In addition to other inventory reconciliation requirements under this division, a licensee shall reconcile the physical inventory of cannabis goods at the licensed premises with the records in the track and trace database at least once every 30 calendar days.

If DMT Paonia, LLC will find a discrepancy between its physical inventory and the track and trace system database, the licensee shall conduct an audit, and notify the MED of any reportable activity.

2A.6 State Testing Requirements

- DMT Paonia, LLC will only order products from licensed distributors
- Before buying cannabis goods, the company will make sure that the products will meet labeling, testing, and container regulations set forth by the state to include but not limited to the following:
 1. All labeling is in 6 point font
 2. Product is protected from contamination
 3. Product is identified
 4. Product is tamper evident
 5. Packaging is child resistant (starting 2020)
 6. If multiple use the package is resealable
 7. Packaging is opaque
 8. Labels are clear and legible and on the outer layer of packaging
 9. THC and CBD content are on the primary label and in mg/ Edibles are listed per serving
 10. Universal symbol is in black and is .5" by .5" and has not been modified
 11. Date of manufacture
 12. Name of Manufacture and contact information
 13. List of ingredients and allergens if applicable
 14. Instruction for use
 15. Product is not packaged in a manner that is attractive to children
 16. Does not contain false or misleading statements, health claims, or information.
 17. Does not contain County names unless 100 percent used was grown in said county
 18. Primary label contains the net weight or volume
 19. Contains the Government warning **THIS PACKAGE CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION.** In Bold and Capital letters
 20. Words "Cannabis Infused" are on edibles directly above the product identity in bold print and a text size larger than the product identity
- A valid copy of a license will be obtained and kept for any business cannabis goods are purchased from
- Proper due diligence will be used to ensure no unlawful cannabis good are purchased or received
- The Company will make sure that cannabis goods purchased are manifested in Metrc for transport to licensee
- All purchase records will be kept to include a copy of the transport manifest.

2A.7 Employee Training

Rocky Road has an extensive employee training program. We offer a new hire orientation which includes the company philosophy and history, as well as an introduction to our ownership and management team. Prior to working on the floor we provide training on all of our security and safety procedures as outlined in Section 4. We train our employees on acceptable forms of Identification and recognizing false identification. Emphasis is given on Colorado rules and regulations as outlined in the Colorado Code of Regulations/Colorado Marijuana Enforcement Division. All employees are provided extensive training on our point of sale software COVA and all of our standard operating procedures, most importantly limited access areas, ordering, receiving, labeling, auditing and selling cannabis goods (See Section H). In Colorado all employees are required to attend METRC training prior to being allowed to access METRC. DMT Paonia will follow Rocky Road's training program.

Employee Training will include the following:

- Compliance with Colorado Rules and Regulations
- Compliance with Town of Paonia Rules and Regulations
- Safety and Security See Section 4
- Product Knowledge See Section H
- DMT Paonia, LLC Standard Operating Procedures
- Customer Education See 2A.8
- METRC Training See 2A.5
- Community Engagement See Section 2
- Cash Management Plan see Section 4.5

Example of training checklist

Reception

- _Checking ID's /ID Scanner /Types of ID's/Recognizing false ID's
- _ Phone: Park/Transferring Calls
- _ Updating Menus
- _Receiving /Completing Orders for Delivery
- _Security

Vendor Deliveries

- _Security Escort and Sign In
- _Physical count and weight
- _Match All – Manifest/Invoice/Product
- _Check labeling for Compliance
- _Check Packaging for Compliance
- _Check State testing requirements
- _Sign all Paperwork

Receiving Product

- _METRC Track and Trace

- _Verify Vendor
- _Verify Quantity
- _Verify Product
- _Verify Cost matches invoice

COVA

- _Input New Vendor
- _input New Product
- _Receive Product (New Inventory Tab)
- _Verify Cost against manifest and invoice
- _Create PO and Match Invoice and Manifest
- _Pricing and barcode (details tab)

POS COVA

- _Inventory Rooms
- _Moving Product
- _Completing a sale
- _Void Sales
- _Time Cards
- _Generating Reports
- _Daily Audits (morning)
- _Weekly Audits (weekly)
- _Solving audit issues
- _Adjustments

Admin

- _Opening Store
- _Closing Store
- _Deposits/Cash Handling
- _Camera: Review & Playback
- _Filing
- _Ordering Product
- _Marketing
- _Security

2A.8 Customer Education

Employees will be trained on all products in order to ensure that the customer purchase experience provides them with valuable knowledge pertaining to the purchase and use of cannabis products.

DMT Paonia, LLC will engage with local organizations to promote and encourage cannabis marijuana awareness.

Examples of our work in Colorado include

- The Good to Know Campaign
- Talking to Youth

- Consequences of Using Marijuana under the age of 21
- Tips for students and athletes
- Marijuana 101
- Good to know facts
- Good to know FAQs
- Marijuana in Colorado, Be educated and be responsible
- Colorado NORMLs Doobie-Do
- Retail Marijuana Shopping
- Medical Marijuana Shopping
- Having fun in Colorado
- Driving in Colorado

Below is an example of training which would be provided to all employees so they may upon purchase of cannabis products can inform the customers to ensure their safety and security when purchasing or using cannabis products.

2A.9 Marketing

Any advertising or marketing, as defined in Business and Professions Code section 26150, that is placed in broadcast, cable, radio, print, and digital communications:

- (1) Will only be displayed after DMT Paonia, LLC has obtained reliable up-to-date audience composition data demonstrating that at least 71.6 percent of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older;
- (2) Will not use any depictions or images of minors or anyone under 21 years of age;
- (3) Will not contain the use of objects, such as toys, inflatables, movie characters, cartoon characters, or include any other display, depiction, or image designed in any manner likely to be appealing to minors or anyone under 21 years of age; and
- (4) Will not advertise free cannabis goods or giveaways of any type of products, including non- cannabis products. This includes promotions such as: (A) Buy one product, get one product free; (B) Free product with any donation; and (C) Contests, sweepstakes, or raffles.

In addition to the requirements for advertising and marketing all outdoor signs, including billboards, will:

- (1) Be affixed to a building or permanent structure;
- (2) Comply with the provisions of the Outdoor Advertising Act
- (3) Not be located within a 15-mile radius of the Colorado border on an Interstate Highway or on a State Highway that crosses the Colorado border.

For the purposes of this section, “reliable up-to-date audience composition data” means data regarding the age and location demographics of the audience viewing a particular advertising or marketing medium.

Immediately upon request, DMT Paonia, LLC will provide to the MED audience composition data for advertising or marketing placed by DMT Paonia, LLC.

Prior to any advertising or marketing from DMT Paonia, LLC involving direct, individualized communication or dialogue DMT Paonia, LLC will use age affirmation to verify that the recipient is 21 years of age or older.

For the purposes of this section, direct, individualized communication or dialogue may occur through any form of communication, including in-person, telephone, physical mail, or electronic.

A method of age verification is not necessary for a communication if the licensee can verify that the licensee has previously had the intended recipient undergo a method of age affirmation and the licensee is reasonably certain that the communication will only be received by the intended recipient.) DMT Paonia, LLC will use a method of age affirmation before having a potential customer added to a mailing list, subscribe, or otherwise consent to receiving direct, individualized communication or dialogue controlled by a licensee.

Rocky Road Remedies and A Wellness Center both have experience in marketing and ensuring compliance with reliable up-to-date composition data and will be able to implement this experience in the area of Marketing in Pasadena.

DMT Paonia, LLC will initially use the following platforms for Marketing:

Weedmaps

Proposed Signage 5' X 5'
EmJ's



COMMERCIAL RENTAL LETTER OF INTENT

Effective Date: 07/01/2021

RE: Intent to Rent Commercial Property

This commercial Rental letter of intent (the Letter of Intent) represents the basic terms for an agreement between the Lessee and the Lessor. After this Letter of Intent has been made, a formal agreement may be constructed to the benefit of the Parties involved.

I. The Lessee: DMT Paonia LLC

II. The Lessor: 232 Grand LLC (the Lessor).

III. Property Address: 232 Grand Avenue, Paonia CO. 81428 (the Property).

IV. Rental Price: The Lessee shall rent the Property for \$2800 per month. (the Rent).

V. Rental Terms: Payment of the Rent shall be made by check at the 1st of every month. First and last months rent as well as a \$2800 deposit will be required for move in.

VI. Possession: Possession of the Property shall be given upon signing of the lease and payment of fees all of which is contingent upon the granting of the license/permit to sell marijuana by the town off Paonia.

VII. Standstill Agreement: Following the execution of this Letter of Intent, and until the lease is signed, the Lessor shall not engage in negotiations for the rental of the Property with any other party unless either the Lessor and the Lessee agree in writing to terminate this Letter of Intent, or the Lessor and the Lessee fail to sign a lease by August 15 2021. This deadline can be extended by agreement of both parties in writing.

X. Currency: All mentions of currency or the usage of the \$ icon shall be known as referring to the US Dollar.

XI. Governing Law: This Letter of Intent shall be governed under the laws of the State of Colorado.

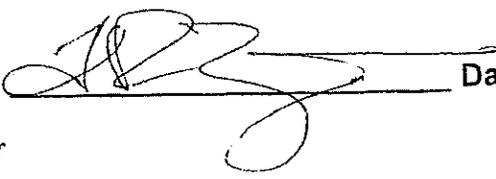
XV. Acceptance: If you are agreeable to the aforementioned terms, please sign and return a duplicate copy of this Letter of Intent by no later than July 3 2021.

Lessee

Lessees Signature  **Date: July 1, 2021**

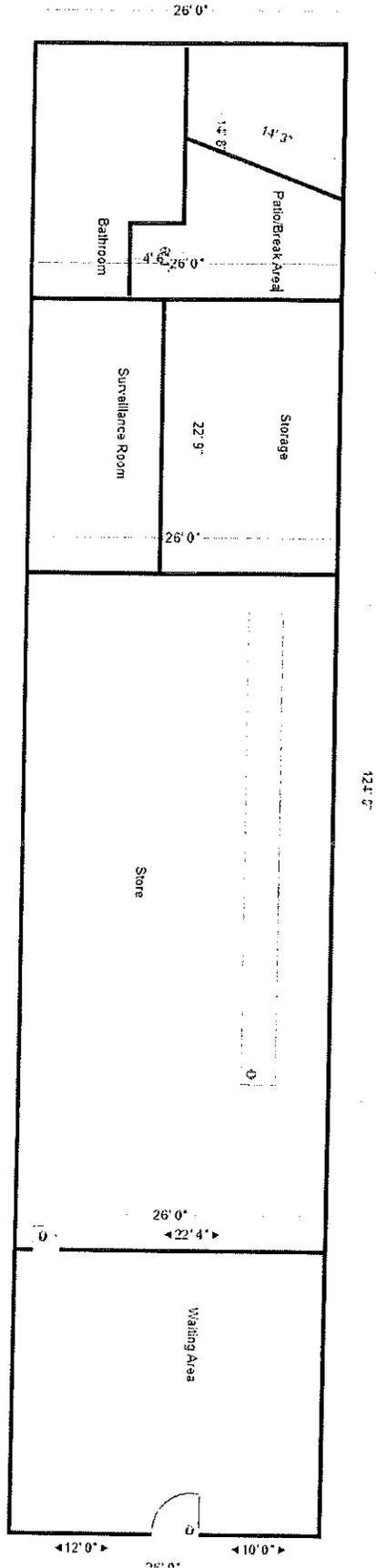
Tom Scudder

Lessor

Lessors Signature  **Date: July 1, 2021**

Frederick R Zimmer

EmJ's Proposed Location
232 Grand Avenue
Paonia, CO 81428



Instructions: Please print this document for your records.

MyBizColorado

COLORADO DEPT OF REVENUE

Thank you for registering with the Colorado Department of Revenue!
Your electronic application has been received.
You will receive your Sales Tax License and/or Wage Withholding information in the mail in the next 10 business days.

You may use this receipt as a temporary Sales Tax License in the interim.

Filing Information

Your filing information is as follows

Date: 7/13/21

Name: DMT Paonia LLC

Address: 232 Grand Ave\n\nPaonia, Colorado 81428-5039

Sales Tax Account Number: 94945745

Sales Tax Filing Frequency: Monthly (\$300 in taxes/mo or more)

Wage Withholding Account Number: 94945745

Wage Withholding Filing Frequency: Monthly (\$7,000 to \$49,000/year)

Websites

State of Colorado: www.colorado.gov

Colorado Department of Revenue: www.colorado.gov/revenue

Colorado Department of Revenue Online Customer Support Site:
revenuestateco.custhelp.com

File and pay your sales tax online: www.colorado.gov/RevenueOnline

Register to pay by EFT: www.colorado.gov/revenue/eft

Please wait 2-3 business days while we validate your registration before attempting to access your account in Revenue Online. You will receive your license(s) in the mail within 10 business days. If you do not already have access to Revenue Online, you may use information from that letter to sign-up.

Articles of Organization for a Limited Liability Company
filed pursuant to § 7-90-301 and § 7-80-204 of the Colorado Revised Statutes (C.R.S.)

The domestic entity name of the limited liability company is DMT Paonia LLC

The principal office street address is [REDACTED]
Paonia CO 81428
US

The principal office mailing address is [REDACTED]
Paonia CO 81428
US

The name of the registered agent is Dale A Cecil

The registered agent's street address is [REDACTED]
Paonia CO 81428
US

The registered agent's mailing address is [REDACTED]
Paonia CO 81428
US

The person above has agreed to be appointed as the registered agent for this limited liability company.

The management of the limited liability company is vested in Members

There is at least one member of the limited liability company.

Person(s) forming the limited liability company

Dale A Cecil
[REDACTED]
Paonia CO 81428
US

Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., and, if applicable, the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the secretary of state, whether or not such individual is named in the document as one who has caused it to be delivered.

Name(s) and address(es) of the individual(s) causing the document to be delivered for filing

Dale A Cecil



Paonia CO 81428

US

DMT PAONIA, LLC
OPERATING AGREEMENT

Operating Agreement (this "Agreement") is entered into this/ ^{27th} day of ^{February}, 2021

NOW, THEREFORE, for good and valuable consideration, the parties, intending legally to be bound, agree as follows:

Section I
Defined
Terms

The capitalized terms shall have the meanings specified in this Section I. Other terms are defined in the text of this Agreement; and, throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

"*Act*" means the Colorado Limited Liability Company Act, as amended from time to time.

"*Agreement*" means this Agreement, as amended from time to time.

"*Cash Flow*" means all cash funds derived from operations of the Company (including interest received on reserves), without reduction for any noncash charges, but less cash funds used to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements, and replacements as determined by the General Manager(s).

"*Code*" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

"*Company*" means DMT Paonia, LLC, a limited liability company formed in accordance with this Agreement.

"*CSOS*" means the Colorado Secretary of State.

"*General Manager(s)*" is the Person designated as such in *Section V*.

"*Member*" means any Person whosubsequently is admitted as a member of the Company.

"*Membership Interest*" means the percentage of the Person's ownership in the Company, the percentage of voting power in the Company, and the percentage of the Profits and Losses of, and the right to receive distributions from the Company.

"*Membership Rights*" means all of the rights of a Member in the Company, including a Member's: (i) Membership Interest; (ii) right to inspect the Company's books and records; and (iii) right to participate in the management of and vote on matters coming before the Company.

"*Person*" means and includes any individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

"*Profit*" and "*Loss*" means, for each taxable year of the Company (or other period for which

Profit or Loss must be computed) the Company's taxable income or loss determined in accordance with the Code.

"*Regulation*" means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

"*Transfer*" means, when used as a noun, any voluntary sale, hypothecation, pledge, assignment, attachment, or other transfer, and, when used as a verb, means, voluntarily to sell, hypothecate, pledge, assign, or otherwise transfer.

Section II

Formation and Name: Office; Purpose; Term

2.1. *Organization.* DMT Paonia, LLC organized the Company on February 27, 2021, and caused the Articles of Organization in the form attached as Exhibit A to be executed and filed for record with the CSOS.

2.2. *Name of the Company.* The name of the Company is DMT Paonia, LLC." The Company may do business under that name and under any other name or names upon which the General Manager(s) selects. If the Company does business under a name other than that set forth in its Articles of Organization, then the Company shall file a trade name certificate as required by law.

2.3. *Purpose.* The Company may engaged in any lawful business under Colorado law.

2.4. *Term.* The term of the Company began on the acceptance of the Articles of Organization by the CSOS and shall continue in existence perpetually, unless its existence is sooner terminated pursuant to *Section VII* of this Agreement.

2.5. *Principal Office.* The principal office of the Company is 1200 Third Street #4, Paonia, CO 81428 or at any other place which the General Manager(s) selects.

2.6. *Resident Agent.* The name and address of the Company's resident agent in the State of Colorado is Dale Cecil, [REDACTED] Paonia, CO 81428.

Section ID
Members; Capital; Capital Accounts

3.1. *Initial Capital Contributions.* The Initial Capitalization will be determined once licensing and location have been approved.

3.1.1 *Additional Capital Contributions.* The Members shall not be required to contribute any additional capital to the Company, and shall have no personal liability for any obligation of the Company. The Members may, at any time, make or cause additional capital contribution to be made to the Company in any amount and on those terms upon which the Company and the Members agree.

3.2. *Initial Membership Interest.* Dale Cecil will own 9.99%, and Tom Scudder will own 90.01%. Company plans to bring other investors into this deal once licensing and location costs have been determined.

3.3. *No Interest on Capital Contributions.* The Members shall not be paid interest on their Capital Contribution.

3.3 *Capital Calls.* Acting in accordance with Section 5.1.3 of this Agreement, the Members shall have the right to make cash capital calls (each a "Capital Call") as voted on in accordance with voting in 5.2.1 of this Agreement. In the event such a Capital Call is made, the Company shall promptly cause a notice of be delivered to each of the Members describing the amount and nature of the Capital Call and providing other required information in respect of such Capital Call. Each Member shall be required, within thirty-five (35) days after such Capital Call to contribute to the capital of the Company an amount in cash equal to such Member's pro rata portion (based on such Member's Membership Interest) at the time of such Capital Call.

3.3.1 All Capital Calls made pursuant to this Section 3.3 shall be accompanied by written notice delivered to each Member which notice shall state the total amount of the required Capital Contributions by all Members, the proposed application of the proceeds of such Capital Contribution, the basis on which such Capital Contribution is authorized and each Member's pro rata share of such total, if any.

3.3.2 If any Member shall fail to make all or any portion of any Capital Contribution required in the amount and within the time period specified (such Member is considered a "Non-Contributing Member") the Company shall provide prompt notice to the Members of such failure and the amount of the Capital Contribution not funded by the Non-Contributing Member (any such amount not so funded is referred to as the "Failed Contribution") any Member or Members that is or are not in default with respect to the Failed Contribution or any contribution required to be made by such Member in connection with such Capital Call may fund all or part of such Failed Contribution (each such funding Member is hereinafter referred to as a "Contributing Member"). If more than one Member

desires to be a Contributing Member and such Contributing Members desire to fund together more than the aggregate amount of the Failed Contribution, each such Contributing Member shall have the right to fund the amount the Non-Contributing Member failed to fund pro rata in proportion to the relative Membership Interests of such Contributing Members.

3.3.3 If one or more Members elects to become a Contributing Member by providing an additional Capital Contribution, the percentage of Membership Interest of each such Contributing Member shall automatically be increased effective on the date of such election and the Non-Contributing Members' Membership Interest shall be decreased on the effective date of such election.

3.4. *Return of Capital Contributions.* Except as otherwise provided in this Agreement, the Members shall not have the right to receive the return of any Capital Contribution.

3.5. *Loans.* The Members may, at any time, make or cause a loan to be made to the Company in any amount and on those terms upon which the Company and the Members agree.

Section IV Profit, Loss, and Distributions

4.1. *Salary, Distributions of Cash Flow and Allocations of Profit or Loss.*

4.1.1. *Profit or Loss.* All Profit and Loss shall be allocated to the Members from time-to-time as agreed to by the members after consideration of the Cash Flow of the Company, future investments, advice from the Company's CPA, and any other considerations.

4.1.2. *Cash Flow.* Cash Flow for each taxable year of the Company shall be distributed to the Members no later than seventy-five (75) days after the end of the taxable year, or at such other time as the General Manager(s) shall determine.

4.2. *Liquidation and Dissolution.*

4.2.1. If the Company is liquidated, the assets of the Company shall be distributed to the Members based on each Members percentage of Membership Interest.

4.2.2. The Members shall not be obligated to restore any "negative capital account."

4.3. *General.*

4.3.1. Except as otherwise provided in this Agreement, the timing and amount of all distributions shall be determined by the General Manager(s).

4.3.2. The General Manager(s) are hereby authorized, upon the advice of the Company's tax counsel, to amend this Article IV to comply with the Code; provided, however, that no amendment shall materially affect distributions to the Members without the Members' prior written consent.

Section V Management: Rights, Powers, and Duties

5.1. Management.

5.1.1. *General Manager(s).* The Company shall be managed by General Manager(s), who may, but need not be, the Members. Thomas Scudder and Tom Dykstra are hereby designated to serve as the initial General Manager(s).

5.1.1.1. The General Manager(s) may be removed by a vote of 60% of the Membership Interest.

5.1.1.2. The General Manager(s) may resign their position at any time. In the event the General Manager(s) resign, the General Manager(s) shall provide written notice to all the Members and any other General Manager(s).

5.1.2. *General Powers.* The General Manager(s) shall have full, exclusive, and complete discretion, power, and authority, subject in all cases to the other provisions of this Agreement and the requirements of applicable law, to manage, control, administer, and operate the business and affairs of the Company for the purposes herein stated, and to make all decisions affecting such business and affairs, including, without limitation, for Company purposes, the power to:

5.1.2.1 sell, dispose, trade, or exchange Company assets in the ordinary course of the Company's business;

5.1.2.2 enter into agreements and contracts and to give receipts, releases, and discharges;

5.1.2.3. purchase liability and other insurance to protect the Company's properties and business;

5.1.2.4. execute any and all other instruments and documents which may be necessary or in the opinion of the General Manager(s) desirable to carry out the intent and purpose of this Agreement, including, but not limited to, documents whose operation and effect extend beyond the term of the Company;

5.1.2.5. make any and all expenditures which the General Manager(s), in his/her or their sole discretion, deems necessary or appropriate in connection with the management of the affairs of the Company and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, all legal, accounting, and other related expenses incurred in connection with the organization, financing, and operation of the Company;

5.1.2.6. enter into any kind of activity necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company;

5.1.2.7. acquire by purchase, lease, or otherwise, any real or personal property, tangible or intangible;

5.1.2.8. borrow money for and on behalf of the Company, and, in connection therewith, execute and deliver instruments authorizing the confession of judgment against the Company;

5.1.2.9 . prepay, in whole or in part, refinance, amend, modify, or extend any mortgages or deeds of trust which may affect any asset of the Company and in connection therewith to execute for and on behalf of the Company any extensions, renewals, or modifications of such mortgages or deeds of trust;

5.1.2.10. determine pay rate of employees, including, but not limited to benefits such as health, dental, retirement, vacation, paid holidays, and severance pay;

5.1.3. *Extraordinary Transactions.* Notwithstanding anything to the contrary in this Agreement, the General Manager(s) shall not undertake any of the following without the approval by a vote of 60% of the Membership Interest:

5.1.3.1 any sale of all or substantially all of the assets of the Company;

5.1.3.2 the Company lending any of its money on any one occasion;

5.1.3.3 the Company's engaging in business in any jurisdiction which does not provide for the registration of limited liability companies;

5.1.3.4 construct, operate, maintain, finance, improve, own, sell, convey, assign, mortgage, or lease any real estate and any personal property;

5.1.3.5 execute or modify leases with respect to any part or all of the assets of the Company;

5.1.3.6 invest and reinvest Company reserves in short-term instruments or money market funds; and,

5.1.3.7 determine if a Capital Call is needed for the Company.

5.2. *Meetings of and Voting by Members.* A mandatory meeting of the Members and the General Manager(s) shall be held once a year during the first quarter. The time and location shall be determined by the General Manager(s). A special meeting may be called at any time by either any one of the Members or the General Manager(s). The Members may also act by written consent. Notice shall be provided to each member by the General Manager(s) for each meeting within 30 days of said meeting.

5.2.1. Voting. Any Extraordinary Transactions, dissolution of the company, irreconcilable disagreement among the members, Capital Calls, or any other activity that requires voting shall be deemed to pass by a vote of 60% or greater vote of the Membership Interest.

5.2.1.1 The initial voting percentage is 10% for Dale Cecil, and 90% for Tom Scudder.

5.2.1.2 Sixty percent (60%) of the Members voting percentage shall constitute a quorum. In the event a Member withdraws from the meeting and that withdrawal has the effect of nullifying a quorum, the remaining members shall constitute a quorum for voting on transactions previously identified in the required notice for the meeting.

5.3. *Personal Services.*

5.3.1. The Members shall not be required to perform services for the Company solely by virtue of being a Member. Unless approved by the General Manager(s), the Members shall not perform services for the Company or be entitled to compensation for services performed for the Company.

5.3.2. Unless approved by the Members, the General Manager(s) shall not be entitled to compensation for services performed for the Company above the salary described in 4.1.1 of this agreement. However, upon substantiation of the amount and purpose thereof, the General Manager(s) shall be entitled to reimbursement for expenses reasonably incurred in connection with the activities of the Company.

5.4. *Duties of Parties.*

5.4.1. General Manager(s) elected pursuant to this Operating Agreement shall perform his or her duties as a manager(s) in good faith, in a manner he or she reasonably believes to be in the best interests of the Company, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A person who so performs his or her duties shall not have any liability by reason of being or having been a General Manager of the Company.

5.4.1.1 General Duties of Thomas Scudder shall be to run the day-to-day management of the daily operations of the medical marijuana center, including, but not limited to, operating hours, marketing to consumers, client & vender contacts/agreements, management of store employees, deposits, and payroll.

5.4.1.2 General Duties of Tom Dykstra shall be to run the cultivation and production divisions of the Company, day-to-day management of the cultivation and production, including, but not limited to, operating hours, wholesale to venders and marketing, and management of cultivation and production employees.

5.4.1.3 Managers may, and are encourage to, assist each other in the General Duties.

5.4.2 In performing their duties, General Manager(s) shall be entitled to rely on information, opinions, reports, or statements of the following persons or groups unless that General Manager(s) has knowledge concerning the matter in question that would cause such reliance to be unwarranted:

(a) One or more employees or other agents of the Company whom the manager reasonably believes to be reliable and competent in the matters presented;

(b) Any attorney, public accountant, or other person as to matters which the General Manager(s) reasonably believes to be within such person' s professional or expert competence; or

(c) A committee upon which the General Manager(s) does not serve, duly designated in accordance with a provision of the Articles of this Organization or this Agreement, as to matters within its designated authority, which committee the General Manager(s) reasonably believes to merit confidence.

Section 7-108-501 of the Colorado Business Corporation Act (entitled "conflicting interest transaction") shall apply to contracts or other transactions between the Company and any of its General Managers or committee members and any other entity in which any of its General Managers or committee members is a director or has a material financial interest; provided that references therein to the "corporation" shall be deemed to be to the Company, references to a "director" shall be deemed to be to the General Manager, references to "shareholders" shall be deemed to be to the "Members," and references to the "board of directors" shall be to the "Management Committee," if one is appointed.

5.5. *Liability and Indemnification.*

5.5.1. The General Manager(s) shall not be liable, responsible, or accountable, in damages or otherwise, to any Members or to the Company for any act performed by the General Manager(s) within the scope of the authority conferred on the General Manager(s) by this Agreement, except for actions or omissions constituting fraud, gross negligence, or an intentional breach of this Agreement or applicable law.

5.5.2. The Company shall indemnify the General Manager(s) for any act performed by the General Manager(s) within the scope of the authority conferred on the General Manager(s) by this Agreement, except for actions or omissions constituting fraud, gross negligence, or an intentional breach of this Agreement or applicable law. The Company shall promptly notify the Members whenever the General Manager(s) has been so indemnified by the Company.

5.6. *Power of Attorney.*

5.6.1. *Grant of Power.* The Members constitutes and appoints the General Manager(s) as the Members' true and lawful attorney-in-fact ("Attorney-in-Fact"), and in the Member's name, place and stead, to make, execute, sign, acknowledge, and file:

5.6.1.1. one or more articles of organization;

5.6.1.2. all documents (including amendments to articles of organization) which the Attorney-in-Fact deems appropriate to reflect any amendment, change, or modification of this Agreement, with 60% Member approval;

5.6.1.3. any and all other certificates or other instruments required to be filed by the Company under the laws of the State of Colorado or of any other state or jurisdiction, including, without limitation, any certificate or other instruments necessary in order for the Company to continue to qualify as a limited liability company under the laws of the State of Colorado;

5.6.1.4. one or more fictitious or trade name certificates; and

5.6.1.5. all documents which may be required to dissolve and terminate the Company and to cancel its articles of organization.

5.6.2. *Irrevocability.* The foregoing power of attorney is irrevocable and is coupled with an interest, and, to the extent permitted by applicable law, shall survive the death or disability of any Member. It also shall survive the Transfer of an Interest, except that if the transferee is approved for admission as a Member, this power of attorney shall survive the delivery of the assignment for the sole purpose of enabling the Attorney-in-Fact to execute, acknowledge, and file any documents needed to effectuate the substitution. Each Member shall be bound by any

representations made by the Attorney-in-Fact acting in good faith pursuant to this power of attorney, and each Member hereby waives any and all defenses which may be available to contest, negate, or disaffirm the action of the Attorney-in-Fact taken in good faith under this power of attorney.

Section VI

Transfer of Interests and Withdrawals of Members

6.1. Transfers.

6.1.1. Safe Conditions: After the initial one year following the organization of the Limited Liability Company, provided that all other conditions of this Agreement are met, a Member may sell ("Selling Member") Selling Member's Membership Interest, but only after the Selling Member has first offered it to the Company and the remaining Members as follows:

i. The Selling Member shall give written notice to the Company and the remaining Members that Selling Member desires to sell Selling Member's Membership Interest. Selling Member shall attach to that notice the written offer of a prospective purchaser to buy the Membership Interest. This offer shall be complete in all details of purchase price and terms of payment. The Selling Member shall certify that the offer is genuine and in all respects is what it purports to be.

ii. For 30 days from receipt of the written notice from the Selling Member, the Company shall have the option to retire the interest of the Selling Member's Membership Interest at the price and on the terms contained in the offer submitted by the Selling Member.

iii. If the Company does not exercise its option to acquire Selling Member's Membership Interest during this time period, for 30 days from the Company's option expiration date, the Original Members shall have the option to purchase the Membership Interest of the Selling Member at the price and on the terms contained in the offer submitted by the Selling Member. In the event more than one Original Member desires to purchase the Selling Member's Membership Interest, the Original Members shall be allowed to purchase the Selling Member's Membership Interest in proportion to their current Membership Interest as compared to the other Original Member who is purchasing the Selling Member's Membership Interest.

iv. If the Company does not exercise the option to acquire Selling Member's Membership Interest during its time period, and the Original Members do not exercise their option to acquire Selling Member's

Membership during their time period, for 30 days from the Original Member's option expiration date, the remaining Members shall have the option to purchase the Membership Interest of the Selling Member at the price and on the terms contained in the offer submitted by the Selling Member. In the event more than one Member desires to purchase the Selling Member's Membership Interest, the remaining Members shall be allowed to purchase the Selling Member's Membership Interest in proportion to their current interest as compared to the other remaining Members who are purchasing the Selling Member's Membership Interest.

v. If the Company, the Original Members, and the remaining Members do not exercise their option to acquire Selling Member's Membership Interest during the time periods above, the Selling Member shall be free to sell Selling Member's Membership Interest to the prospective purchaser for a period of 30 days for the price, and on the terms contained in the certified offer submitted by the Selling Member. If a sale is not consummated during that time, a new offer to the Company, Original Members and remaining Members must be made and the Company's and Members' option time periods will start over. If the Selling Member has reached a signed agreement with a perspective purchaser, such 30 day period will be deemed satisfied despite any delays related to the MED or local licensing authorities in regards to change in ownership authorization that may be required by these government agencies.

vi. If the Company notifies either the Selling Member or Members prior to its 30 day option period that it will not exercise its option, the Original Members may purchase the Selling Member's interest prior to the Company's expiration date. However, the Original Members' 30 day option period will not begin running until 30 days have passed from the Selling Member's written notice and written offer from the prospective purchaser.

vii. If the Company and Original Members notify either the Selling Member or remaining Members prior to the end of their option periods that they will not exercise their option, the remaining Members may purchase the Selling Member's interest prior to the Company's or Original Members' expiration dates. However, the remaining Members' 30 day option period will not begin running until 60 days have passed from the Selling Member's written notice and written offer from the prospective purchaser.

viii. The Selling Member shall be required to sell all or none of Selling Member's interest unless the Members change this provision through the voting procedures.

xi. If a Selling Member desires to sell Selling Member's interest to the Company or to the remaining Members and does not have a prospective purchaser to buy that interest, the Members may agree on a purchase price

for the Selling Member' s interest. In the event the Members cannot agree on a valuation, the Members may agree to have the Company hire an independent appraiser to provide an appraisal for the value of the company. If the Members do not agree to have the Company hire an appraiser, any Member may do so at his/her own expense. The Company shall have the first option to buy in the manner set out in this section. If the Company does not exercise its option to buy, the remaining Members may purchase the interest in the manner set out in this section.

x. If the Members have a dispute over the value of the Company, an independent arbitrator shall be hired to resolve the dispute.

xi. If the Company or the remaining Members exercise the purchase option, the buyer(s) shall pay the full purchase price within 5 days of approval of the transfer of ownership through the MED and local licensing authorities, or on the Date an agreement is executed if approval from the MED or local licensing authorities is not required (the "Determination Date"), without interest, or by the delivery to the Selling Member a promissory note from the buyer(s), bearing interest at 2% APR plus the prime rate charged by the bank with which the Company maintains its principal checking account, or if the Company does not use a bank, the prime rate set by the Federal Reserve, not to exceed 12%, payable in 60 equal monthly installments with amortized payments of principal and interest, the first payment shall be due within 60 days of the Determination Date. If the Company is the buyer of the Selling Member's interest, the Selling Member and remaining Members may unanimously elect different terms for the interest and monthly installments. If remaining Members are purchasing the Selling Member interest, the Selling Member and remaining Members purchasing Selling Member's interest may unanimously elect different terms for interest and monthly installments.

xii. Notwithstanding the above provisions of this section 6.1.1, Original Members shall have the sole and exclusive right to sell their Membership Interest to prospective purchasers or other Members without complying with 6.1.1 i - xi of this Agreement.

6.1.2. Assignment: A Member may assign his/her Limited Liability Company interest to another Member or Members without the consent of any other Member.

6.1.3. Transfer on Death or Incapacity: If a Member shall die, his/her executor, administrator, or trustee, or, if he shall be adjudicated insane or incompetent, his/her committee, conservator, representative, or other successor in interest (altogether "Representative") shall seek to sell the deceased or incapacitated Member(s) interest as soon as possible and as such provided in section 6.1.1 of this Agreement. The Representative shall have the same rights and obligations which such deceased or incapacitated Member would have had if he had not died or had not been adjudicated insane or incompetent until the Members interest is sold as

provided in section 6.1.1 of this Agreement and as allowed under the applicable Colorado Revised Statutes 44-10-101 et. seq. and the rules and regulations of the MED, and the local licensing rules for marijuana businesses (altogether the " Marijuana Code"), as the Marijuana Code may be amended from time to time, except that the Representative shall not become a substituted Member without compliance with all Articles and provisions herein relating to the addition of new Members

6.1.4. Substituted Members: No assignee, transferee, donee, legatee, or distributee (by conveyance, operation of law, or otherwise) of all or any part of a Member's interest in the Company shall have the right to become a Member as that term is defined in the Colorado Limited Liability Company Act unless (a) every member consents in writing; and (b) such assignee, transferee, donee, legatee, or distributee executes and delivers a copy of this Agreement as amended and such other documents and takes such other actions as the Managers shall reasonably deem necessary or advisable to cause him to become a substituted Member, and pays all reasonable expenses required by the Managers to be paid in connection therewith, which may include without limitation the cost of attorney review and attorney advice on preparing and filing amended Articles of Organization as may be advisable. If any assignee, transferee, donee, legatee, or distributee (by conveyance, operation of law, or otherwise) acquires all or any part of a Member's interest in the Company without the Members' consent in writing, such Membership Interest or other interest shall be sold as provided in section 6.1 of this Agreement.

6.1.5. Transfer Prohibition: Anything in this Agreement to the contrary notwithstanding, no Member or other person who has become the holder of interests in this Limited Liability Company shall transfer, assign, or encumber all or any portion of his/her interests in the Company during any fiscal year if such transfer, assignment, or encumbrance would (in the sole and unreviewable opinion of the Manager(s)) result in the termination of the Company's tax status for purposes of the then applicable provisions of the Internal Revenue Code of 1986, as amended.

6.1.6. The Transfer of a Membership Interest pursuant to Section 6.1 shall not result, however, in the Transfer of any of the transferor's other Membership Rights, if any, and the transferee of the Membership Interest shall have no right to become a Member or exercise any Membership Rights other than those specifically pertaining to the ownership of a Membership Interest, unless otherwise agreed by the remaining Members.

6.1.7. Suitability Provision: The Company shall not issue any Membership Interest or any other interest (collectively "Interests") in or to the Company to any person or entity that cannot qualify or would be unsuitable for qualification under the provisions of the Marijuana Code. The issuance of any Interests in violation of this provision shall be void and such Interests shall be deemed not to be issued and outstanding until (a) the Company shall cease to be subject to the jurisdiction of the

MED or (b) the MED shall, by affirmative action, validate said issuance or waive any defect in issuance.

No Interests issued by the Company and no Interests, claim or charge therein or thereto shall be transferred in any manner whatsoever except in accordance with the provisions of the Marijuana Code and the rules and regulations promulgated thereunder. Any transfer in violation thereof shall be void until (a) the Company shall cease to be subject to the jurisdiction of the MED, or (b) the MED shall, by affirmative action, validate said transfer or waive any defect in said transfer.

If the MED at any time determines that a Member is unsuitable to hold any Interests of the Company, then the Company may, within 60 days after official notice from a MED of such unsuitability, purchase such Interests from the person deemed unsuitable at the lesser of:

- (i) the cash equivalent of such person's investment in the Company, via a short term non-recourse promissory note at the prime rate where the Company banks, or
- (ii) the current market price as of the date of the finding of unsuitability unless such Interests are transferred to a suitable person (as determined by the MED) within 60 days after the finding of unsuitability, via a short term non-recourse promissory note.
- (iii) If either (i) or (ii) above are exercised, the short term promissory note shall be no longer than 60 months unless all parties agree otherwise and it is approved by the MED.
- (iv) If either (i) or (ii) above are exercised, a reasonable interest rate shall not exceed the current prime rate of the Company's bank, or if the Company does not use a bank, the prime rate set by the Federal Reserve, not to exceed 12%.

For Members found by the MED to be unsuitable to own them, (a) the Company shall not be required or permitted to pay any dividend or interest with regard to the membership Interest, (b) the holder of such membership Interest shall not be entitled to vote on any matter as the holder of the Membership Interest, and such Membership Interest shall not for any purposes be included in the voting stock, voting membership or other voting interest of the Company entitled to vote, and (c) the Company shall not pay any remuneration in any form to the holder of the Membership Interest except in exchange for such voting stock or other voting interests as provided in this paragraph, or except in the case that any prior outstanding loans have been made prior to the finding of unsuitability.

Any individual or person found unsuitable by the MED shall not hold directly or indirectly the beneficial ownership of any Membership Interest in or to a licensee or holding company or intermediary company thereof beyond that period of time prescribed by the MED, and must be removed immediately from any position as a

director, officer or employee of such licensee or holding company or intermediary company thereof.

In refusing to grant approval for the transfer on an interest or other involvement with a licensee, the MED or local licensing authority may determine that an individual or person is unsuitable. In reviewing an application for licensure, the MED or local licensing authority may determine that an individual or person is unsuitable.

If the MED or local licensing authority determines a licensee or affiliated company thereof to be unsuitable, or take other disciplinary action, if the licensee or affiliated company thereof, after the MED or local licensing authority serves notice to the licensee or affiliated company thereof, that a person is unsuitable to be an Interest holder or have any other direct or indirect relationship or involvement with such licensee or affiliated company thereof, the Company shall not:

- (a) Pay to any person found to be unsuitable any dividend or interest upon any stock, Membership Interest or other interest, or make any payment or distribution of any kind whatsoever except as expressly permitted herein for the buyout of the unsuitable person;
- (b) Recognize the exercise by any such unsuitable person, directly or indirectly, or through any proxy, trustee or nominee, of any voting right conferred by any securities or interest in any securities; or
- (c) Pay to any such unsuitable person any remuneration in any form for services rendered.

The Company shall have the obligation to pursue all lawful efforts to require such unsuitable person to relinquish all Interests, including, if necessary, the immediate purchase of said Interests or other interests by the Company in accordance with the terms hereof.

6.1.8 Covenant not to compete. Members that are transferring, selling, assigning, withdrawing or otherwise ceasing to be a Member (Old Members) warrant and represent that this is an industry that requires certain licenses and specialized knowledge and skills. Current Members and Old Members acknowledge that being involved in this business as a competitor would harm the Company and other Members. As such, current Members warrant and represent that they will not open, operate or work for a competing business within the State of Colorado or jurisdiction the Company operates in or has a license being reviewed by the MED or other licensing authority at any time while they are a Member for the Company. Old Members warrant and represent that they will not open, operate or work for a competing business within the State of Colorado, or any other jurisdiction the Company operates in or has a license being reviewed by the MED for a period of two (2) years from the date the Old Member ceases being a Member of the Company. Members may unanimously agree to not enforce this provision.

6.1.8.1 Notwithstanding 6.1.8 of this Agreement, Members acknowledge that Original Members, and the General Managers listed in section 5.1.1 of this Agreement have other ownership interests, options for ownership interests, consulting agreements, and other activities related to the marijuana industry and as such section 6.1.8 of this Agreement and Colorado Revised Statute 7-80-404 (c) shall not prohibit Original Members, and the General Managers listed in section 5.1.1 of this Agreement from having current or future ownership interests, consulting agreements, or other activities with other marijuana businesses.

6.2 *Amendment to Operating Agreement.* Upon transfer of Membership Rights if less than all of the Membership Rights, the Member and the transferee shall adopt such amendments to this Operating Agreement in order to facilitate the taxation of the Company as a partnership for purposes of state and federal income tax laws.

Section VII Dissolution, Liquidation, and Termination of the Company

7.1. *Events of Dissolution.* The Company shall be dissolved upon the written election of the Members.

7.2. *Liquidating Trustee.* If the Company is dissolved, the General Manager(s) shall act as liquidating trustee(s). The General Manager(s) shall liquidate and reduce to cash the assets of the Company as promptly as is consistent with obtaining a fair value therefor and, unless otherwise required by law, shall apply and distribute the proceeds of liquidation, as well as any other Company assets, first, to the payment of creditors of the Company, including any Member in his/her/its capacity as a creditor, in satisfaction of the liabilities of the Company; then to the Member.

7.3. *Filing of Statement of Intent to Dissolve and Articles of Dissolution.* If the Company is dissolved pursuant to Section 7.1, the General Manager(s) shall promptly file a Statement of intent to Dissolve with the CSOS. After the affairs of the Company are wound up pursuant to Section 7.2, the General Manager(s) shall promptly execute and file Articles of Dissolution with the CSOS. If there is no General Manager(s), then the Articles of Cancellation shall be filed by the Members; failing this, the Articles shall be filed by the legal or personal representatives of the Person who last was the Members.

Section VIII Books, Records, Accounting, and Tax Elections

8.1. *Bank Accounts.* All funds of the Company shall be deposited in a bank account, accounts maintained in the Company's name or secured safely. The General Manager(s) shall determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts, and the persons who will have authority with respect to the accounts and the funds therein.

8.2. *Books and Records.* The General Manager(s) shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of transactions with respect to the conduct of the Company's business. The books and records shall be maintained in accordance with sound accounting practices and shall be available at the Company's registered office for inspection and copying at the reasonable request, and at the expense, of the Members during ordinary business hours. Without limiting any of the foregoing, the General Manager(s) shall keep or cause to be kept at the registered office the following:

8.2.1. A current listing of the full names and last known business, residence, or mailing addresses of the Members and each Manager, both past and present;

8.2.2. A copy of the articles of organization and all amendments thereto, together with executed copies of any powers of attorney pursuant to which any amendment has been executed;

8.2.3. Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years;

8.2.4. Copies of any currently effective Agreement, copies of any writings regarding contributions of members or members' liability therefor, and copies of any financial statements of the Company for the three most recent years;

8.2.5. A statement prepared and certified as accurate by the General Manager(s) which describes the amount of cash and a description and statement of the agreed value of the other property or services contributed by the Members.

8.3. *Annual Accounting Period.* The annual accounting period of the Company shall be its taxable year. The Company's taxable year shall be selected by the General Manager(s), subject to the requirements and limitations of the Code.

8.4. *Reports.* Within seventy-five (75) days after the end of each taxable year of the Company, the General Manager(s) shall cause to be sent to the Members: (i) an annual compilation report, prepared by the Company's independent accountants in accordance with standards issued by the American Institute of Certified Public Accountants; and (ii) a report summarizing the fees and other remuneration paid by the Company to the Members, the General Manager(s), or any Affiliate in respect of the taxable year. In addition, within seventy-five (75) days after the end of each taxable year of the Company, the General Manager(s) shall cause to be sent to the Members that tax information concerning the Company which is necessary for preparing the Member's income tax returns for that year. At the request of any Member, and at the prepared by independent accountants for the period requested by such Member(s).

8.5. *Tax Elections.* The General Manager(s) shall not have the authority to make any Company elections under the Code.

8.6. *Title to Company Property.* All real and personal property acquired by the Company shall be held and owned, and conveyance made, by the Company in its name.

Section IX General Provisions

9.1. *Assurances.* Each Member shall execute all such certificates and other documents and shall do all such filing, recording, publishing, and other acts as the General Manager(s) deems appropriate to comply with the requirements of law for the formation and operation of the Company and to comply with any laws, rules, and regulations relating to the acquisition, operation, or holding of the property of the Company.

9.2. *Notifications.* Any notice, demand, consent, election, offer, approval, request, or other communication (collectively a "notice") required or permitted under this Agreement must be in writing and either delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested. Any notice to be given hereunder by the Company shall be given by the General Manager(s). A notice must be addressed to the Members at the Member's last known addresses on the records of the Company. A notice to the Company must be addressed to the Company's principal office. A notice delivered personally will be deemed given only when acknowledged in writing by the person to whom it is delivered. A notice that is sent by mail will be deemed given three (3) business days after it is mailed. Any party may designate, by notice to all of the others, substitute addresses or addressees for notices; and, thereafter, notices are to be directed to those substitute addresses or addressees.

9.3. *Complete Agreement.* This Agreement constitutes the complete and exclusive statement of the agreement among the Members and the Company. It supersedes all prior written and oral statements, agreements or understandings, including any prior representation, statement, condition, or warranty. Except as expressly provided otherwise herein, this Agreement may not be amended without the written consent of all the Members.

9.4. *APPLICABLE LAW.* ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, AND INTERPRETATION OF THIS AGREEMENT AND THE PERFORMANCE OF THE OBLIGATIONS IMPOSED BY THIS AGREEMENT SHALL BE GOVERNED BY THE INTERNAL LAW, NOT THE LAW RELATING TO CONFLICTS OF LAWS, OF THE STATE OF COLORADO.

9.5. *Section Titles.* The headings herein are inserted as a matter of convenience only, and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof.

9.6. *Binding Provisions.* This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors, and permitted assigns.

9.7. *Jurisdiction and Venue.* Any suit involving any dispute or matter arising under this Agreement may only be brought in the United States District Court for the District of Colorado or the Colorado State Court located in Saguache County Colorado having jurisdiction over the subject matter of the dispute or matter. All Members hereby consent to the exercise of personal jurisdiction by any such court with respect to any such proceeding. In any dispute arising under this agreement, all members consent to jurisdiction in El Paso County and agree to have any dispute resolved in Saguache County Colorado whether the dispute can be resolved by arbitration

or litigation.

9.8. *Terms.* Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular, and plural, as the identity of the Person may in the context require.

9.9. *Separability of Provisions.* Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

9.10. *Counterparts.* This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

IN WITNESS WHEREOF, the parties have executed, or caused this Agreement to be executed, as of the date set forth herein above.



Tom Scudder, General Manager/Owner

2/27/21
DATE

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF DOCUMENT FILED

I, Jena Griswold, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office, the attached document is a true and complete copy of the

Articles of Organization

with Document # 20211206369 of
DMT Paonia LLC

Colorado Limited Liability Company

(Entity ID # 20211206369)

consisting of 2 pages.

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 07/06/2021 that have been posted, and by documents delivered to this office electronically through 07/07/2021 @ 12:00:25.

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 07/07/2021 @ 12:00:25 in accordance with applicable law. This certificate is assigned Confirmation Number 13284012.



Jena Griswold

Secretary of State of the State of Colorado

*****End of Certificate*****

Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's Web site, <http://www.sos.state.co.us/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us/> click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."



Document must be filed electronically.
 Paper documents are not accepted.
 Fees & forms are subject to change.
 For more information or to print copies
 of filed documents, visit www.sos.state.co.us.

Colorado Secretary of State
 Date and Time: 07/13/2021 10:01 AM
 ID Number: 20211640025
 Document number: 20211640025
 Amount Paid: \$20.00

ABOVE SPACE FOR OFFICE USE ONLY

Statement of Trade Name of a Reporting Entity
 filed pursuant to §7-71-103 and §7-71-107 of the Colorado Revised Statutes (C.R.S)

1. For the reporting entity delivering this statement, its ID number, true name, form of entity and the jurisdiction under the law of which it is formed are

ID Number	<u>20211206369</u> <i>(Colorado Secretary of State ID number)</i>
True name	<u>DMT Paonia LLC</u>
Form of entity	<u>Limited Liability Company</u>
Jurisdiction	<u>Colorado</u>

2. The trade name under which such entity transacts business or conducts activities or contemplates transacting business or conducting activities in this state is

EmJ's

3. A brief description of the kind of business transacted or activities conducted or contemplated to be transacted or conducted in this state under such trade name is

Marijuana sales

4. *(If the following statement applies, adopt the statement by marking the box and include an attachment.)*

This document contains additional information as provided by law.

5. *(Caution: Leave blank if the document does not have a delayed effective date. Stating a delayed effective date has significant legal consequences. Read instructions before entering a date.)*

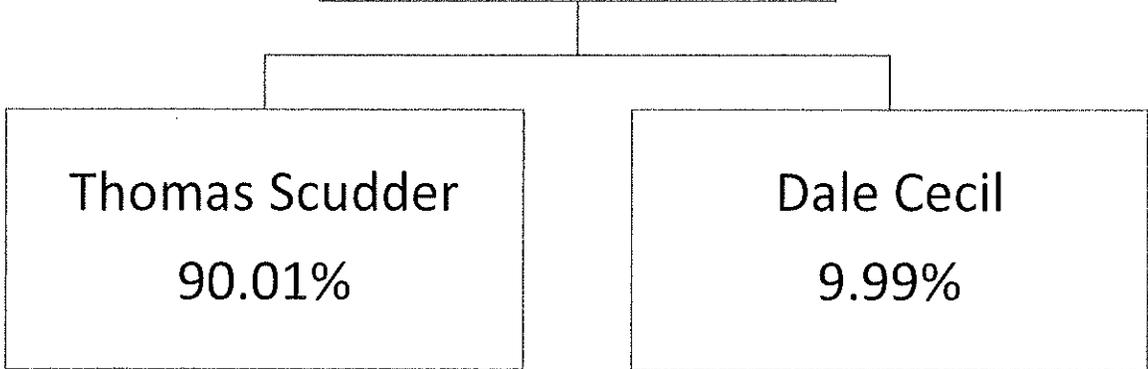
(If the following statement applies, adopt the statement by entering a date and, if applicable, time using the required format.)
 The delayed effective date and, if applicable, time of this document are _____
(mm/dd/yyyy hour:minute am/pm)

Notice:

Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that such document is such individual's act and deed, or that such individual in good faith believes such document is the act and deed of the person on whose behalf such individual is causing such document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S. and, if applicable, the constituent documents and the organic statutes, and that such individual in good faith believes the facts stated in such document are true and such document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the Secretary of State, whether or not such individual is identified in this document as one who has caused it to be delivered.

DMT Paonia, LLC
Organizational Chart
July 2021



AGENDA SUMMARY FORM

	Public Hearing - Paonia Purple, Inc. Regulated Marijuana License		
Summary: Public Hearing for Paonia Purple, Inc., located at 201 Grand Avenue. Retail marijuana store.			
Notes: Ordinance 2021-01 6-4-80 – all requirements met/sufficient 6-4-90 – requirements met/sufficient – C. Surety Bond Receipt Pending 6-4-100 – all requirements met/sufficient All fees have been paid. Public notice posting and advertisement complete. No issues or concerns noted.			
Possible Motions: Motion by: _____ 2 nd : _____ vote: _____			
Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran

November 5, 2021

STATE OF COLORADO

DEPARTMENT OF REVENUE



Marijuana Enforcement Division



Regulated Marijuana Conditional License

PAONIA PURPLE, INC

PAONIA PURPLE

201 Grand Avenue, Paonia, CO 81428

Retail Marijuana Store - 402R-00933

License Issue Date: 08/23/2021

License Valid Through: 08/23/2022

This license is conditioned upon Local Authority approval, pursuant to section 44-10-305 C.R.S.

This conditional license is issued subject to the laws of the State of Colorado and especially under the provisions of Title 44, Article 10, as amended. This conditional license is nontransferable and shall be conspicuously posted in the place above described.

This conditional license is only valid through the expiration date shown above. Any questions concerning this conditional license should be addressed to: Colorado Marijuana Enforcement Division, 1697 Cole Blvd., Suite 200, Lakewood, CO 80401. In testimony whereof, I have hereunto set my hand.

Handwritten signature of Dominique Mendiola.

Dominique Mendiola, Division Director

Handwritten signature of Mark Ferrandino.

Mark Ferrandino, Executive Director

Received 7.8.2021
@ 2:26 PM
(40)



Marijuana License Application Checklist

Applications must be complete. Please organize your application documents in the same order as the checklist below and place the checklist on top. Please do not use staples in any documents.

Required Documentation

- ✓ 7/7/21 Date you filed or will file an application with the Colorado Marijuana Enforcement Division.¹
- ✓ P Town of Paonia Marijuana License Application and all applicable fees
- ✓ A set of fingerprints for each Controlling Owner. Fingerprints may be scheduled and obtained via the Paonia Police Department. Fingerprints will be run for a criminal background check. Please contact the Police Department to schedule at 970-527-4822.
- ✓ X Completed copy of State of Colorado Marijuana License Application Packet, including a Site Development Plan
- ✓ X Odor mitigation plan
- ✓ X Business plan
- ✓ Sign design specifications, including drawings or photos, including size, height and location
- ✓ X Proof of Ownership of the proposed location in the name of the business, or a lease in the business name showing possession of one year (deed, lease, rental agreement or other appropriate documentation) (use)
- ✓ X Floor plan of the facility, to scale, no larger than 8 ½ x 11-inch paper, identifying walls, fixtures, countertops and entrances
- ✓ X Copy of State of Colorado Sales Tax License
- N/A Articles of Organization and Operating Agreement (if LLC)

¹ Any Town licensed store must open within sixty days of issuance of license.

Articles of Incorporation and Bylaws (if corporation)

Certificate of Good Standing from jurisdiction where Entity was formed (must be a U.S. or country that authorizes the sale of marijuana)

Documentation evidencing authority for applicant to apply on behalf of owners with more than twenty-five percent (25%) ownership in license

Certification that Applicant and all individual Controlling Owners are not prohibited from becoming a licensee due to violating provisions of C.R.S. 44-10-307



Marijuana License Application

Business Information

Applicant Name: Paonia Purple Inc.

Applicant Address: [REDACTED]

Applicant Phone: [REDACTED] Applicant Email: [REDACTED]

Applicant is: Agent **Owner**

Legal Business/Licensee Name: Paonia Purple Inc.

Trade Name (DBA): Paonia Purple

Business is applying for (check all that apply):

- Retail Marijuana Store** Medical Marijuana Store Both
- Delivery – Medical Delivery – Retail Change in Location
- Change in Entity Structure License Renewal Transfer of Ownership
- Major Modification of Premises

Business is a:

- Corporation** Individual Partnership LLC Association Other

Physical Address of Proposed Location: 201 Grand Avenue, Paonia, CO 81428

Mailing Address: [REDACTED]

Business Phone Number: [REDACTED] Business Website: _____

Will you provide online ordering and pick up? **Yes** No

Individual Information

**Each Controlling Owner with at least 25% financial interest in the business whose name the license is in, including sub entity owners, must complete this portion of the application and include a copy of valid identification. **

Full Name: Robyn Oster

Title & Role in the Business: Co-owner

Cell/Home Phone Number: [REDACTED] Work Phone Number: 970-318-1025

Email Address: [REDACTED]

Full Physical Address where you reside: [REDACTED]

Dates you have lived at this address: From May 1, 2021 To current

Full Mailing Address, if different: _____

List complete physical addresses for past 5 years of residency and dates you resided there:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Social Security Number: [REDACTED] Date of Birth: [REDACTED]

Have you or any domestic or foreign entity that you had any ownership interest in ever owned or applied for a marijuana license in any jurisdiction? Yes No

If yes to the above question, have you ever been subject to any of the following actions:
Denial, Surrender, Order to Show Cause, Suspension, Revocation, Settlement or Stipulation?

If yes to any action, provide details on a separate sheet, including the jurisdiction, type of action, and date of action.

Have you, or has any domestic or foreign entity that you had any ownership interest in, ever been found to have violated state or local marijuana regulations, or been subject to paid late fees or fines. Yes No

If yes to the above question, provide details on a separate sheet, including the jurisdiction, type of action, and date of action.

In the past three years have you, or has any domestic or foreign entity that you had any ownership interest in, been delinquent in the remittance of any local or state sales taxes?
 Yes No

If yes to the above question, provide details on a separate sheet, including the jurisdiction and the remediation of the issue.

Individual Information

****Each Controlling Owner with at least 25% financial interest in the business whose name the license is in, including sub entity owners, must complete this portion of the application and include a copy of valid identification. ****

Full Name: Natalie Ricks

Title & Role in the Business: Co-Owner/CEO

Cell/Home Phone Number: [REDACTED] Work Phone Number: 970-318-8951

Email Address: [REDACTED]

Full Physical Address where you reside: [REDACTED]

Dates you have lived at this address: From 07/2021 To Present

Full Mailing Address, if different: [REDACTED]

List complete physical addresses for past 5 years of residency and dates you resided there:

[REDACTED]

Social Security Number: [REDACTED] Date of Birth: [REDACTED]

Have you or any domestic or foreign entity that you had any ownership interest in ever owned or applied for a marijuana license in any jurisdiction? Yes No

If yes to the above question, have you ever been subject to any of the following actions: Denial, Surrender, Order to Show Cause, Suspension, Revocation, Settlement or Stipulation? If yes to any action, provide details on a separate sheet, including the jurisdiction, type of action, and date of action.

Have you, or has any domestic or foreign entity that you had any ownership interest in, ever been found to have violated state or local marijuana regulations, or been subject to paid late fees or fines. Yes No

If yes to the above question, provide details on a separate sheet, including the jurisdiction, type of action, and date of action.

In the past three years have you, or has any domestic or foreign entity that you had any ownership interest in, been delinquent in the remittance of any local or state sales taxes?

Yes No

If yes to the above question, provide details on a separate sheet, including the jurisdiction and the remediation of the issue.



Applicant Certification

Applicant / Owner certifies and affirms that (initial all):

PO I have read Article 4 (ordinance 2021-01) of the Paonia Municipal Code regarding medical and retail marijuana regulations.

PO I am at least 21 years old

PO I understand that the Town of Paonia makes no promises in connection with this application and all application fees are nonrefundable.

PO I understand that federal laws concerning possession and distribution of controlled substances apply and the Town accepts no legal liability for approval and licensing of marijuana stores.

PO I understand that other than personal identifying information, this application and its accompanying documents are subject to Colorado Open Records Act.

PO I understand that no major changes to the license or the licensed premises may occur without a modification to the license, including a change of ownership structure.

PO I am granted full authority to act concerning this application filed for legal business/licensee on behalf of all controlling owners, including the submittal of this application under written authority, a copy of which has been provided.

PO I declare under penalty of perjury that all of the information contained in this application and all attachments are true, correct and complete to the best of my knowledge, information and belief.

PO I agree to indemnify and hold the Town harmless from any and all damages in connection with this application, including all damages in connection with this application, including paying for all Town Attorney fees and costs incurred as a result of any damage claim made against the Town.

Signature Robert Oster Date: 7/7/2021

Printed Name Robert Oster



Applicant Certification

Applicant / Owner certifies and affirms that (initial all):

MR I have read Article 4 (ordinance 2021-01) of the Paonia Municipal Code regarding medical and retail marijuana regulations.

AA I am at least 21 years old

AA I understand that the Town of Paonia makes no promises in connection with this application and all application fees are nonrefundable.

MR I understand that federal laws concerning possession and distribution of controlled substances apply and the Town accepts no legal liability for approval and licensing of marijuana stores.

MR I understand that other than personal identifying information, this application and its accompanying documents are subject to Colorado Open Records Act.

MR I understand that no major changes to the license or the licensed premises may occur without a modification to the license, including a change of ownership structure.

MR I am granted full authority to act concerning this application filed for legal business/licensee on behalf of all controlling owners, including the submittal of this application under written authority, a copy of which has been provided.

MR I declare under penalty of perjury that all of the information contained in this application and all attachments are true, correct and complete to the best of my knowledge, information and belief.

MR I agree to indemnify and hold the Town harmless from any and all damages in connection with this application, including all damages in connection with this application, including paying for all Town Attorney fees and costs incurred as a result of any damage claim made against the Town.

Signature MR _____ Date: 7/7/21

Printed Name Natalie Ricks

Colorado Marijuana Enforcement Division

Regulated Marijuana Business License Application Instructions

APPLICATION CHECKLIST

1 Application Fully Completed

Type or clearly print, in English, an answer to every question. If a question does not apply, indicate with an N/A. If the available space is insufficient, continue on a separate sheet and precede each answer with the appropriate title. An applicant is prohibited from operating a Regulated Marijuana Business prior to obtaining all necessary approvals or licenses from both the State Licensing Authority and the local jurisdiction. **A separate application is required for EACH license type.**

2 Application Contents

- Disclosure Requirements
- Main Application
- Authorization Forms
- Affirmation of Reasonable Care
- Publicly Traded Company (PTC) Addendum A
- Qualified Private Fund (QPF) Addendum B
- Qualified Institutional Investor (QII) Addendum C
- Research & Development (Medical only) Addendum D

The disclosure requirements and the main application must be completed in full by all applicants. If this is for a PTC, QPF or QII, the appropriate addendum must also be completed.

3 All Forms Signed & Attached

The following accompanying forms must be completed, signed and returned by each individual CBO and a representative for each CBO entity with the application:

- Affirmation & Consent
- Tax Check Authorization
- Investigation Authorization / Authorization to Release Information
- Applicant's Request to Release Information
- Affirmation of Reasonable Care

4 Required Disclosures

- See Application Required Disclosures (page 1 of application)**
- Upon request by the Division, an Applicant must provide additional information or documents required to process and investigate the application, within seven (7) days of the request.
Please note: This deadline may be extended for a period of time commensurate with the scope of the request.

5 Application and License Fees

All applications and documentation submitted must be single-sided and on 8.5x11 inch paper.

See fee table on website: www.colorado.gov/revenue/med

Application fees remitted to the State Licensing Authority and/or the Department of Revenue, are non-refundable.

- Submit complete original or scanned application packet. All **Retail** businesses must provide one complete copy along with the applicable fee (see fee schedule). **Additional fees may be required by the local jurisdiction.**
- Cash, checks (in the name of the applicant or applicants attorney's trust account), money orders and major credit cards (subject to service charge).
- Mail-in applications can only be paid by check or money order.

You are responsible for knowing who your Local Licensing Authority is. **NO Transfers/Changes of Ownership applications will be accepted until after the state license is issued.**

6 Application Submittal

Applications can be submitted in person or by mail with all attachments and requisite fees:

Marijuana Enforcement Division
1697 Cole Blvd., Suite 200, Lakewood, CO 80401
ATTN: Business Licensing

Note: Incomplete applications will not be processed. Applicants must collect the incomplete application and fees (including those mailed in or delivered via courier), from the Lakewood Office prior to the end of the next business day.

DR 8548 (01/29/21)

New Business Application Required Disclosures

- Consolidated Financial Statements (Must provide Balance Sheet, Income Statement & Cash Flow Statement for the previous calendar year), including auditors reports and footnotes, if applicable. (See separate PTC requirements on PTC Addendum)
 Audited (PTC only) Not Audited
- Copy of the Local license application, if required for a Regulated Marijuana Business.
- Organizational Chart, including the identity and ownership percentage of all CBO's.
- Certificate of Good Standing from jurisdiction where Entity was formed. (Must be U.S. or country that authorizes the sale of marijuana).
- Organizational documents including identity and physical address of the registered agent in Colorado.
 Organizational Documents (Indicate which document is being provided)
 Articles of Incorporation By-Laws Shareholder agreement Operating Agreement for LLC Partnership Agreement for partnership
- Corporate Governance Documents
 Required for Publicly Traded Companies Permitted, but not required for Privately held companies
- Proof of Possession of Licensed Property (Indicate which document is being provided)
 Deed Lease Sublease Rental Agreement Contract
- Facility Diagrams – Provide a Legible and Accurate diagram for the facility. The diagram must include a plan for the Licensed Premises and a separate plan for the Security/Surveillance, including camera location, number and direction of coverage. If the diagram is larger than 8.5x11 inches, the Applicant must also provide a PDF copy of the diagram.
 Licensed Premises Security and Surveillance
- A copy of any contracts, agreements, royalty agreements, equipment leases, financing agreement, security contract or any other IFIH required to be disclosed by Rule 2-230(A)(3).
- A copy of any management agreement(s).
- Provide a list of any sanctions, penalties, assessments or cease and desist orders.

Addendums:

PTC QPF QII

Glossary of Terms:

RMB - Regulated Marijuana Business
PBO - Passive Beneficial Owner
QII - Qualified Institutional Investor
PTC - Publicly Traded Company

CBO - Controlling Beneficial Owner
IFIH - Indirect Financial Interest Holder
QPF - Qualified Private Fund

Affirmation of complete application

Signature <i>Cevdet Acar</i>	Printed Name Cevdet Acar	Date 7/5/2021
---------------------------------	-----------------------------	------------------

DR 8548 (01/29/21)
COLORADO DEPARTMENT OF REVENUE
Marijuana Enforcement Division
Colorado.gov/revenue/med

M.E.D.-1

2021 JUL -7 PM 3:49

Marijuana License Number (Leave Blank)
402R-00933

Colorado Marijuana Licensing Authority Regulated Marijuana Business License Application

License Types		<input checked="" type="checkbox"/> New Retail	<input type="checkbox"/> New Medical
<input checked="" type="checkbox"/> Retail Marijuana Store	<input type="checkbox"/> Retail Marijuana Products Manufacturer		
<input type="checkbox"/> Retail Marijuana Cultivation Facility			
<input type="checkbox"/> Retail Marijuana Testing Facility	<input type="checkbox"/> Retail/Medical Marijuana Combined Use - Combined with Lic. # _____		
<input type="checkbox"/> Retail Marijuana Business Operator			
<input type="checkbox"/> Retail Marijuana Transporter			
<input type="checkbox"/> Retail Marijuana Transporter No Premises			
<input type="checkbox"/> Medical Marijuana Store		<input type="checkbox"/> Medical Marijuana Transporter	
<input type="checkbox"/> Medical Marijuana Products Manufacturer		<input type="checkbox"/> Medical Marijuana Transporter No Premises	
<input type="checkbox"/> Medical Marijuana Testing Facility		<input type="checkbox"/> Marijuana Research & Development Facility	
<input type="checkbox"/> Medical Marijuana Business Operator		<input type="checkbox"/> Medical Marijuana Cultivation Facility	
Applicant's Legal Business Name (Please Print) <p style="text-align: center;">Paonia Purple Inc.</p>			
Registered Trade Name (DBA) <p style="text-align: center;">Paonia Purple</p>			
Federal Taxpayer ID 87-1502047	Colorado Sales Tax License # 94939001	Name of Registered Agent (with CO Secretary of State) Natalie Ricks	
Physical Address			
Street Address of Marijuana Business 201 Grand Avenue			Business Phone Number 970-318-8951
City Paonia	County Delta	State CO	ZIP 81428
Email Address nricks@rockymountaincannabis.com			
Mailing Address (if different from Physical Address)			
Address PO Box 928		City Ouray	State CO
		ZIP 81427	
Main Business Contact Person Information			
Primary Contact Person for Business Natalie Ricks			Primary Contact Phone Number [REDACTED]
Primary Contact Email nricks@rockymountaincannabis.com			
Physical Address of Contact Person [REDACTED]			
City [REDACTED]		State CO	ZIP [REDACTED]
Jurisdiction of Incorporation or Creation of Business Entity Colorado			Date 2/19/2021
If a Corporation, List all Jurisdictions Where the Corporation is Authorized to Conduct Business Colorado			

Ownership Structure - Controlling Beneficial Owners with 10% or greater ownership and/or Executive Officers, managers and any other individual that Controls the RMB.

Name Natalie Ricks				SSN/FEIN [REDACTED]	DOB [REDACTED]	License Number M93800
Address (Home)		City	State/Prov	ZIP	Phone Number	
Business Associated with (Parent business or sub-entity) N/A		Own. % Entity N/A		Own. % in Applicant 51%		
Name Robyn Oster				SSN/FEIN [REDACTED]	DOB [REDACTED]	License Number M124124
Address (Home)		City	State/Prov	ZIP	Phone Number	
Business Associated with (Parent business or sub-entity) N/A		Own. % Entity N/A		Own. % in Applicant 49%		
Name				SSN/FEIN	DOB	License Number
Address (Home)		City	State/Prov	ZIP	Phone Number	
Business Associated with (Parent business or sub-entity)		Own. % Entity		Own. % in Applicant		
Name				SSN/FEIN	DOB	License Number
Address (Home)		City	State/Prov	ZIP	Phone Number	
Business Associated with (Parent business or sub-entity)		Own. % Entity		Own. % in Applicant		
Name				SSN/FEIN	DOB	License Number
Address (Home)		City	State/Prov	ZIP	Phone Number	
Business Associated with (Parent business or sub-entity)		Own. % Entity		Own. % in Applicant		
Name				SSN/FEIN	DOB	License Number
Address (Home)		City	State/Prov	ZIP	Phone Number	
Business Associated with (Parent business or sub-entity)		Own. % Entity		Own. % in Applicant		
Name				SSN/FEIN	DOB	License Number
Address (Home)		City	State/Prov	ZIP	Phone Number	
Business Associated with (Parent business or sub-entity)		Own. % Entity		Own. % in Applicant		
Are there any outstanding options, warrants or contracts, that may be exercised into an Owner's Interest in the RMB within the next 60 days that would constitute a CBO?						Yes No <input type="checkbox"/> <input checked="" type="checkbox"/>
*If YES, attach list of persons						
Are there any other Persons, other than those listed in the Ownership Structure, that can control the RMB?						<input type="checkbox"/> <input checked="" type="checkbox"/>
If YES, attach list of persons						

Printed Legal Business Name Paonia Purple Inc.		Printed Trade Name (DBA, Paonia Purple	
Indirect Financial Interest Holder - List those with 2 or more interests (PBO, lease, Intellectual Property agreements, finance and/or equipment lease agreements, etc.) or loans that are 50% or more of the operating capital as defined in Rule 2-230(A)(3).			
Name of Interest Holder	Date of Birth	FEIN/SSN	Address
List Types of Interests			
Name of Interest Holder	Date of Birth	FEIN/SSN	Address
List Types of Interests			
Name of Interest Holder	Date of Birth	FEIN/SSN	Address
List Types of Interests			
Name of Interest Holder	Date of Birth	FEIN/SSN	Address
List Types of Interests			

1. Is the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation) under the age of twenty-one years?	Yes	No	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
2. MEDICAL ONLY Are the premises to be licensed within 1000 feet of a school (as defined in 10-103(67), alcohol or drug treatment facility, principal campus of a college, university, or seminary, or a residential childcare facility? If YES, then include a copy of a waiver or ordinance from the local jurisdiction where the business is located.	<input type="checkbox"/>	<input type="checkbox"/>	
3. Do you have or will you have possession of a licensed premises?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
4. Are you a Person (Entity) applying for a license at a location that is currently licensed as a retail food establishment? If YES, provide details on a separate sheet and attach any applicable documents.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
5. Is the applicant, the applicant's parent company or any other intermediary business entity delinquent in the payment of any judgments, taxes, interest or penalties due to the Department of Revenue, relating to a Medical or Retail Marijuana Business? If YES, provide details on a separate sheet and attach any documents to prove settlement or resolution of the delinquency.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
6. Has a judgment, consent decree, settlement or other disposition related to a violation of federal, state or similar foreign or security law or regulation, ever been filed or entered against the applicant, the applicant's parent company or any other intermediary business entity? If YES, provide details on a separate sheet and attach any applicable documents.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
7. In the past year, has the applicant (including any parent companies), been indicted, served with a criminal summons, charged with or convicted of ANY crime or offense in any manner? Include ALL offenses regardless of class of crime or outcome, even if the charges were dismissed or you were found not guilty. If YES, provide details on a separate sheet and attach any applicable documents.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
8. Has the applicant filed all Finding of Suitability applications required by the Division?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Local Licensing Authority (To be completed by Applicant)	
Local Licensing Authority Town of Paonia Town Clerk	Local Licensing Authority contact name Corinne Ferguson
Contact Phone 970-527-4101	Contact Email corinne@townofpaonia.com

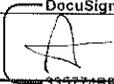
Does the local licensing authority permit this type of business in their jurisdiction?	Yes	No	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Affirmation & Consent

I/We, Natalie Ricks, as an owner(s) for the applicant business, state under penalty for offering a false instrument for recording pursuant to 18-5-114 C.R.S. that the entire Regulated Marijuana Business License Application statements, attachments, and supporting schedules are true and correct to the best of my/our knowledge and belief, and that this statement is executed with the knowledge that misrepresentation or failure to reveal information requested may be deemed sufficient cause for the refusal to issue a Marijuana license by the State Licensing Authority. Further, I/We am/are aware that later discovery of an omission or misrepresentation made in the above statements may be grounds for denial of the marijuana business application. I/We am/are voluntarily submitting this application to the Colorado Marijuana Licensing Authority, under oath, with full knowledge that I/We may be charged with perjury or other crimes for intentional omissions and misrepresentations pursuant to Colorado law or for offering a false instrument for recording pursuant to 18-5-114 C.R.S. I/We further consent to any background investigation necessary to determine my/our present and continuing suitability and that this consent continues as long as I/We hold a Colorado Marijuana License.

Note: If your check is rejected due to insufficient or uncollected funds, the Department of Revenue may collect the payment amount directly from your banking account(s) electronically.

Print Full Legal Name of Owner clearly below:

Applicant's Legal Business Name <p style="text-align: center;">Paonia Purple Inc.</p>		Trade Name (DBA) <p style="text-align: center;">Paonia Purple</p>	
Last Name of Owner (Please Print) <p style="text-align: center;">Ricks</p>	First Name of Owner <p style="text-align: center;">Natalie</p>	Middle Name of Owner	
Signature 	Date <p style="text-align: center;">7/5/2021</p>		
Last Name of Owner (Please Print)	First Name of Owner	Middle Name of Owner	
Signature	Date		
Last Name of Owner (Please Print)	First Name of Owner	Middle Name of Owner	
Signature	Date		
Last Name of Owner (Please Print)	First Name of Owner	Middle Name of Owner	
Signature	Date		

Confidential Document: This document is the property of the Colorado Marijuana State Licensing Authority and the Colorado Marijuana Enforcement Division, and is provided for Official Use Only. This document may not be further reproduced nor its contents disclosed without the written permission of the Division or State Licensing Authority.

Note: If there are more than four (4) owners, please use a second Affirmation & Consent page.

Affirmation & Consent

I/We, Robyn Oster, as an owner(s) for the applicant business, state under penalty for offering a false instrument for recording pursuant to 18-5-114 C.R.S. that the entire Regulated Marijuana Business License Application statements, attachments, and supporting schedules are true and correct to the best of my/our knowledge and belief, and that this statement is executed with the knowledge that misrepresentation or failure to reveal information requested may be deemed sufficient cause for the refusal to issue a Marijuana license by the State Licensing Authority. Further, I/We am/are aware that later discovery of an omission or misrepresentation made in the above statements may be grounds for denial of the marijuana business application. I/We am/are voluntarily submitting this application to the Colorado Marijuana Licensing Authority, under oath, with full knowledge that I/We may be charged with perjury or other crimes for intentional omissions and misrepresentations pursuant to Colorado law or for offering a false instrument for recording pursuant to 18-5-114 C.R.S. I/We further consent to any background investigation necessary to determine my/our present and continuing suitability and that this consent continues as long as I/We hold a Colorado Marijuana License.

Note: If your check is rejected due to insufficient or uncollected funds, the Department of Revenue may collect the payment amount directly from your banking account(s) electronically.

Print Full Legal Name of Owner clearly below:

Applicant's Legal Business Name <p style="text-align: center;">Paonia Purple Inc.</p>		Trade Name (DBA) <p style="text-align: center;">Paonia Purple</p>	
Last Name of Owner (Please Print) <p style="text-align: center;">Oster</p>	First Name of Owner <p style="text-align: center;">Robyn</p>	Middle Name of Owner	
Signature <p style="text-align: center;"><i>Robyn Oster</i></p>	Date <p style="text-align: center;">7/5/2021</p>		
Last Name of Owner (Please Print)	First Name of Owner	Middle Name of Owner	
Signature	Date		
Last Name of Owner (Please Print)	First Name of Owner	Middle Name of Owner	
Signature	Date		
Last Name of Owner (Please Print)	First Name of Owner	Middle Name of Owner	
Signature	Date		

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Note: If there are more than four (4) owners, please use a second Affirmation & Consent page.

Tax Check Authorization and Request To Release Information

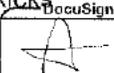
I Natalie Ricks am signing this waiver on behalf of Paonia Purple Inc. (the "Applicant/Licensee") to permit the Colorado Department of Revenue and any other state or local taxing authority to release information and documents that would otherwise be confidential. If I am signing this waiver for someone other than myself, I certify that I have the authority to execute this waiver on behalf of the Applicant/Licensee.

The information and documentation obtained pursuant to this waiver will be used in connection with the Applicant/Licensee's application or licensure with the Colorado Marijuana Enforcement Division, which requires proof of compliance with certain tax obligations pursuant to several statutory provisions, including sections 44-10-202(1) and 44-10-307(1)(e), C.R.S. This waiver is made pursuant to section 39-21-113(4), C.R.S.; and any other similar law or ordinance concerning the confidentiality of tax returns and return information. This waiver shall be valid while the application is pending and, if the application is approved, (1) for one year from the date of licensure or; (2) if applying for an employee license under the medical marijuana code, for two years from the date of licensure. If the license is administratively continued pursuant to section 44-10-314, C.R.S., this waiver shall be valid until the state licensing authority takes final action to approve or deny the renewal of the license. Applicant/Licensee agrees to execute a new waiver for each subsequent licensing period in connection with the renewal of any license.

Applicant/Licensee requests that the Colorado Department of Revenue and any other state or local taxing authority release the following information and supporting documentation to the Colorado Marijuana Enforcement Division, which is acting as Applicant's/Licensee's duly authorized representative under section 39-21-113(4), C.R.S., solely to obtain the information specified below.

1. Whether the Applicant/Licensee has failed to file any state tax return with the Colorado Department of Revenue or any other state or local taxing authority by the required due date (determined with regard to any extension(s) of time for filing) for any tax year for which filing of a return might have been required.
2. Whether the Applicant/Licensee has failed to pay any tax, penalty, or interest liability within 30 days of the date on which the Colorado Department of Revenue or any other state or local taxing authority gave notice of the amount due and requested payment.
3. Whether the Applicant/Licensee has entered into a payment plan with the Colorado Department of Revenue or any other state or local taxing authority and whether Applicant/Licensee is current on any payments required by said payment plan.

Applicant/Licensee authorizes the Colorado Department of Revenue and any other state or local taxing authority to release any additional information or documentation necessary to answer the questions above. Applicant/Licensee authorizes the Colorado Marijuana Enforcement Division and its legal representatives to use the information and documentation obtained from the Colorado Department of Revenue and any other state or local taxing authority in any administrative action regarding the application or license. To assist the Colorado Department of Revenue and any other state or local taxing authority locate the tax records, Applicant/Licensee is voluntarily providing the following information (please type or print).

Applicant's Name (Individual/Business) Paonia Purple Inc.		Social Security Number/Tax Identification Number 87-1256872	
Street Address 201 Grand Avenue		City Paonia	State CO
		ZIP Code 81428	
Home Telephone Number [REDACTED]		Business/Work Telephone Number 970-318-8951	
Legal Last Name (Please Print) Ricks		Legal First Name Natalie	Full Middle Name
Applicant's Signature 		Date 7/5/2021	

Tax Check Authorization and Request To Release Information

I Robyn Oster am signing this waiver on behalf of Paonia Purple Inc. (the "Applicant/Licensee") to permit the Colorado Department of Revenue and any other state or local taxing authority to release information and documents that would otherwise be confidential. If I am signing this waiver for someone other than myself, I certify that I have the authority to execute this waiver on behalf of the Applicant/Licensee.

The information and documentation obtained pursuant to this waiver will be used in connection with the Applicant/Licensee's application or licensure with the Colorado Marijuana Enforcement Division, which requires proof of compliance with certain tax obligations pursuant to several statutory provisions, including sections 44-10-202(1) and 44-10-307(1)(e), C.R.S. This waiver is made pursuant to section 39-21-113(4), C.R.S.; and any other similar law or ordinance concerning the confidentiality of tax returns and return information. This waiver shall be valid while the application is pending and, if the application is approved, (1) for one year from the date of licensure or; (2) if applying for an employee license under the medical marijuana code, for two years from the date of licensure. If the license is administratively continued pursuant to section 44-10-314, C.R.S., this waiver shall be valid until the state licensing authority takes final action to approve or deny the renewal of the license. Applicant/Licensee agrees to execute a new waiver for each subsequent licensing period in connection with the renewal of any license.

Applicant/Licensee requests that the Colorado Department of Revenue and any other state or local taxing authority release the following information and supporting documentation to the Colorado Marijuana Enforcement Division, which is acting as Applicant's/Licensee's duly authorized representative under section 39-21-113(4), C.R.S., solely to obtain the information specified below.

1. Whether the Applicant/Licensee has failed to file any state tax return with the Colorado Department of Revenue or any other state or local taxing authority by the required due date (determined with regard to any extension(s) of time for filing) for any tax year for which filing of a return might have been required.
2. Whether the Applicant/Licensee has failed to pay any tax, penalty, or interest liability within 30 days of the date on which the Colorado Department of Revenue or any other state or local taxing authority gave notice of the amount due and requested payment.
3. Whether the Applicant/Licensee has entered into a payment plan with the Colorado Department of Revenue or any other state or local taxing authority and whether Applicant/Licensee is current on any payments required by said payment plan.

Applicant/Licensee authorizes the Colorado Department of Revenue and any other state or local taxing authority to release any additional information or documentation necessary to answer the questions above. Applicant/Licensee authorizes the Colorado Marijuana Enforcement Division and its legal representatives to use the information and documentation obtained from the Colorado Department of Revenue and any other state or local taxing authority in any administrative action regarding the application or license. To assist the Colorado Department of Revenue and any other state or local taxing authority locate the tax records, Applicant/Licensee is voluntarily providing the following information (please type or print).

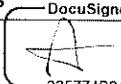
Applicant's Name (Individual/Business) Paonia Purple Inc.		Social Security Number/Tax Identification Number 87-1256872	
Street Address 201 Grand Avenue		City Paonia	State CO
		ZIP Code 81428	
Home Telephone Number [REDACTED]		Business/Work Telephone Number 970-318-8951	
Legal Last Name (Please Print) Oster	Legal First Name Robyn	Full Middle Name	
Applicant's Signature <i>Robyn Oster</i> <small>27B6DAE3CE9842D</small>		Date 7/5/2021	

Investigation Authorization/Authorization to Release Information

I, Natalie Ricks, hereby authorize the Colorado Marijuana Licensing Authority, the Marijuana Enforcement Division, (hereafter, the Investigatory Agencies) to conduct a complete investigation into my personal background, using whatever legal means they deem appropriate. I hereby authorize any person or entity contacted by the Investigatory Agencies to provide any and all such information deemed necessary by the Investigatory Agencies. I hereby waive any rights of confidentiality in this regard. I understand that by signing this authorization, a financial record check may be performed. I authorize any financial institution to surrender to the Investigatory Agencies a complete and accurate record of such transactions that may have occurred with that institution, including, but not limited to, internal banking memoranda, past and present loan applications, financial statements and any other documents relating to my personal or business financial records in whatever form and wherever located. I authorize the release of this type of information, even though such information may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws. I understand that by signing this authorization, a criminal history check will be performed. I authorize the Investigatory Agencies to obtain and use from any source, any information concerning me contained in any type of criminal history record files, wherever located. I understand that the criminal history record files contain records of arrests which may have resulted in a disposition other than a finding of guilt (i.e., dismissed charges, or charges that resulted in a not guilty finding). I understand that the information may contain listings of charges that resulted in suspended imposition of sentence, even though I successfully completed the conditions of said sentence and was discharged pursuant to law. I authorize the release of this type of information, even though this record may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws.

The Investigatory Agencies reserve the right to investigate all relevant information and facts to their satisfaction. I understand that the Investigatory Agencies may conduct a complete and comprehensive investigation to determine the accuracy of all information gathered. However, the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado shall not be held liable for the receipt, use, or dissemination of inaccurate information. I, on behalf of the applicant, its legal representatives, and assigns, hereby release, waive, discharge, and agree to hold harmless, and otherwise waive liability as to the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado for any damages resulting from any use, disclosure, or publication in any manner, other than a willfully unlawful disclosure or publication, of any material or information acquired during inquiries, investigations, or hearings, and hereby authorize the lawful use, disclosure, or publication of this material or information. Any information contained within my application, contained within any financial or personnel record, or otherwise found, obtained, or maintained by the Investigatory Agencies, shall be accessible to law enforcement agents of this or any other state, the government of the United States, or any foreign country.

Print Full Legal Name of Owner clearly below:

Applicant's Legal Business Name <p style="text-align: center;">Paonia Purple Inc.</p>		Trade Name (DBA) <p style="text-align: center;">Paonia Purple</p>	
Last Name of Owner (Please Print) <p style="text-align: center;">Ricks</p>		First Name of Owner <p style="text-align: center;">Natalie</p>	Middle Name of Owner
Signature  <small>325774B048F64DD...</small>		DocuSigned by: <p style="text-align: center;">Natalie</p>	Date <p style="text-align: center;">7/5/2021</p>

Confidential Document: This document is the property of the Colorado Marijuana State Licensing Authority and the Colorado Marijuana Enforcement Division, and is provided for Official Use Only. This document may not be further reproduced nor its contents disclosed without the written permission of the Division or State Licensing Authority.

Investigation Authorization/Authorization to Release Information

I, Robyn Oster, hereby authorize the Colorado Marijuana Licensing Authority, the Marijuana Enforcement Division, (hereafter, the Investigatory Agencies) to conduct a complete investigation into my personal background, using whatever legal means they deem appropriate. I hereby authorize any person or entity contacted by the Investigatory Agencies to provide any and all such information deemed necessary by the Investigatory Agencies. I hereby waive any rights of confidentiality in this regard. I understand that by signing this authorization, a financial record check may be performed. I authorize any financial institution to surrender to the Investigatory Agencies a complete and accurate record of such transactions that may have occurred with that institution, including, but not limited to, internal banking memoranda, past and present loan applications, financial statements and any other documents relating to my personal or business financial records in whatever form and wherever located. I authorize the release of this type of information, even though such information may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws. I understand that by signing this authorization, a criminal history check will be performed. I authorize the Investigatory Agencies to obtain and use from any source, any information concerning me contained in any type of criminal history record files, wherever located. I understand that the criminal history record files contain records of arrests which may have resulted in a disposition other than a finding of guilt (i.e., dismissed charges, or charges that resulted in a not guilty finding). I understand that the information may contain listings of charges that resulted in suspended imposition of sentence, even though I successfully completed the conditions of said sentence and was discharged pursuant to law. I authorize the release of this type of information, even though this record may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws.

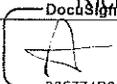
The Investigatory Agencies reserve the right to investigate all relevant information and facts to their satisfaction. I understand that the Investigatory Agencies may conduct a complete and comprehensive investigation to determine the accuracy of all information gathered. However, the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado shall not be held liable for the receipt, use, or dissemination of inaccurate information. I, on behalf of the applicant, its legal representatives, and assigns, hereby release, waive, discharge, and agree to hold harmless, and otherwise waive liability as to the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado for any damages resulting from any use, disclosure, or publication in any manner, other than a willfully unlawful disclosure or publication, of any material or information acquired during inquiries, investigations, or hearings, and hereby authorize the lawful use, disclosure, or publication of this material or information. Any information contained within my application, contained within any financial or personnel record, or otherwise found, obtained, or maintained by the Investigatory Agencies, shall be accessible to law enforcement agents of this or any other state, the government of the United States, or any foreign country.

Print Full Legal Name of Owner clearly below:

Applicant's Legal Business Name <p style="text-align: center;">Paonia Purple Inc.</p>		Trade Name (DBA) <p style="text-align: center;">Paonia Purple</p>	
Last Name of Owner (Please Print) <p style="text-align: center;">Oster</p>		First Name of Owner <p style="text-align: center;">Robyn</p>	Middle Name of Owner
Signature <p style="text-align: center;"><i>Robyn Oster</i></p> <small>2706DAE3CF0842D...</small>		Date <p style="text-align: center;">7/5/2021</p>	

Confidential Document: This document is the property of the Colorado Marijuana State Licensing Authority and the Colorado Marijuana Enforcement Division, and is provided for Official Use Only. This document may not be further reproduced nor its contents disclosed without the written permission of the Division or State Licensing Authority.

Applicant's Request to Release Information

TO: (Leave this Blank)	FROM: (Applicant's Printed Name) Natalie Ricks
<ol style="list-style-type: none"> 1. I/We hereby authorize and request all persons to whom this request is presented having information relating to or concerning the above named applicant to furnish such information to a duly appointed agent of the Marijuana Enforcement Division whether or not such information would otherwise be protected from the disclosure by any constitutional, statutory or common law privilege. 2. I/We hereby authorize and request all persons to whom this request is presented having documents relating to or concerning the above named applicant to permit a duly appointed agent of the Marijuana Enforcement Division to review and copy any such documents, whether or not such documents would otherwise be protected from disclosure by any constitutional, statutory, or common law privilege. 3. If the person to whom this request is presented is a brokerage firm, bank, savings and loan, or other financial institution or an officer of the same, I/we hereby authorize and request that a duly appointed agent of the Marijuana Enforcement Division be permitted to review and obtain copies of any and all documents, records or correspondence pertaining to me/us, including but not limited to past loan information, notes co-signed by me/us, checking account records, savings deposit records, safe deposit box records, passbook records, and general ledger folio sheets. 4. I/We do hereby make, constitute, and appoint any duly appointed agent of the Colorado Marijuana Enforcement Division, my/our true and lawful attorney in fact for me/us in my/our name, place, stead, and on my/our behalf and for my/our use and benefit: <ol style="list-style-type: none"> (a) To request, review, copy sign for, or otherwise act for investigative purposes with respect to documents and information in the possession of the person to whom this request is presented as I/we might; (b) To name the person or entity to whom this request is presented and insert that person's name in the appropriate location in this request: (c) To place the name of the agent presenting this request in the appropriate location on this request. 5. I grant to said attorney in fact full power and authority to do, take, and perform all and every act and thing whatsoever requisite, proper, or necessary to be done, in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as I/we might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that said attorney in fact, or his substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. 6. This power of attorney ends twenty-four (24) months from the date of execution. 7. The above named applicant has filed with the Colorado Marijuana Licensing Authority an application for a Marijuana license. Said applicant understands that it is seeking the granting of a privilege and acknowledges that the burden of proving its qualifications for a favorable determination is at all times on the applicant. 8. I/We do, for myself/ourselves, my/our heirs, executors, administrators, successors, and assigns, hereby release, remise, and forever discharge the person to whom this request is presented, and his agents and employees from all and all manner or actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever, known or unknown, in law or equity, which the applicant ever had, now has, may have, or claims to have against the person to whom this request is being presented or his agents or employees arising out of or by reason of complying with the request. 9. A reproduction of this request by photocopying or similar process shall be for all intents and purposes as valid as the original. 	
Applicant's Legal Business Name <p style="text-align: center;">Paonia Purple Inc.</p>	
Trade Name (DBA) <p style="text-align: center;">Paonia Purple</p>	
Applicant's Last Name (Please Print) Ricks	First Name Natalie
Signature 	Full Middle Name Date 7/5/2021

Applicant's Request to Release Information

TO: (Leave this Blank)	FROM: (Applicant's Printed Name) Robyn Oster	
<ol style="list-style-type: none"> 1. I/We hereby authorize and request all persons to whom this request is presented having information relating to or concerning the above named applicant to furnish such information to a duly appointed agent of the Marijuana Enforcement Division whether or not such information would otherwise be protected from the disclosure by any constitutional, statutory or common law privilege. 2. I/We hereby authorize and request all persons to whom this request is presented having documents relating to or concerning the above named applicant to permit a duly appointed agent of the Marijuana Enforcement Division to review and copy any such documents, whether or not such documents would otherwise be protected from disclosure by any constitutional, statutory, or common law privilege. 3. If the person to whom this request is presented is a brokerage firm, bank, savings and loan, or other financial institution or an officer of the same, I/we hereby authorize and request that a duly appointed agent of the Marijuana Enforcement Division be permitted to review and obtain copies of any and all documents, records or correspondence pertaining to me/us, including but not limited to past loan information, notes co-signed by me/us, checking account records, savings deposit records, safe deposit box records, passbook records, and general ledger folio sheets. 4. I/We do hereby make, constitute, and appoint any duly appointed agent of the Colorado Marijuana Enforcement Division, my/our true and lawful attorney in fact for me/us in my/our name, place, stead, and on my/our behalf and for my/our use and benefit: <ol style="list-style-type: none"> (a) To request, review, copy sign for, or otherwise act for investigative purposes with respect to documents and information in the possession of the person to whom this request is presented as I/we might; (b) To name the person or entity to whom this request is presented and insert that person's name in the appropriate location in this request: (c) To place the name of the agent presenting this request in the appropriate location on this request. 5. I grant to said attorney in fact full power and authority to do, take, and perform all and every act and thing whatsoever requisite, proper, or necessary to be done, in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as I/we might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that said attorney in fact, or his substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. 6. This power of attorney ends twenty-four (24) months from the date of execution. 7. The above named applicant has filed with the Colorado Marijuana Licensing Authority an application for a Marijuana license. Said applicant understands that it is seeking the granting of a privilege and acknowledges that the burden of proving its qualifications for a favorable determination is at all times on the applicant. 8. I/We do, for myself/ourselves, my/our heirs, executors, administrators, successors, and assigns, hereby release, remise, and forever discharge the person to whom this request is presented, and his agents and employees from all and all manner or actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever, known or unknown, in law or equity, which the applicant ever had, now has, may have, or claims to have against the person to whom this request is being presented or his agents or employees arising out of or by reason of complying with the request. 9. A reproduction of this request by photocopying or similar process shall be for all intents and purposes as valid as the original. 		
Applicant's Legal Business Name <p style="text-align: center;">Paonia Purple Inc.</p>		
Trade Name (DBA) <p style="text-align: center;">Paonia Purple</p>		
Applicant's Last Name (Please Print) <p style="text-align: center;">Oster</p>	First Name <p style="text-align: center;">Robyn</p>	Full Middle Name
Signature <p style="text-align: center;">DocuSigned by: <i>Robyn Oster</i></p>	Date <p style="text-align: center;">7/5/2021</p>	

AFFIRMATION OF REASONABLE CARE – PRIVATE COMPANY

Pursuant to subsections 44-10-309(4) C.R.S. and Rule 2-230(D), Applicant or Licensee affirms that, prior to submission of this application, it exercised reasonable care to confirm its Passive Beneficial Owners, (including any Qualified Institutional Investors) and Indirect Financial Interest Holders, are not Persons prohibited from being issued or holding a license by section 44-10-307 C.R.S., or otherwise restricted from holding an interest under the Colorado Regulated Marijuana Business Code. An Applicant's or Licensee's failure to exercise reasonable care is a basis for denial, fine, suspension, revocation or other sanction by the State Licensing Authority.

I, Natalie Ricks, as Controlling Beneficial Owner or Manager for
Print

Paonia Purple Inc., state under penalty of perjury, pursuant to §18-8-503, that the foregoing is true and correct to the best of my knowledge, information and belief.

Signature

DocuSigned by:

3357748948F640D

Date
7/5/2021

AFFIRMATION OF REASONABLE CARE – PUBLICLY TRADED CORPORATION

Pursuant to subsections 44-10-309(5) C.R.S. and Rule 2-230(D), Applicant or Licensee affirms that, prior to submission of this application, it exercised reasonable care to confirm its Non-objecting Passive Beneficial Owner, (including any Qualified Institutional Investors) and Indirect Financial Interest Holders, are not Persons prohibited from being issued or holding a license by section 44-10-307 C.R.S., or otherwise restricted from holding an interest under the Colorado Regulated Marijuana Business Code. An Applicant's or Licensee's failure to exercise reasonable care is a basis for denial, fine, suspension, revocation or other sanction by the State Licensing Authority.

I, _____, as Controlling Beneficial Owner or Manager for
Print

_____, state under penalty of perjury, pursuant to §18-8-503, that the foregoing is true and correct to the best of my knowledge, information and belief.

Signature

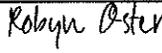
Date

AFFIRMATION OF REASONABLE CARE – PRIVATE COMPANY

Pursuant to subsections 44-10-309(4) C.R.S. and Rule 2-230(D), Applicant or Licensee affirms that, prior to submission of this application, it exercised reasonable care to confirm its Passive Beneficial Owners, (including any Qualified Institutional Investors) and Indirect Financial Interest Holders, are not Persons prohibited from being issued or holding a license by section 44-10-307 C.R.S., or otherwise restricted from holding an interest under the Colorado Regulated Marijuana Business Code. An Applicant's or Licensee's failure to exercise reasonable care is a basis for denial, fine, suspension, revocation or other sanction by the State Licensing Authority.

I, Robyn Oster, as Controlling Beneficial Owner or Manager for
Print

Paonia Purple Inc., state under penalty of perjury, pursuant to §18-8-503, that the foregoing is true and correct to the best of my knowledge, information and belief.

Signature	DocuSigned by:  <small>27B6DAE3CE9842D</small>	Date 7/5/2021
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AFFIRMATION OF REASONABLE CARE – PUBLICLY TRADED CORPORATION

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I, _____, as Controlling Beneficial Owner or Manager for
Print

_____, state under penalty of perjury, pursuant to §18-8-503, that the foregoing is true and correct to the best of my knowledge, information and belief.

Signature	Date
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DR 8548 (01/29/21)

New Business Application Required Disclosures

- Consolidated Financial Statements (Must provide Balance Sheet, Income Statement & Cash Flow Statement for the previous calendar year), including auditors reports and footnotes, if applicable. (See separate PTC requirements on PTC Addendum)
- Audited (PTC only) Not Audited
- Copy of the Local license application, if required for a Regulated Marijuana Business.
- Organizational Chart, including the identity and ownership percentage of all CBO's.
- Certificate of Good Standing from jurisdiction where Entity was formed. (Must be U.S. or country that authorizes the sale of marijuana).
- Organizational documents including identity and physical address of the registered agent in Colorado.
- Organizational Documents (Indicate which document is being provided)
- Articles of Incorporation By-Laws Shareholder agreement Operating Agreement for LLC Partnership Agreement for partnership
- Corporate Governance Documents
- Required for Publicly Traded Companies Permitted, but not required for Privately held companies
- Proof of Possession of Licensed Property (Indicate which document is being provided)
- Deed Lease Sublease Rental Agreement Contract
- Facility Diagrams – Provide a Legible and Accurate diagram for the facility. The diagram must include a plan for the Licensed Premises and a separate plan for the Security/Surveillance, including camera location, number and direction of coverage. If the diagram is larger than 8.5x11 inches, the Applicant must also provide a PDF copy of the diagram.
- Licensed Premises Security and Surveillance
- A copy of any contracts, agreements, royalty agreements, equipment leases, financing agreement, security contract or any other IFIH required to be disclosed by Rule 2-230(A)(3).
- A copy of any management agreement(s).
- Provide a list of any sanctions, penalties, assessments or cease and desist orders.

Addendums:

PTC QPF QII

Glossary of Terms:

RMB - Regulated Marijuana Business

PBO - Passive Beneficial Owner

QII - Qualified Institutional Investor

PTC - Publicly Traded Company

CBO - Controlling Beneficial Owner

IFIH - Indirect Financial Interest Holder

QPF - Qualified Private Fund

Affirmation of complete application

Signature <i>Cevdet Acar</i>	Printed Name Cevdet Acar	Date 7/5/2021
---------------------------------	-----------------------------	------------------

205

BC11516018F54AF...

PAONIA PURPLE, INC

VENTILATION AND FILTRATION PLAN

EQUIPMENT

- 2 x in-line air fan; Vivosun, 720 CFM 8 inch in-line tube fan
- 2 x carbon air filter; Vivosun, 10 inch activated charcoal tube filter
- 2 x automatic timer control switches

DESCRIPTION

Two in-line air fans will move air through two carbon filters. Filtered air will then be expelled through an exterior wall vent. Filtered air will move through an air-tight ducting on its way from the carbon filter to the wall vents. The system will have two ceiling vents pulling in air; one in the ceiling of the show room and one in the ceiling of the product storage room. The system will be controlled via two automatic timers.

Paonia Purple Inc. Business Plan

Paonia Purple plans on opening a new recreational marijuana dispensary in Paonia, Colorado. Paonia Purple will wholesale all cannabis products through licensed Colorado vendors and only sell that product to customers over 21 years of age with valid proof of identification. We will sell about 50% cannabis flower; 30% cannabis concentrates including dabbles and cartridges; 10% edibles; and 10% combined topicals, transdermals, and paraphernalia. Our keystone pricing will hit a 50% margin at the lowest, up to a 100% margin depending on the product. We hope to open doors sometime in September 2021, or the soonest we can after proper licensing by state and local authorities. We will accept cash through our Green Bits POS, as well as a Cashless ATM option serviced to us by Green Bits – these will come through our bank account as an incoming ACH.

Weekly deposits will be picked up by a 3rd party cash delivery service, and these amounts will vary between \$10,000 - \$21,250 per week, depending on the amount of revenue generated. Through the first 6 months of operations, we expect \$10,000 weekly approximate deposits, with those deposits increasing by up to 150% in the spring and summer of 2022.

Month- Year	Projected Revenue
Sep-21	\$60,000
Oct-21	\$80,000
Nov-21	\$65,000
Dec-21	\$65,000
Jan-22	\$75,000
Feb-22	\$75,000
Mar-22	\$75,000
Apr-22	\$80,000
May-22	\$80,000
Jun-22	\$80,000

The store will have a staff of 4 team members, all with current MED badges: one General Manager, two full time budtenders, and 1 part time budtender. Each team member will be cross-trained on compliance, sales, and inventory, as according to their job descriptions.

Natalie Ricks, the majority investor, will be investing \$100,000 into this company for start up initial funds, through increments of \$20,000 - \$40,000 over a 3 month period (July – September 2021).

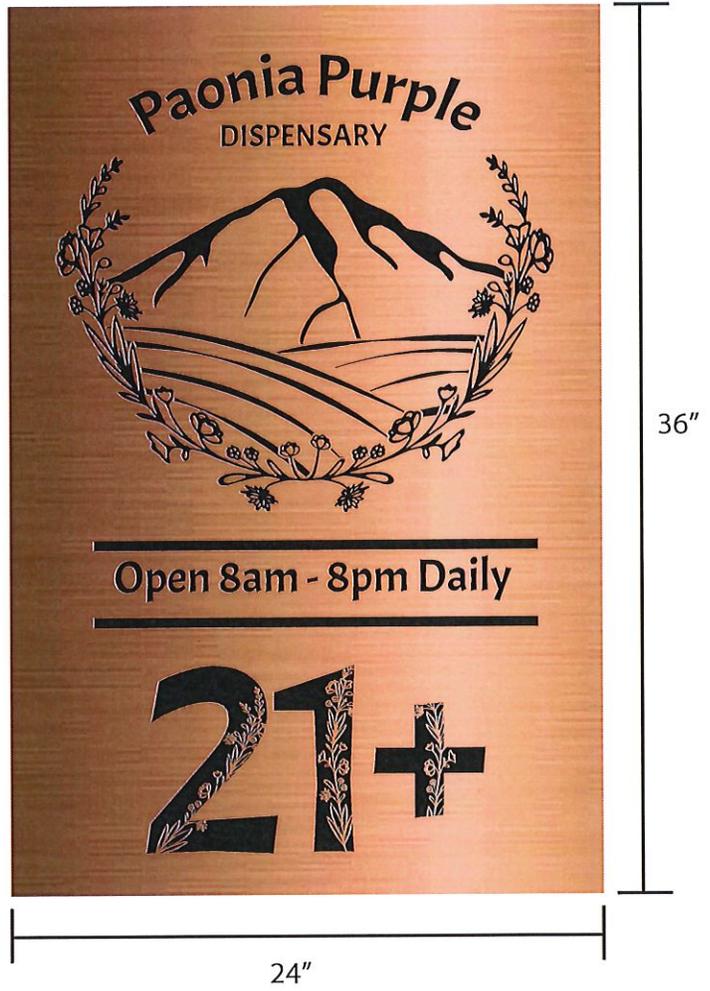
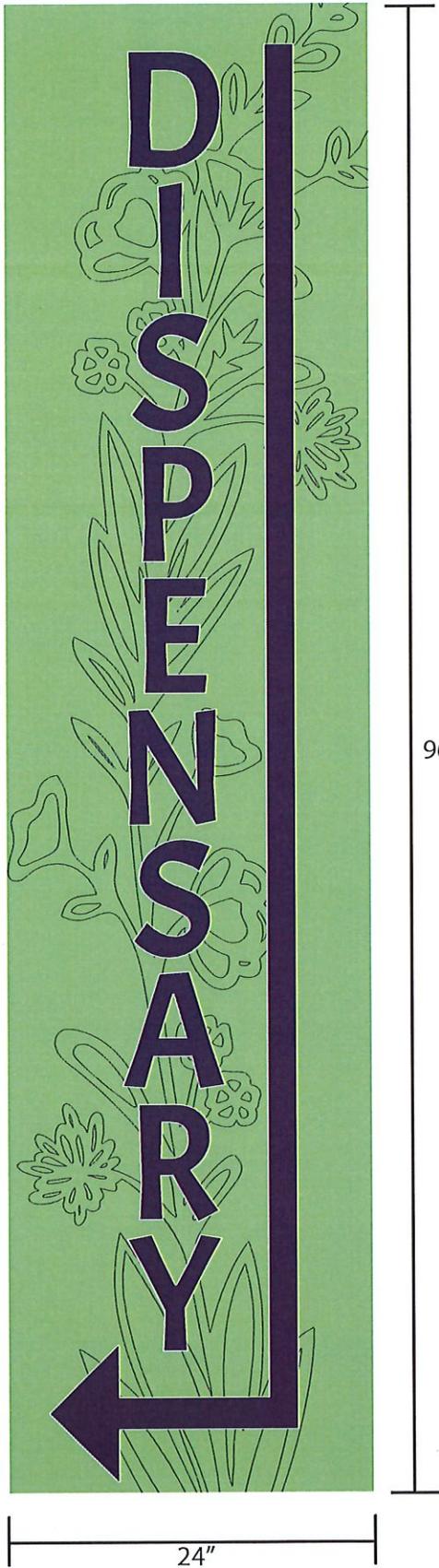
Through vast past experience in the industry, we have created Standard Operating Procedures (SOPs) regarding hiring, firing, screening applicants, physical security, and other operational checklists for issues and concerns that come up on a day-to-day basis.



4

4'

This wall sign will be placed up against the front of the building, directly to the left of the building's front door.



**COMMERCIAL
LEASE AGREEMENT**

This Lease Agreement (the "Lease"), dated this 1st day of July, (the "Effective Date"), is made by and between Chelsea A. Bookout and Shawn D. Larson, (hereafter referred to as "Landlord") and Paonia Purple, Inc., a Colorado corporation (hereafter referred to as "Tenant") and Robyn Oster and Natalie Ricks, Guarantors. Landlord, Tenant and Guarantors are referred to herein collectively as the "Parties," or individually as a "Party."

WHEREAS, Landlord is the owner of real property and improvements commonly known and numbered as 201 Grand Avenue, Paonia, CO 81428, a portion of which, described and depicted in Exhibit "A" attached hereto and by this reference incorporated herein shall constitute the subject property of this Lease Agreement (hereafter referred to as the "Premises").

WHEREAS, Landlord desires to lease the Premises to Tenant, and Tenant desires to lease the Premises from Landlord.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the mutual covenants, provisions, and agreements contained herein, and other good and valuable consideration, the Parties agree as follows:

ARTICLE I

RENT, USE, AND TERM

Section 1.1 Incorporation of Recitals. As set forth in the above, all recitals are incorporated herein by reference as material terms of this Lease.

Section 1.2 Term. The term of this Lease shall commence at 12:00 AM on July 1, 2021 and will continue and will end on June 30, 2022 at 11:59 pm (the "Term") unless terminated pursuant to any provision of this Lease.

Section 1.3 Rent and Payments

- (a) Rent. Rent for the first year of the Term shall be payable in equal monthly installments of \$1,100.00 (U.S. Dollars) per month ("Rent").
- (b) Additional Rent. All other sums due Landlord or others (e.g. utility companies) under this Lease, excluding any penalties, shall be deemed to be "Additional Rent."
- (c) Rent Payment. Rent is due on the first day of each month. Rent for any period during the Term which is for less than one month shall be prorated and Tenant shall pay for each day the Tenant occupies the Premises. Rent not received by Landlord by the 5th day of any month will be subject to a late charge of ten percent (10%) of any payment not timely received. Rent shall be payable in lawful money of the United States of America to Landlord at the address stated in this Lease or to such other persons or at such other places as Landlord may designate in writing. Rent must be paid by local bank check, cashier's check, wire transfer or money order. No other form of payment will be accepted.

Section 1.4 Security Deposit and Last Month's Rent: Upon acceptance of this lease, Tenant shall pay to landlord the sum of \$1,100.00 as assurance that tenant shall faithfully keep and perform all the covenants and agreements herein contained. No later than sixty (60) days after termination of this lease said security deposit shall be returned to tenant, without interest, provided that landlord may deduct therefrom any sum due and owing under the terms of this lease and the cost of repairing any damages done to said leased premises and shall provide Tenant with a written itemization of any such deductions. In the event of a bona fide sale of the leased premises, landlord shall have the right to transfer the security deposit to the purchaser to be held under the terms of this lease. Any such purchaser shall assume all the obligations of the landlord with respect to such security deposit and landlord shall be released from any and all further personal liability in connection therewith.

Tenant shall also pay to Landlord, at the commencement of this Lease Agreement, \$1,100.00 constituting the rent for the last month of this Lease Agreement.

Section 1.5 Tenant’s Obligations Including Utilities, Etc. Tenant shall pay all other costs and expenses relating to the Premises and the business carried on therein in accordance with the terms and provisions of this Lease. Tenant agrees that all duties and obligations to repair, maintain and provide utilities and services, to pay taxes and special assessments, and to pay for casualty and liability insurance shall be borne solely by Tenant during the Term and any Holding Over periods. Without limiting the foregoing, Tenant shall contract in its own name and be responsible for maintaining and paying for all utilities used on the Premises including the following: telephone and internet and other utilities used exclusively by Tenant. Monthly trash, sewer, water, electricity and natural gas charges for the entire building shall be paid by the Landlord; however, Tenant shall pay to Landlord the pro-rated portion of such charges attributable to the Tenant’s use of the Leased Premises as shall be determined exclusively by Landlord and billed to Tenant on a monthly basis.

Section 1.6 Taxes. During the Term hereof, Tenant shall pay, prior to delinquency, all business and other taxes, charges, notes, duties and assessments levied, and rates or fees imposed, charged, or assessed against or in respect of Tenant’s occupancy of the Leased Premises and shall hold Landlord harmless from and against all payment of such taxes, charges, notes, duties, assessments, rates, and fees, and against all loss, costs, charges, notes, duties, assessments, rates, and fees, and any and all such taxes. Tenant shall cause said fixtures, furnishings, equipment, and other personal property to be assessed and billed separately from the real property of Landlord. In the event any or all of Tenant’s fixtures, furnishings, equipment, and other personal property shall be assessed and taxed with Landlord’s real property, Tenant shall pay to Landlord Tenant’s share of such taxes within twenty (20) calendar days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant’s property. Landlord shall be responsible for payment of real estate taxes.

Section 1.7 Use

(a) Use. The Premises will be used for any purpose or activity that is permitted under Colorado State law and the laws and regulations of Paonia, Colorado (“Permitted Use”).

(b) Compliance with Law. At Tenant’s expense, Tenant shall comply with all applicable state and local statutes, ordinances, rules, regulations, orders, restrictions of record, and requirements in effect during the Term regulating the Permitted Use. Tenant shall neither use nor permit the use of the Premises in any manner that will tend to create waste or a nuisance, excepting odors and waste that would reasonably be expected to arise from the Permitted Use. Landlord and Tenant agree that this Lease shall be fully enforceable in a state court of competent jurisdiction in Colorado, and hereby waive any defense as to the enforcement of this Lease based upon an “illegality of purpose” theory or other related defense(s), including a violation of the Controlled Substance Act, 21 U.S.C. § 801, *et. seq.*

(c) Signage. Tenant shall be allowed to place signs at locations selected by Tenant provided any such signs are permitted by applicable laws, zoning ordinances, and private restrictions and provided that Landlord has provided its written consent thereto. Landlord shall assist and cooperate with Tenant in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for Tenant to place or construct the foregoing signs. Tenant shall remove said signs upon termination of this Lease and shall repair any damage to the Premises resulting from the removal of signs installed by Tenant.

(d) Parking. Tenant may utilize any parking areas serving the Premises, subject to any applicable zoning ordinances or private restrictions.

Section 1.8 Conditions of Premises. Tenant hereby accepts the Premises in its condition existing as of the date of possession hereunder, subject to all applicable zoning, municipal, county and state laws, ordinances, and regulations governing and regulating the use of the Premises. Tenant acknowledges that neither Landlord nor Landlord’s agent has made any representation or warranty as to the suitability of the Premises for the conduct of Tenant’s business.

Section 1.9 Entry. Landlord shall have the right to enter upon the Premises after giving Tenant twenty-four (24) hours’ prior verbal or written notice, to inspect the same; provided, in case of emergency Landlord shall only be obligated to provide such notice as is practicable under the circumstances. Landlord agrees that Landlord will comply with any State or local laws relating to access to the Premises, including any licensure requirements. Landlord understands that Landlord may not be allowed to enter restricted access areas of the Premises except in emergency situations due to State and local

regulations that govern Tenant’s business, and Landlord and Tenant shall make such other arrangements as are practical to assure that Landlord may monitor compliance with this Lease within such areas.

Section 1.10 Sublease and Assignment. Tenant shall have no right to assign or sublease the Premises.

ARTICLE II

MAINTENANCE, ALTERATIONS, DAMAGE, AND DESTRUCTION

Section 2.1 Maintenance and Alterations

(a) Tenant’s Obligations. Tenant, at Tenant’s expense, shall keep in good order, condition and repair the Premises and interior thereof (whether or not the damaged portion of the Premises or the means of repairing the same are reasonably or readily accessible to Tenant), including, without limiting the generality of the foregoing, janitorial and trash removal, interior walls and surfaces, ceilings, windows and doors. Tenant shall also be responsible for snow and ice removal on the sidewalks along the entire south wall of the building along Second Street.

(b) Landlord’s Rights. If Tenant fails to perform Tenant’s obligations under Section 2.1(a), Landlord may, at Landlord’s option, enter upon the Premises upon reasonable notice to Tenant (except in the case of emergency, in which case no notice shall be required), perform such obligations on Tenant’s behalf and put the Premises in good order, condition and repair, and Tenant shall promptly reimburse Landlord for any costs associated with such repairs and such reimbursement amounts shall constitute additional rent. Landlord shall keep in good order, condition and repair the exterior of the Premises, including without limitation, the driveways, entryways, parking areas, landscaped areas, fences, structural portions of buildings appurtenant to the Premises, sprinkler and fire suppression systems, heating, air conditioning and ventilating, the electrical, sewer and gas facilities.

Section 2.2 Alterations and Additions

(a) With Landlord’s prior written consent, which shall not be unreasonably withheld, conditioned or delayed, Tenant may make any alterations, improvements, additions, or Utility Installations in, or about the Premises. “Utility Installation” shall mean bus ducting, power panels, wiring, fluorescent fixtures, space heaters, conduits, air conditioning, plumbing, and the like.

(b) If Tenant desires to make any alterations, improvements, additions, or Utility Installations in, or about the Premises, Tenant shall make such request in writing, accompanied by proposed detailed plans. Any consent by Landlord shall be deemed conditioned upon Tenant acquiring permits from appropriate governmental agencies, the furnishing of copies to Landlord prior to the commencement of the work, and the compliance by Tenant with all conditions of such permits in a prompt and expeditious matter. Tenant shall be responsible for the costs of any and all build-out or alteration of the Premises to meet the needs of Tenant in the operation of the Tenant’s business.

(c) Within five (5) days after obtaining Landlord’s written consent to any planned construction, alteration, removal, addition, repair or other improvement, Tenant shall post and keep posted until completion of such work and shall personally serve upon the contractors or subcontractors performing such work, a notice, in the form provided by Colorado law, stating that Landlord’s interest in the Premises shall not be subject to any lien for such work.

(d) All alterations, improvements, additions, and Utility Installations made on the Premises will become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term. Notwithstanding the provisions of this Section 2.2(d) Tenant’s furniture, machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, will remain the property of Tenant and may be removed by Tenant subject to the provisions of Section 2.2(c).

Section 2.3 Damage or Destruction

(a) Partial Damage-Insured. Subject to the provisions of Section 2.3(c) and Section 2.3(d), if the Premises are damaged and such damage was caused by a casualty covered under an insurance policy maintained pursuant to Section 4.1, Landlord will perform its obligations under the Lease for property repair. During that time this Lease shall continue in full force and effect. Landlord, at Landlord’s expense, shall perform such additional

repairs as are necessary to return the Premises prior to the condition that existed prior to the casualty, subject to the terms of the Lease.

(b) Partial Damage - Uninsured. Subject to the provisions of Section 2.3(c) and Section 2.3(d), if the Premises are damaged, except by the actions or inactions of Tenant (in which event Tenant shall make the repairs at its expense) and such damage was caused by a casualty not covered under an insurance policy maintained by Landlord pursuant to Section 4.1, and subject to the Lease, Landlord at its option may either (i) repair such damage as soon as reasonably possible at its expense, in which event this Lease shall continue in full force and effect, or (ii) within thirty (30) days after the date of the occurrence of such damage, give written notice to Tenant of Landlord’s intention to cancel and terminate the Lease and this Lease as of the date of the occurrence of such damage. If Landlord elects to give such notice of Landlord’s intention to cancel and terminate this Lease, Landlord shall promptly provide such notice to Tenant. Tenant shall have the right within ten (10) days after the receipt of such notice to give written notice to Landlord of Tenant’s intention to repair such damage at Tenant’s expense, without reimbursement from Landlord, in which event this Lease shall continue in full force and effect, and Tenant shall proceed to make such repairs as soon as reasonably possible. If Tenant does not give such notice within such ten (10) day period, this Lease shall be canceled and terminated as of the date of the occurrence of such damage.

(c) Total Destruction. If at any time during the Term the Premises are totally destroyed from any cause, whether or not covered by the insurance required to be maintained by Landlord pursuant to Section 4.1, this Lease shall automatically terminate as of the date of such total destruction.

(d) Damage Near End of Term. If the Premises are partially destroyed or damaged during the last six (6) months of the Term, Landlord, at Landlord’s option, may terminate this Lease as of the date of occurrence of such damage by giving written notice to Tenant of Landlord’s election to do so within thirty (30) days after the date of occurrence of such damage. Termination under this Section 2.3(d) will be effective thirty (30) days following Landlord’s notice to Tenant. Partial destruction or damage for purposes of this Section 2.3(d) means any damage to the Premises which renders at least thirty percent (30%) of the square footage of the Premises unusable for the Permitted Use.

(e) Abatement of Rent - Tenant’s Remedies. If the Premises are partially destroyed or damaged, and Landlord or Tenant repair or restore them pursuant to the provisions of this Section 2.3, Rent for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Tenant’s use of the Premises is impaired in accordance with the Lease.

(f) Termination - Advance Payments. Upon termination of this Lease pursuant to this Section 2.3, an equitable adjustment shall be made concerning advance Rent and any other advance payments made by Tenant to Landlord.

ARTICLE III

DEFAULTS AND REMEDIES

Section 3.1 Tenant Defaults Generally. Each of the following shall constitute a “Default by Tenant” under this Lease.

(a) Failure to Pay Rent or Other Amounts. If Tenant fails to pay any installment of Rent or any other amounts payable by Tenant under the terms of this Lease, within thirty (30) calendar days after such amount is due upon written notice from Landlord to Tenant.

(b) Violation of Lease Terms. If Tenant breaches or fails to comply with any agreement, term, covenant or condition in this Lease applicable to Tenant, and Tenant does not cure such breach or failure within thirty (30) calendar days after written notice thereof by Landlord to Tenant, or, if such breach or failure to comply cannot be reasonably cured within such 30- day period, if Tenant shall not in good faith commence to cure such breach or failure to comply with such 30-day period.

(c) Non-occupancy of Premises. If Tenant vacates or abandons the Premises.

(d) Bankruptcy or Related Proceedings. A Default by Tenant shall exist if Tenant files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or

under any similar act of any state, or voluntarily takes advantage of any such law or act by answer or otherwise, or dissolves or makes an assignment for the benefit of creditors or if involuntary proceedings under any such bankruptcy or insolvency law or for the dissolution of Tenant is instituted against Tenant or a receiver or trustee is appointed for the Premises or for all or substantially all of the property of Tenant, and such proceedings are not dismissed or such receivership or trustee-ship vacated within sixty (60) days after such institution or appointment.

Section 3.2 Landlord Default. A Default by Landlord shall exist if Landlord breaches or fails to comply with any agreement, term, covenant or condition in this Lease applicable to Landlord, and Landlord does not cure such breach or failure within thirty (30) calendar days after written notice thereof by Tenant to Landlord, or, if such breach or failure to comply cannot be reasonably cured within such thirty (30) day period, if Landlord shall not in good faith commence to cure such breach or failure to comply within a thirty (30) day period.

Section 3.3 Landlord's Remedies

(a) Remedies Generally. Upon the occurrence of any Default by Tenant, Landlord shall have the right, at Landlord's election, then or at any time thereafter, to exercise any one or more of the following remedies.

(b) Cure by Landlord. In the event of a Default by Tenant, Landlord may, at Landlord's option, but without obligation to do so, make any payment or take any action as Landlord may deem necessary or desirable to cure any such Default by Tenant in such manner and to such extent as Landlord may deem necessary or desirable. Tenant covenants and agrees to pay to Landlord, within thirty (30) business days after written demand, all advances, costs and expenses of Landlord in connection with the making of any such payment or the taking of any such action, including reasonable attorneys' fees, together with interest as hereinafter provided from the day of payment of any such advances, costs and expenses by Landlord. Action taken by Landlord may include commencing, appearing in, defending or otherwise participating in any action or proceedings and paying, purchasing, contesting or compromising any claim, right, encumbrance, charge or lien with respect to the Premises which Landlord, in its discretion, may deem necessary or desirable to protect its interest in the Premises and under this Lease.

(c) Termination of Lease and Damages. In the event of a Default by Tenant, Landlord may terminate this Lease, effective at such time as may be specified by written notice to Tenant, and demand (and, if such demand is refused, recover pursuant to court order, at no time exercising self-help) possession of the Premises from Tenant. Tenant shall remain liable to Landlord for damages in an amount equal to the Rent and other sums which would have been owing by Tenant hereunder for the balance of the Term, had this Lease not been terminated, less the net proceeds, if any, of reletting of the Premises by Landlord subsequent to such termination, after deducting all Landlord's expenses in connection with such recovery of possession or reletting.

(d) Repossession and Reletting. In the event of Default by Tenant, Landlord may reenter and take possession of the Premises or any part thereof, upon obtaining a court order, and repossess the same and expel Tenant and any party claiming by, under or through Tenant, and remove the effects of both, without breach of the peace, without being liable for prosecution on account thereof or being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of rent or right to bring any proceeding for breach of covenants or conditions. No such reentry or taking possession of the Premises by Landlord shall be construed as an election by Landlord to terminate this Lease unless a written notice of such intention is given to Tenant. No notice from Landlord hereunder or under a forcible entry and detainer statute or similar law shall constitute an election by Landlord to terminate this Lease unless such notice specifically so states. Landlord reserves the right, following any reentry or reletting, to exercise its right to terminate this Lease by giving Tenant such written notice, in which even the Lease will terminate as specified in said notice. Landlord may make such repairs, alterations or improvements as Landlord may consider appropriate to accomplish any re-letting, and Tenant shall reimburse Landlord upon demand for all costs and expenses, including brokers' commissions and attorneys' fees, which Landlord may incur in connection with such reletting. Landlord may collect and receive the rents for such re-letting upon the expiration or earlier termination of this Lease.

(e) Legal Action. Actions for the recovery of amounts and damages payable under this Lease may be brought by the Parties from time to time and the Parties shall not be required to await the date upon which the Lease Term would have expired to bring any such action or suit.

(f) Interest on Past-Due Payments and Advances. Except for late rental payments subject to the penalty covered under section 1.3(c) above, Tenant shall pay to Landlord interest at the rate of eight percent (8%) per annum, compounded annually, on the amount of charges due and payable.

(g) Remedies Cumulative. Exercise of any of the remedies of Landlord under this Lease shall not prevent the concurrent or subsequent exercise of any other remedy provided for in this Lease or otherwise available at law or in equity.

Section 3.4 Tenant's Remedies. Tenant may bring a separate action against Landlord for any claim Tenant may have against Landlord under this Lease, provided Tenant shall first give written notice thereof to Landlord and shall afford Landlord thirty (30) days to cure any such Default.

Section 3.5 Surrender and Holding Over.

(a) Surrender. Upon the expiration or earlier termination of this Lease, or on the date specified in any demand for possession by Landlord after any Default by Tenant, Tenant shall surrender the Premises to Landlord in the same condition as received, ordinary wear and tear excepted. Tenant shall repair any damage to the Premises occasioned by the removal of its trade fixtures, furnishings, and equipment, including the patching and filling of holes or punctures in the walls repaired.

(b) Holding Over. If Tenant remains in possession of the Premises, or any part thereof, after the expiration of the Lease Term, without the express written consent of Landlord, such occupancy will be a tenancy from month to month at a rental in the amount of 120% of the last monthly Rent, and Tenant shall be bound by all of the other terms, covenants, and agreements of this Lease. Nothing contained herein shall be construed to give Tenant the right to hold over at any time, and Landlord may exercise any and all remedies at law or in equity to recover possession of the Premises, as well as any damages incurred by Landlord, due to Tenant's failure to vacate the Premises and deliver possession to Landlord as herein provided

Section 3.6 Condemnation. If any legally constituted authority condemns the Premises or such part thereof which shall make the Premises unsuitable for leasing, this Lease shall cease when the public authority takes possession, and Landlord shall refund to Tenant such amounts of Rent paid by Tenant as may be applicable to the period after termination of this Lease. Such termination shall be without prejudice to the rights of either Party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither Party shall have any rights in or to any award made to the other by the condemning authority.

Section 3.7 Option to Cancel Lease in the Event of Adverse Regulation or Governmental Action. Tenant and Landlord recognize that the Permitted Use is subject to heightened regulation by federal, state, and local authorities. Therefore, Tenant and Landlord agree that if legislation, administrative regulations, rules, ordinances, policy (whether formal or informal), or other exercise of authority over Tenant's business by any governmental or law enforcement agency which shall make it illegal, or impracticable—as determined in the sole discretion of Tenant—for Tenant to carry on its business, Landlord and Tenant agree that either Landlord or Tenant may, but is not required to, terminate this Lease fifteen (15) days from the date on which the terminating party provides written notice to the other party, or Tenant may, prior to expiration of the fifteen (15) day period and with the prior consent of Landlord, which consent shall not be unreasonably withheld, adapt the Premises to another lawful purpose for the remainder of the Term, in which case any notice of termination from either party under this Section 3.7 shall be rescinded. In the event this Lease is terminated pursuant to this Section 3.7, Tenant shall have no further financial obligations under this Lease to Landlord after the fifteen (15) day period has expired, shall not be responsible for any rent remaining due under this Lease, and shall not be subject to any action for breach of this Lease or any remedy described in the lease, except Tenant agrees to forfeit the security deposit and the last month's rent mentioned in Section 1.4 above. In the event a suitable Tenant is found prior to the fifteen (15) day termination date, this Lease shall be terminated at the time the new Tenant signs a lease.

ARTICLE IV

INSURANCE AND INDEMNITY

Section 4.1 Insurance

(a) Property Insurance. Landlord at its own expense, shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises in the amount of the full replacement value, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, and special extended periods (all risk). In addition, Landlord may obtain and keep in force, during the term of this Lease, a policy of rental income insurance covering a period of six months, with loss payable to Landlord which insurance may cover all real estate taxes and insurance costs for said period. Landlord may, but shall not be obligated to, take out and carry any other form or forms of insurance as it or the mortgagees of Landlord may reasonably determine to be advisable. Tenant acknowledges that it has no right to receive any proceeds from any such insurance policies carried by Landlord, and that such insurance will be for the sole benefit of Landlord, with no coverage for Tenant for any risk insured against.

(b) Liability Insurance. Tenant at its own expense, shall maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each occupant of the Premises with the premiums thereon fully paid on or before due date, issued by and binding upon a rated insurance company, such insurance to afford minimum protection of not less than One Million Dollars (\$1,000,000.00) combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional insured on Tenant's policy or policies of comprehensive general liability insurance. Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this Section 4.1(b). Tenant shall obtain the agreement of Tenant's insurers to notify Landlord that a policy is due to expire at least ten (10) days prior to such expiration. Landlord shall not be required to maintain insurance against thefts within the Premises.

Section 4.2 Waiver of Subrogation. Tenant and Landlord hereby waive any and all rights of recovery against the other, or against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under an insurance policy in force at the time of such loss or damage. Upon obtaining the required policies of insurance, Tenant and Landlord shall give notice to the insurance carrier or carriers of the mutual waiver of subrogation contained in this Lease.

Section 4.3 Indemnity

(a) Tenant's Indemnification of Landlord. Tenant hereby indemnifies and holds harmless Landlord from and against any and all claims arising from Tenant's use of the Premises, or from the conduct of Tenant's business or from any activity, work or things done, permitted or suffered by Tenant to be done in or about the Premises, or elsewhere, and further indemnifies and holds harmless Landlord from and against any and all claims arising from any breach of, or default in the performance of, any obligation of Tenant under this Lease or arising from the actions or inactions of Tenant, or any of Tenant's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. Tenant, upon notice from Landlord, shall defend Landlord at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises arising from any cause, and Tenant hereby waives all claims in respect thereof against Landlord except with respect to damage caused by the gross negligence of Landlord or by breach by Landlord of any of its obligations under this Lease.

(b) Landlord's Indemnification of Tenant. Landlord hereby indemnifies and holds harmless Tenant from and against any and all claims arising from Landlord's use of the Premises, or from the conduct of Landlord's business or from any activity, work or things done, in or about the Premises, or elsewhere, including, but not limited to all loans, lines of credit, and mortgages taken out on the Premises and further indemnifies and holds harmless Tenant from and against any and all claims arising from any breach of, or default in the performance of, any obligation of Landlord under this Lease or the Lease or arising from the actions or inactions of Landlord, or any of Landlord's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities

incurred in the defense of any such claim or any action or proceeding brought thereon. Landlord, upon notice from Tenant, shall defend Tenant at Landlord's expense by counsel reasonably satisfactory to Landlord.

ARTICLE V

GENERAL PROVISIONS

Section 5.1 Landlord Not a Partner. Nothing herein contained shall be deemed, held, or construed as creating Landlord as a partner, agent, associate of, or in a joint venture with Tenant in the conduct of any business on the Premises or the Property, nor as rendering Landlord liable for any debts, liabilities, or obligations incurred by Tenant in the conduct of said business, it being expressly understood and agreed that the relationship between Parties hereto is and shall at all times remain that of Landlord and Tenant.

Section 5.2 Landlord's Liability. In the event of any transfer of title to the Premises by Landlord, from and after the date of such transfer, Landlord shall be relieved of all liability as to Landlord's obligations under this Lease. In the event of an assignment of the Lease, Landlord (and in case of subsequent transfers, the then-grantor) shall be relieved of all liability as to Landlord's obligations to be performed after the date of such assignment, provided that any funds in which Tenant has an interest in the hands of Landlord (or the then-grantor) at the time of such transfer shall be delivered to the assignee. Subject to the foregoing, the obligations contained in this Lease to be performed by Landlord shall be binding upon Landlord's successors and assigns only during the term of the Lease as it may be assigned.

Section 5.3 Notice. All notices required by law or by this Lease to be directed by Landlord to Tenant shall be deemed to have been given three (3) days after receipt of mailing, email or hand delivered to Tenant at the following address:

Paonia Purple, Inc



Email: robbyn@rockymountaincannabis.com or nricks@rockymountaincannabis.com

Likewise, all notices required to be directed by Tenant to Landlord shall be deemed to have been given when mailed, emailed or hand delivered to Landlord at the following address:

Chelsea Bookout and Shawn Larson



Email: [Redacted]

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this Section

5.3 by written notice thereof to the other Party.

Notices to Guarantors shall be deemed to have been given when mailed or otherwise served upon Guarantors at the following addresses:

Robyn Oster



Email: robbyn@rockymountaincannabis.com

Natalie Ricks



Email: nricks@rockymountaincannabis.com

Section 5.4 Quiet Possession. Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will warrant and defend Tenant's right to exclusive, quiet, peaceable, and undisturbed and uninterrupted possession of the Premises during the term of this Lease. Landlord covenants that if Landlord sells, mortgages, or enters into any agreement affecting such Lease or the Premises, Landlord will seek a provision providing that as long as Tenant is in compliance with its obligations hereunder, the mortgagor or the new interest holder may not terminate this Lease. This shall apply to this Lease as well as any renewals, modifications, consolidations, replacements, or extensions.

Section 5.5. Subordination and Estoppel Certificates.

SUBORDINATION. This lease shall be subject and subordinate to all mortgages and deeds of trust which may now or hereafter affect the leased premises, and also to all renewals, modifications, consolidations, and replacements of said mortgages and deeds of trust. Although no instrument or act on the part of tenant shall be necessary to effectuate such subordination, tenant shall nevertheless execute and deliver such further instruments required to verify or confirm such subordination as may be desired by the holders of said mortgages or deeds of trust. Tenant hereby appoints landlord attorney-in-fact, irrevocably, to execute and deliver any such instrument for tenant.

ESTOPPEL CERTIFICATE. Tenant shall at any time upon not less than ten (10) days prior written notice from landlord execute, acknowledge, and deliver to landlord a statement in writing (a) certifying that this lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this lease as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (b) acknowledging that there are not, to tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the premises. Tenant's failure to deliver such statement within such time shall be conclusive upon tenant (a) that this lease is in full force and effect, without modification except as may be presented by Landlord, (b) that there are no uncured defaults in landlord's performance, and (c) that no rent has been paid in advance except for the last month's rent as specified in section 1.4 above. If landlord desires to finance or refinance the building, tenant hereby agrees to deliver to any lender designated by landlord such financial statements of tenant as may be reasonably required by such lender. All such financial statements shall be received by landlord in confidence and shall be used only for the purpose herein set forth.

Section 5.6 Disputes:

(a) Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall first be submitted to mediation before a mediator mutually chosen by the parties, except that disputes concerning \$15,000 or less may be resolved in the small claims or county court in Delta County, Colorado, without mediation, and the parties may seek injunctive relief in County or District Court in Delta County, Colorado. The parties will jointly appoint an acceptable mediator and will share equally in the cost of such mediation. The mediation, unless otherwise agreed, shall terminate in the event the entire dispute is not resolved 30 calendar days from the date written notice requesting mediation is sent by one party to the other(s). This Section shall not alter any date in this contract, unless otherwise agreed.

(b) The Parties irrevocably submit to the exclusive jurisdiction of the state courts located in Delta, Colorado, with respect to this Section 5.6 to resolve any disputes not resolved by mediation. The Parties irrevocably waive defense of an inconvenient forum to the maintenance of any such action or other proceeding.

Section 5.7 Governing Law. This Lease and its terms are to be governed by, and construed according to, the laws of the State of Colorado excluding choice of law provisions. The Parties hereby exclusively and irrevocably submit to, and waive any objection against, personal jurisdiction and venue as delineated in Section 5.8.

Section 5.8 Attorneys' Fees and Costs. In addition to any relief, order, or award that is entered by any court of proper jurisdiction, any party found to be the substantially non-prevailing party in any arbitration, complaint, lawsuit, action,

suit, claim (including claim of a violation of law), or other proceeding at law or in equity or order or ruling, in each case by or before any such tribunal (“Proceeding”) shall be required to pay the reasonable attorneys’ fees and costs of any party determined to be the substantially prevailing party. In the context of this Lease, reasonable attorneys’ fees and costs shall include but not be limited to: (i) legal fees and costs, the fees and costs of witnesses, accountants, experts, and other professionals, and any other forum costs incurred during, or in preparation for, a Proceeding; (ii) all of the foregoing whether incurred before or after the initiation of the Proceeding, and (iii) all such fees and costs incurred in obtaining temporary or preliminary injunctive relief. It is understood that certain time entries that may appear in the billing records of such party’s legal counsel may be redacted to protect attorney-client or work-product privilege, and this will not prevent recovery for the associated billings (and if necessary, the court may require that such records be submitted to the court for in camera review by the court).

Section 5.9 Severability: If any clause or provision of this lease be determined to be illegal, invalid, or unenforceable under present or future laws, then it is the intention of the parties hereto that the other terms and provisions of this lease shall remain in full force and effect.

Section 5.10 No Third-Party Beneficiaries: The terms and provisions of this Lease are intended solely for the benefit of the Parties and their respective successors or permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other Person.

Section 5.11 Waiver. No waiver of any default of Landlord or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers of any covenant or condition by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term, or condition.

Section 5.12 No Recording. The Parties hereto agree that this Lease will not be filed for record, unless required by any State or local law governing the Permitted Use. At the request of either Party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

Section 5.13 Advice of Counsel. Each Party has had the opportunity to seek the advice of independent legal counsel and has read and understood each of the terms and provisions of this Lease. The provisions of this Lease have been examined, negotiated, drafted, and revised by each party hereto and no implication shall be drawn or made against any party hereto by virtue of the drafting of this Lease.

Section 5.14 Headings. The headings used in this Lease are for convenience of the Parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

Section 5.15 Binding Effect. The provisions of this Lease shall extend to and be binding upon Landlord and Tenant, and Guarantors and their respective legal representatives, successors, heirs, and assigns.

Section 5.16 Consent. Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord’s consent is required or desirable under this Lease.

Section 5.17 Amendment. This Lease supersedes all prior understandings or agreements with respect to the subject matter hereof. This Lease may be modified only by a writing duly executed by both Parties.

Section 5.18 Landlord Does Not Provide Security. Landlord does not provide security services and does not represent that the premises offer protection from criminal acts. Landlord disclaims all express or implied warranties of security. Tenant represents that it understands that all guests and invitees must exercise due care for their own safety and security, especially in the use of smoke detectors, deadbolt locks, window latches and other security devices. Tenant shall immediately report to Landlord any illegal or criminal activity of which Tenant has observed or of which Tenant becomes aware on or around the premises.

Section 5.19 No Smoking. Smoking shall not be allowed anywhere on the Premises by Tenant, their guests and/or their invitees. If any residual smoke is present upon vacation of premises or termination, Tenant agrees to pay for remediation of the same.

ADDENDUM TO LEASE AGREEMENT

WHEREAS Paonia Purple Inc. (hereinafter, 'Tenant') and Chelsea A. Bookout and Shawn D. Larson (hereinafter, 'Landlord') executed that certain Commercial Lease Agreement (hereinafter 'Agreement') on July 1, 2021; and

WHEREAS Tenant and Landlord now wish to execute this Addendum to Lease Agreement (hereinafter 'Addendum') in order to clarify and detail the use of the Premises, as defined in the Agreement.

NOW, THEREFORE, Tenant and Landlord agree to the following:

Landlord acknowledges and consents to Tenant's use of the Premises as a properly licensed Retail Marijuana Dispensary.

IN WITNESS WHEREOF, this Addendum has been executed on this 9th day of July, 2021

DocuSigned by:
Chelsea Bookout
CC3C7F5E9BA5485...

Chelsea A. Bookout

Landlord

DocuSigned by:
Shawn D. Larson
3E7BC08C73E34FE

Shawn D. Larson

Landlord

DocuSigned by:
Natalie Ricks
335774B948F64DD...

Natalie Ricks

Paonia Purple, Inc.

DocuSigned by:
Robyn Oster
27B6DAE3CE9842D

Robyn Oster

Paonia Purple, Inc.

THE UNDERSIGNED PARTIES HAVE READ OR HAD READ TO THEM THE FOREGOING AND ACKNOWLEDGE THAT THEY FULLY UNDERSTAND THE TERMS SET FORTH IN THIS AGREEMENT. FURTHER, EACH UNDERSIGNED PARTY ACKNOWLEDGES THAT IT HAS CONSULTED WITH, OR HAD THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL OF ITS CHOOSING PRIOR TO EXECUTING THIS AGREEMENT.

IN WITNESS WHEREOF, this Lease has been executed as of the date first above written.

LANDLORD DocuSigned by:

Chelsea Bookout

CC367F5E98A5485...

Chelsea A. Bookout

DocuSigned by:

Shawn Larson

3E7BC09C73F34FF...

Shawn D. Larson

TENANT:

Paonia Purple, Inc

DocuSigned by:

Natalie Ricks

335774B948F64DD...

By Natalie Ricks, President or other Authorized Representative

GUARANTORS:

All obligations of Tenant in this Lease Agreement are hereby personally guaranteed by:

DocuSigned by:

Robyn Oster

27B6DAE3CF9842D...

Robyn Oster

DocuSigned by:

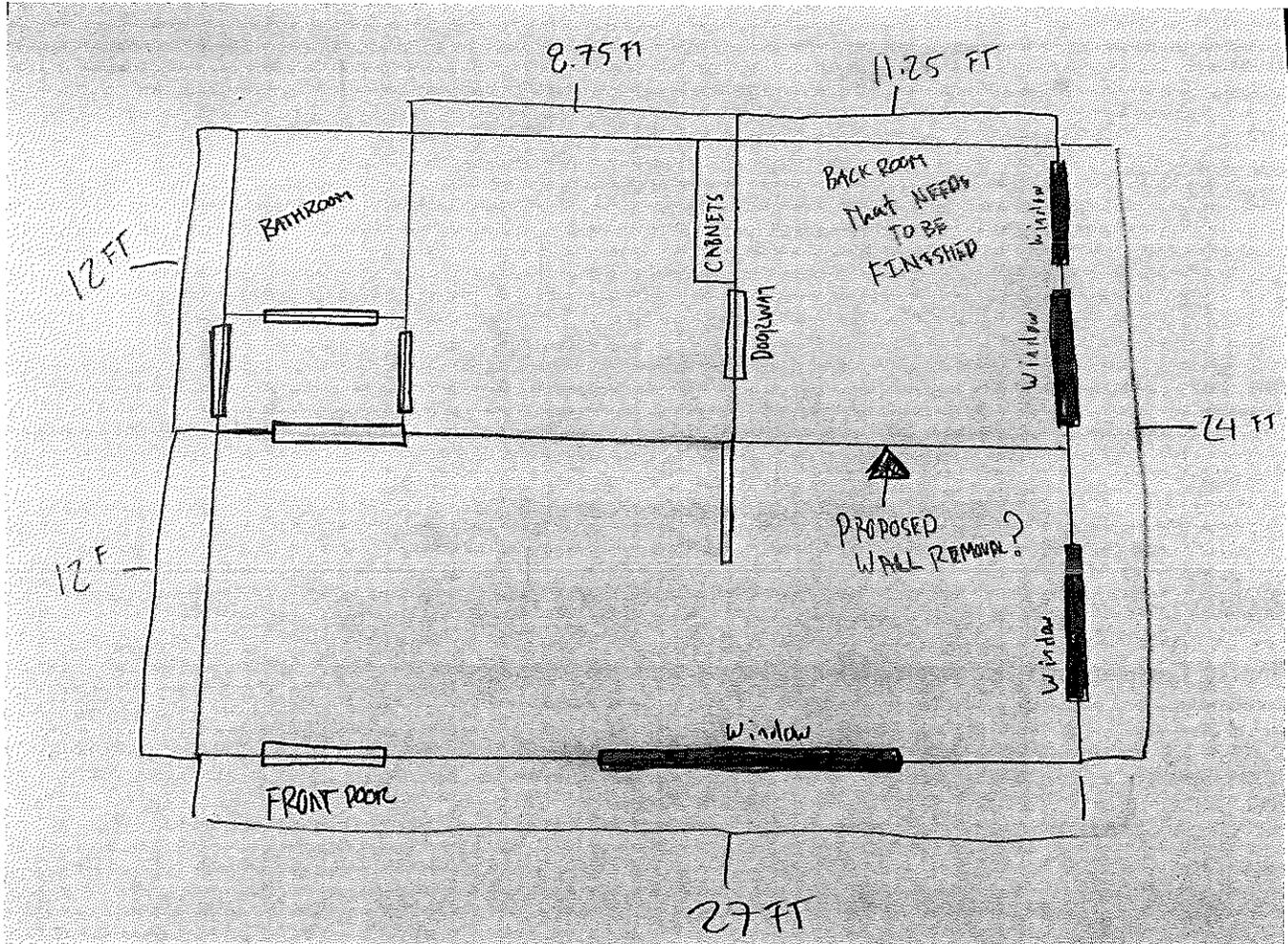
Natalie Ricks

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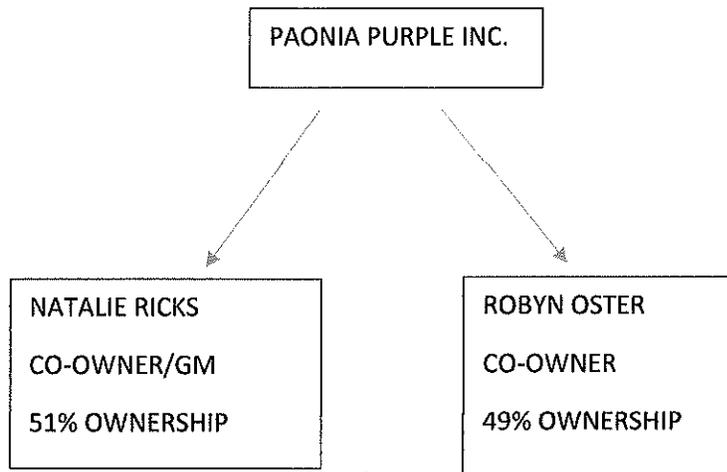
Natalie Ricks

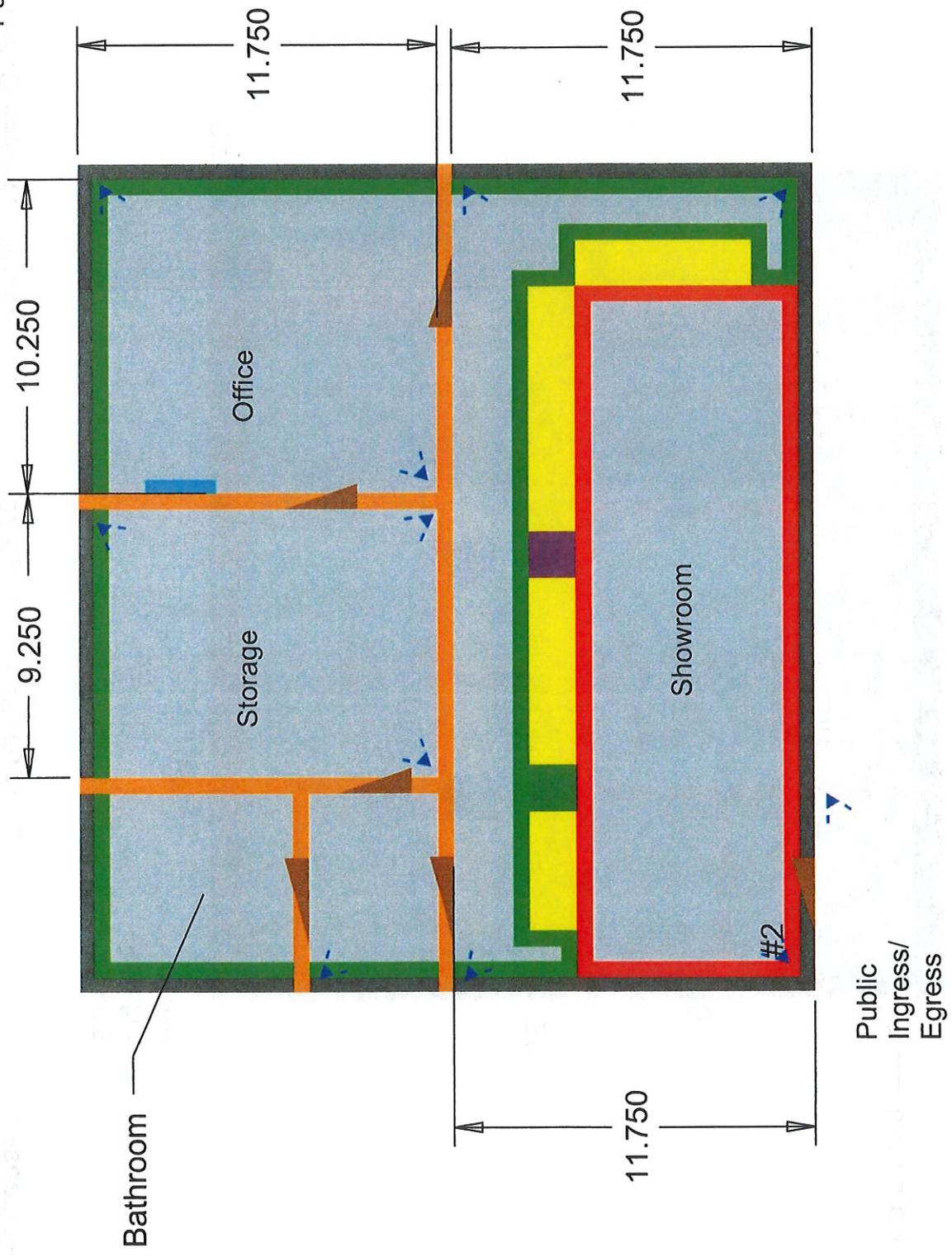
Exhibit "A" Attached to Lease Agreement

The Leased Premises is a portion of the property with the current address of 201 Grand Avenue, Paonia, CO 81428, which property is currently titled in the name of Landlord by virtue of deed dated August 5, 2019, recorded at Reception No. 712784, Delta County Records. The portion of the property that constitutes the "leased premises" is depicted as follows with the side of the building that contains the "front door" being the south side facing second street.

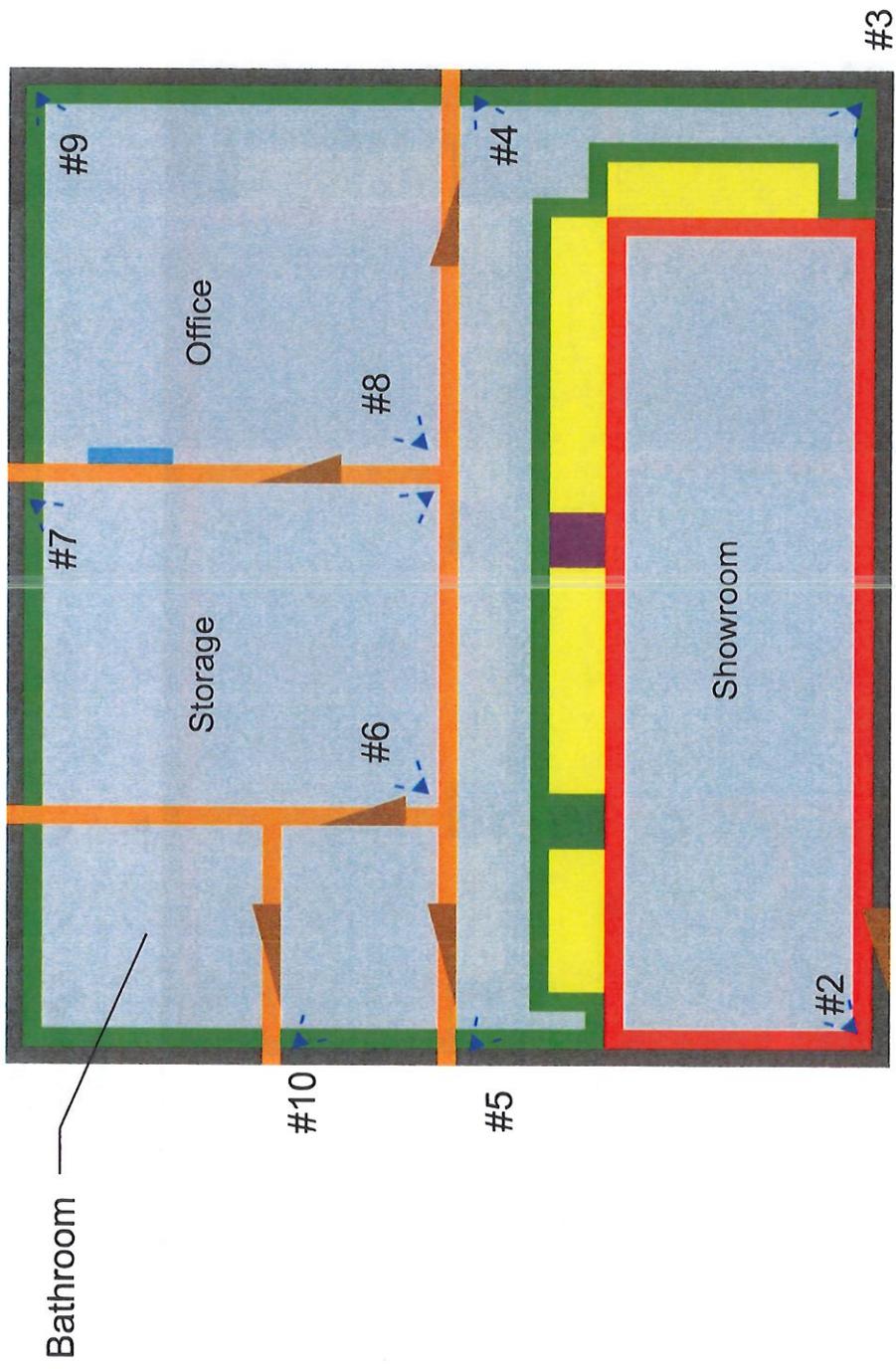


Paonia Purple Inc. Organizational Chart





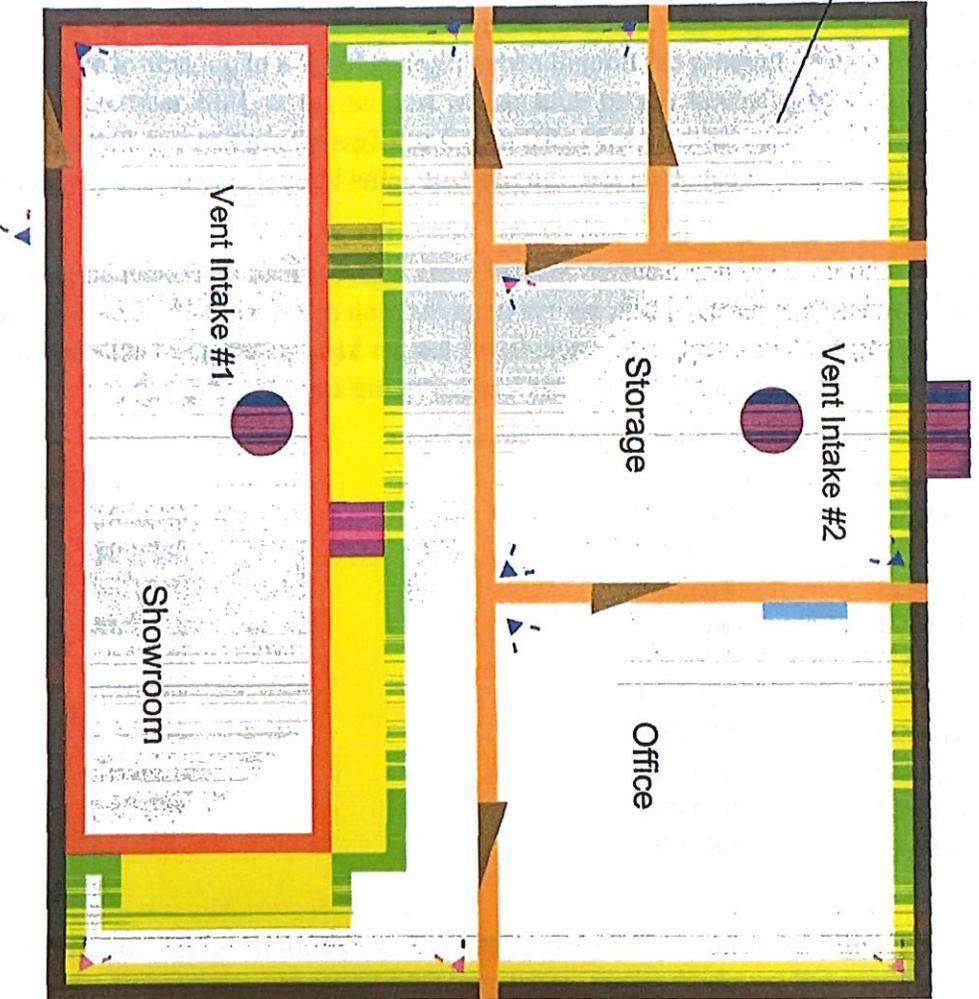
- Black - Licensed Premises Perimeter
- Red - Restricted Access
- Green - Limited Access
- Dark Green - POS Station
- Purple - Weigh Station
- Orange - Interior Walls
- Brown - Doors
- Yellow - Display Cases
- Blue - Security Cameras
- Light Blue - DVR



Public
 Ingress/
 Egress

- Black - Licensed Premises Perimeter
- Red - Restricted Access
- Green - Limited Access
- Dark Green - POS Station
- Purple - Weight Station
- Orange - Interior Walls
- Brown - Doors
- Yellow - Display Cases
- Blue - Security Cameras
- Light Blue - DVR

Vent Outlet



Bathroom

Vent Intake #2

Storage

Office

Vent Intake #1

Showroom

- Black - Licensed Premesis Perimeter
- Red - Restricted Access
- Green - Limited Access

- Dark Green - POS Station
- Purple - Weigh Station
- Orange - Interior Walls
- Brown - Doors

- Yellow - Display Cases
- Blue - Security Cameras
- Light Blue - DVR
- Dark Blue - Vent System

Paonia Purple Inc.
License #: TBD
201 Grand Ave.
Paonia, CO 81428

Instructions: Please print this document for your records.

MyBizColorado

COLORADO DEPT OF REVENUE

Thank you for registering with the Colorado Department of Revenue!
Your electronic application has been received.
You will receive your Sales Tax License and/or Wage Withholding information in the mail in the next 10 business days.

You may use this receipt as a temporary Sales Tax License in the interim.

Filing Information

Your filing information is as follows

Date: 7/2/21

Name: Paonia Purple Inc.

Address: 201 Grand Ave\n\nPaonia, Colorado 81428-5040

Sales Tax Account Number: 94939001

Sales Tax Filing Frequency: Monthly (\$300 in taxes/mo or more)

Wage Withholding Account Number: 94939001

Wage Withholding Filing Frequency: Monthly (\$7,000 to \$49,000/year)

Websites

State of Colorado: www.colorado.gov

Colorado Department of Revenue: www.colorado.gov/revenue

Colorado Department of Revenue Online Customer Support Site:
revenuestateco.custhelp.com

File and pay your sales tax online: www.colorado.gov/RevenueOnline

Register to pay by EFT: www.colorado.gov/revenue/eft

Please wait 2-3 business days while we validate your registration before attempting to access your account in Revenue Online. You will receive your license(s) in the mail within 10 business days. If you do not already have access to Revenue Online, you may use information from that letter to sign-up.



Colorado Secretary of State
 Date and Time: 02/19/2021 09:41 AM
 ID Number: 20211159634
 Document number: 20211159634
 Amount Paid: \$50.00

Document must be filed electronically.
 Paper documents are not accepted.
 Fees & forms are subject to change.
 For more information or to print copies
 of filed documents, visit www.sos.state.co.us.

ABOVE SPACE FOR OFFICE USE ONLY

Articles of Incorporation for a Profit Corporation
 filed pursuant to § 7-102-101 and § 7-102-102 of the Colorado Revised Statutes (C.R.S.)

1. The domestic entity name for the corporation is

Paonia Purple Inc.

(Caution: The use of certain terms or abbreviations are restricted by law. Read instructions for more information.)

2. The principal office address of the corporation's initial principal office is

Street address [REDACTED]
(Street number and name)

[REDACTED]
(City) (State) (ZIP/Postal Code)

[REDACTED]
(Province - if applicable) United States (Country)

Mailing address
 (leave blank if same as street address)

[REDACTED]
(Street number and name or Post Office Box information)

[REDACTED]
(City) (State) (ZIP/Postal Code)

[REDACTED]
(Province - if applicable) (Country)

3. The registered agent name and registered agent address of the corporation's initial registered agent are

Name
 (if an individual) Ricks Natalie
(Last) (First) (Middle) (Suffix)

or
 (if an entity)
(Caution: Do not provide both an individual and an entity name.)

Street address [REDACTED]
(Street number and name)

[REDACTED]
(City) (State) (ZIP/Postal Code)

Mailing address
 (leave blank if same as street address)

[REDACTED]
(Street number and name or Post Office Box information)

[REDACTED]
(City) CO (State) (ZIP/Postal Code)

(The following statement is adopted by marking the box.)

The person appointed as registered agent above has consented to being so appointed.

4. The true name and mailing address of the incorporator are

Name
(if an individual) Ricks Natalie
(Last) (First) (Middle) (Suffix)

or

(if an entity)
(Caution: Do not provide both an individual and an entity name.)

Mailing address
[Redacted]
(Street number and name or Post Office Box information)
[Redacted]
(City) (State) (ZIP/Postal Code)
[Redacted]
(Province - if applicable) (Country)
United States

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

The corporation has one or more additional incorporators and the name and mailing address of each additional incorporator are stated in an attachment.

5. The classes of shares and number of shares of each class that the corporation is authorized to issue are as follows.

The corporation is authorized to issue 3 common shares that shall have unlimited voting rights and are entitled to receive the net assets of the corporation upon dissolution.

Information regarding shares as required by section 7-106-101, C.R.S., is included in an attachment.

6. (If the following statement applies, adopt the statement by marking the box and include an attachment.)

This document contains additional information as provided by law.

7. (Caution: Leave blank if the document does not have a delayed effective date. Stating a delayed effective date has significant legal consequences. Read instructions before entering a date.)

(If the following statement applies, adopt the statement by entering a date and, if applicable, time using the required format.)

The delayed effective date and, if applicable, time of this document is/are _____
(mm/dd/yyyy hour:minute am/pm)

Notice:

Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the Secretary of State, whether or not such individual is named in the document as one who has caused it to be delivered.

8. The true name and mailing address of the individual causing the document to be delivered for filing are

Oster	Robyn		
	(First)	(Middle)	(Suffix)
[REDACTED]			
(Street number and name or Post Office Box information)			
[REDACTED]			
	(City)	(State)	(ZIP/Postal Code)
		United States	
	(Province - if applicable)	(Country)	

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

- This document contains the true name and mailing address of one or more additional individuals causing the document to be delivered for filing.

Disclaimer:

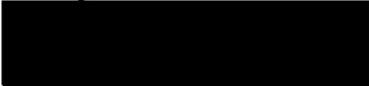
This form/cover sheet, and any related instructions, are not intended to provide legal, business or tax advice, and are furnished without representation or warranty. While this form/cover sheet is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form/cover sheet. Questions should be addressed to the user's legal, business or tax advisor(s).



COLORADO
Department of Revenue
Specialized Business Group—Marijuana

1707 Cole Blvd., Suite 300
Lakewood, CO 80401

April 1, 2021

Robyn Rhonda Oster


License Type: Owner- Individual
License # M124124

Dear Robyn Rhonda Oster,

The purpose of this correspondence is to inform you that on April 1, 2021 you were found suitable to be a Controlling Beneficial Interest owner in any business licensed by the Marijuana Enforcement Division (MED). You are now eligible to apply for an ownership interest in a Colorado marijuana establishment. Per rule 2-235(A)(1) – “Except as provided in subparagraph (A)(1)(a), any Person intending to become a Controlling Beneficial Owner by submitting an initial application for any Regulated Marijuana Business that is not a Publicly Traded Corporation must first submit a request to the State Licensing Authority for a finding of suitability.”

To join the ownership of an existing Colorado Regulated Marijuana Business, the owner(s) of the existing establishment/business are required to submit this letter of suitability, a Regulated Marijuana Business License Change of Controlling Beneficial Owner application, supporting documents and applicable fees to the MED for approval. If you wish to open a new Colorado Regulated Marijuana Business, you must submit a complete Regulated Marijuana Business License application, accompanied with all applicable fees and all supporting documents, along with this letter of suitability.

Sincerely,



James Burack
Division Director

**BYLAWS OF
PAONIA PURPLE, INC.**

ARTICLE 1 SHAREHOLDERS

Section 1. Annual Meeting. An annual meeting shall be held once each calendar year for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting. The annual meeting shall be held at the time and place designated by the Board of Directors from time to time.

Section 2. Special Meetings. Special meetings of the shareholders may be requested by the Board of Directors or the holders of a majority of the outstanding voting shares.

Section 3. Notice. Written notice of all shareholder meetings, whether regular or special meetings, shall be provided under this section or as otherwise required by law. The Notice shall state the place, date and hour of meeting, and if for a special meeting, the purpose of the meeting. Such notice shall be mailed to all shareholders of record at the address shown on the corporate books, at least 10 days prior to the meeting, or shall be sent via electronic mail (e-mail). Such notice shall be deemed effective when deposited in ordinary U.S. mail, properly addressed with postage prepaid; or when dispatched via e-mail.

Section 4. Place of Meeting. Shareholders' meetings shall be held at the corporation's principal place of business unless otherwise stated in the notice. Shareholders of any class or series may participate in any meeting of shareholders by means of remote communication to the extent the Board of Directors authorize such participation for such class or series. Participation by means of remote communication shall be subject to such guidelines and procedures as the Board of Directors adopts. Shareholders participating in a shareholders' meeting by means of remote communication shall be deemed present and may vote at such a meeting if the corporation has implemented reasonable measures: (1) to verify that each person participating remotely is a shareholder; and (2) to provide such shareholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to shareholders, including an opportunity to communicate, and to read or hear the proceedings of the meeting, substantially concurrent with such proceedings.

Section 5. Quorum. A majority of the outstanding voting shares, whether represented in person or by proxy, shall constitute a quorum at a shareholders' meeting. In the absence of a quorum, a majority of the represented shares may adjourn the meeting to another time without further notice. If a quorum is represented at an adjourned meeting, any business may be transacted that might have been transacted at the meeting as originally scheduled. The shareholders present at a meeting represented by a quorum may continue to transact business

until adjournment, even if the withdrawal of some shareholders results in representation of less than a quorum.

Section 6. Informal Action. Any action required to be taken, or which may be taken, at a shareholder meeting, may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, is signed by the shareholders who own all of the shares entitled to vote with respect to the subject matter of the vote.

ARTICLE II DIRECTORS

Section 1. Number of Directors. The corporation shall be managed by a Board of Directors consisting of 1 director.

Section 2. Election and Term of Office. The director shall be elected at the annual shareholders' meeting. The director shall serve a term of 1 year, or until a successor has been elected and qualified.

Section 3. Resignation. The director may resign effective upon written notice to all shareholders of record at the address shown on the corporate books. Such notice shall be deemed effective when deposited in ordinary U.S. mail, properly addressed, with postage prepaid.

ARTICLE III CORPORATE SEAL, EXECUTION OF INSTRUMENTS

The corporation shall not have a corporate seal. All instruments that are executed on behalf of the corporate which are acknowledged and which affect an interest in real estate shall be executed by the Director. Notwithstanding the preceding provisions of this section, any written instrument may be executed by any officer(s) or agent(s) that are specifically designated by resolution of the Board of Directors.

ARTICLE IV
AMENDMENT TO BYLAWS

The bylaws may be amended, altered, or repealed by the Board of Directors or the shareholders by a majority of a quorum vote at any regular or special meeting; provided however, that the shareholders may from time to time specify particular provisions of the bylaws which shall not be amended or repealed by the Board of Directors.

ARTICLE V
INDEMNIFICATION

Any director or officer who is involved in litigation by reason of his or her position as a director or officer of this corporation shall be indemnified and held harmless by the corporation to the fullest extent authorized by law as it now exists or may subsequently be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights).

ARTICLE VI
STOCK CERTIFICATES

The corporation may issue shares of the corporation's stock without certificates. Within a reasonable time after the issue or transfer of shares without certificates, the corporation shall send the shareholder a written statement of the information that is required by law to be on the certificates.

ARTICLE VII
DISSOLUTION

The corporation may be dissolved only with the authorization of the Board of Directors given at a special meeting called for that purpose, and with the subsequent approval of no less than three-fourths (3/4) vote of the shareholders.

Certification

Natalie Ricks, Director and Chief Executive Officer of Paonia Purple, Inc., hereby certifies that the foregoing is a true and correct copy of the bylaws of Paonia Purple, Inc., duly adopted by the initial Board of Directors on July 1, 2021.

DocuSigned by:



335774B948E64DD

Natalie Ricks

Chief Executive Officer

EXHIBIT A

Paonia Purple Inc. Shareholders

Shareholder	Percentage of Ownership
Natalie Ricks [REDACTED]	51%
Robyn Oster [REDACTED]	49%

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF FACT OF GOOD STANDING

I, Jena Griswold, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

Paonia Purple Inc.

is a
Corporation

formed or registered on 02/19/2021 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 20211159634 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 07/06/2021 that have been posted, and by documents delivered to this office electronically through 07/07/2021 @ 13:59:02 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 07/07/2021 @ 13:59:02 in accordance with applicable law. This certificate is assigned Confirmation Number 13284506 .



Jena Griswold

Secretary of State of the State of Colorado

*****End of Certificate*****

Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's Web site, <http://www.sos.state.co.us/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us/> click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."

NATALIE RICKS LICENSE SURRENDER EXPLANATION

Natalie Ricks is also part owner of Craig Cannabis, Inc., a currently licensed recreational marijuana dispensary in Craig, CO. Craig Cannabis Inc. requested to voluntarily surrender the medical marijuana dispensary license associated with the entity, License No. 402-01322, to the Colorado Marijuana Enforcement Division (MED) on 10/26/2020 because the medical marijuana dispensary license did not have much utility in Craig; most consumers there are recreational consumers so the exorbitant fees to maintain a medical license did not make sense.

AGENDA SUMMARY FORM

	Public Hearing – Valley High, LLC Regulated Marijuana License		
Summary: Public Hearing for Valley High, LLC located at 512 2 nd Street. Retail marijuana store.			
Notes: Ordinance 2021-01 6-4-80 – all requirements met/sufficient 6-4-90 – requirements met/sufficient – C. Surety Bond Receipt Pending 6-4-100 – all requirements met/sufficient All fees have been paid. Public notice posting and advertisement complete. No issues or concerns noted.			
Possible Motions: Motion by: _____ 2 nd : _____ vote: _____			
Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran

November 5, 2021

STATE OF COLORADO

DEPARTMENT OF REVENUE



Marijuana Enforcement Division



Regulated Marijuana Conditional License

VALLEY HIGH, LLC

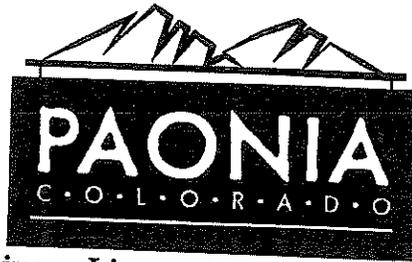
512 2nd Street, Paonia, CO 81428
Retail Marijuana Store - 402R-00934
License Issue Date: 08/27/2021
License Valid Through: 08/27/2022

This license is conditioned upon Local Authority approval, pursuant to section 44-10-305 C.R.S.

This conditional license is issued subject to the laws of the State of Colorado and especially under the provisions of Title 44, Article 10, as amended. This conditional license is nontransferable and shall be conspicuously posted in the place above described. **This conditional license is only valid through the expiration date shown above.** Any questions concerning this conditional license should be addressed to: Colorado Marijuana Enforcement Division, 1697 Cole Blvd., Suite 200, Lakewood, CO 80401. In testimony whereof, I have hereunto set my hand

Dominique Mendiola, Division Director

Mark Ferrandino, Executive Director



Marijuana License Application Checklist

Applications must be complete. Please organize your application documents in the same order as the checklist below and place the checklist on top. Please do not use staples in any documents.

Required Documentation

7/8/21 Date you filed or will file an application with the Colorado Marijuana Enforcement Division.¹

Town of Paonia Marijuana License Application and all applicable fees

A set of fingerprints for each Controlling Owner. Fingerprints may be scheduled and obtained via the Paonia Police Department. Fingerprints will be run for a criminal background check. Please contact the Police Department to schedule at 970-527-4822.

Completed copy of State of Colorado Marijuana License Application Packet, including a Site Development Plan

Odor mitigation plan

Business plan

Sign design specifications, including *site v. 4* drawings or photos, including size, height and location

Proof of Ownership of the proposed location in the name of the business, or a lease in the business name showing possession of one year (deed, lease, rental agreement or other appropriate documentation)

Floor plan of the facility, to scale, no larger than 8 1/2 x 11-inch paper, identifying walls, fixtures, countertops and entrances *camera location*

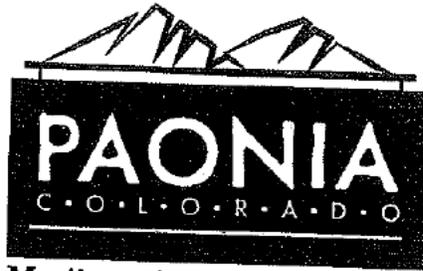
Copy of State of Colorado Sales Tax License

Articles of Organization and Operating Agreement (if LLC)

Articles of Incorporation and Bylaws (if corporation)

Certificate of Good Standing from jurisdiction where Entity was formed (must be a U.S. or country that authorizes the sale of marijuana)

Documentation evidencing authority for applicant to apply on behalf of owners with more than twenty-five percent (25%) ownership in license



Marijuana License Application

Business Information

Applicant Name: Micah Nichole Erickson

Applicant Address: [Redacted]

Applicant Phone: [Redacted] Applicant Email: [Redacted]

Applicant is: Agent Owner

Legal Business/Licensee Name: Valley High LLC

Trade Name (DBA): Valley High LLC

Business is applying for (check all that apply):

- Retail Marijuana Store
- Medical Marijuana Store
- Delivery - Medical
- Delivery - Retail
- Change in Entity Structure
- License Renewal
- Major Modification of Premises
- Both
- Change in Location
- Transfer of Ownership

Business is a:

- Corporation
- Individual
- Partnership
- LLC
- Association
- Other

Physical Address of Proposed Location: 512 2nd St Paonia Colorado, 81428

Mailing Address: PO Box 965 Paonia CO 81428

Business Phone Number: (970)527-1077 Business Website: www.valleyhigh.co

Will you provide online ordering and pick up? Yes No www.paoniadispenary.com

Individual Information

**Each Controlling Owner with at least 25% financial interest in the business whose name the license is in, including sub entity owners, must complete this portion of the application and include a copy of valid identification. **

Full Name: Micah Nichole Erickson

Title & Role in the Business: controlling Beneficial owner, manager, operator

Cell/Home Phone Number: [REDACTED]

Work Phone Number: (970) 527-1077

Email Address: valleyhigh11ca@gmail.com

Full Physical Address where you reside: [REDACTED]

Dates you have lived at this address: From 2017 To present

Full Mailing Address, if different: _____

List complete physical address of _____

[REDACTED]

Social Security Number: [REDACTED]

Date of Birth: [REDACTED]

Have you or any domestic or foreign entity that you had any ownership interest in ever owned or applied for a marijuana license in any jurisdiction? ___ Yes No

If yes to the above question, have you ever been subject to any of the following actions: Denial, Surrender, Order to Show Cause, Suspension, Revocation, Settlement or Stipulation? If yes-to-any action, provide details on a separate sheet, including the jurisdiction, type of action, and date of action.

Have you, or has any domestic or foreign entity that you had any ownership interest in, ever been found to have violated state or local marijuana regulations, or been subject to paid late fees or fines. ___ Yes No

If yes to the above question, provide details on a separate sheet, including the jurisdiction, type of action, and date of action.

In the past three years have you, or has any domestic or foreign entity that you had any ownership interest in, been delinquent in the remittance of any local or state sales taxes? ___ Yes No

If yes to the above question, provide details on a separate sheet, including the jurisdiction and the remediation of the issue.

Individual Information

**Each Controlling Owner with at least 25% financial interest in the business whose name the license is in, including sub entity owners, must complete this portion of the application and include a copy of valid identification. **

Full Name: Jesse James Erickson

Title & Role in the Business: Owner / General Partner

Cell/Home Phone Number: [REDACTED] Work Phone Number: (970) 872-3069

Email Address: valleyhighllc@aol.com

Full Physical Address where you reside: [REDACTED]

Dates you have lived at this address: From 2014 To 2021 Present

Full Mailing Address, if different: _____

List complete physical addresses for past 5 years of residence: [REDACTED]

Social Security Number: [REDACTED] Date of Birth: [REDACTED]

Have you or any domestic or foreign entity that you had any ownership interest in ever owned or applied for a marijuana license in any jurisdiction? Yes No

If yes to the above question, have you ever been subject to any of the following actions: Denial, Surrender, Order to Show Cause, Suspension, Revocation, Settlement or Stipulation? If yes to any action, provide details on a separate sheet, including the jurisdiction, type of action, and date of action.

Have you, or has any domestic or foreign entity that you had any ownership interest in, ever been found to have violated state or local marijuana regulations, or been subject to paid late fees or fines. Yes No

If yes to the above question, provide details on a separate sheet, including the jurisdiction, type of action, and date of action.

In the past three years have you, or has any domestic or foreign entity that you had any ownership interest in, been delinquent in the remittance of any local or state sales taxes? Yes No

If yes to the above question, provide details on a separate sheet, including the jurisdiction and the remediation of the issue.



Applicant Certification
Applicant / Owner certifies and affirms that (initial all):

ME I have read Article 4 (ordinance 2021-01) of the Paonia Municipal Code regarding medical and retail marijuana regulations.

ME I am at least 21 years old

ME I understand that the Town of Paonia makes no promises in connection with this application and all application fees are nonrefundable.

ME I understand that federal laws concerning possession and distribution of controlled substances apply and the Town accepts no legal liability for approval and licensing of marijuana stores.

ME I understand that other than personal identifying information, this application and its accompanying documents are subject to Colorado Open Records Act.

ME I understand that no major changes to the license or the licensed premises may occur without a modification to the license, including a change of ownership structure.

ME I am granted full authority to act concerning this application filed for legal business/licensee on behalf of all controlling owners, including the submittal of this application under written authority, a copy of which has been provided.

ME I declare under penalty of perjury that all of the information contained in this application and all attachments are true, correct and complete to the best of my knowledge, information and belief.

ME I agree to indemnify and hold the Town harmless from any and all damages in connection with this application, including all damages in connection with this application, including paying for all Town Attorney fees and costs incurred as a result of any damage claim made against the Town.

Signature Micah Nichole Erickson Date: 7/16/2021

Printed Name Micah Nichole Erickson



Applicant Certification

Applicant / Owner certifies and affirms that (initial all):

JE I have read Article 4 (ordinance 2021-01) of the Paonia Municipal Code regarding medical and retail marijuana regulations.

JE I am at least 21 years old

JE I understand that the Town of Paonia makes no promises in connection with this application and all application fees are nonrefundable.

JE I understand that federal laws concerning possession and distribution of controlled substances apply and the Town accepts no legal liability for approval and licensing of marijuana stores.

JE I understand that other than personal identifying information, this application and its accompanying documents are subject to Colorado Open Records Act.

JE I understand that no major changes to the license or the licensed premises may occur without a modification to the license, including a change of ownership structure.

JE I am granted full authority to act concerning this application filed for legal business/licensee on behalf of all controlling owners, including the submittal of this application under written authority, a copy of which has been provided.

JE I declare under penalty of perjury that all of the information contained in this application and all attachments are true, correct and complete to the best of my knowledge, information and belief.

JE I agree to indemnify and hold the Town harmless from any and all damages in connection with this application, including all damages in connection with this application, including paying for all Town Attorney fees and costs incurred as a result of any damage claim made against the Town.

Signature Jesse James Erickson

Date: 7/8/21

Printed Name Jesse James Erickson

2021 JUL 13 AM 9:21

Marijuana License Number (Leave Blank)
402R-00934

Colorado Marijuana Licensing Authority Regulated Marijuana Business License Application

License Types New Retail New Medical

- Retail Marijuana Store Retail Marijuana Products Manufacturer
- Retail Marijuana Cultivation Facility
- Retail Marijuana Testing Facility Retail/Medical Marijuana Combined Use - Combined with Lic. # _____
- Retail Marijuana Business Operator
- Retail Marijuana Transporter
- Retail Marijuana Transporter No Premises

- Medical Marijuana Store Medical Marijuana Transporter
- Medical Marijuana Products Manufacturer Medical Marijuana Transporter No Premises
- Medical Marijuana Testing Facility Marijuana Research & Development Facility
- Medical Marijuana Business Operator Medical Marijuana Cultivation Facility

Applicant's Legal Business Name (Please Print)
Valley High LLC

Registered Trade Name (DBA)
Valley High LLC

Federal Taxpayer ID 85-3907518	Colorado Sales Tax License # 94941709	Name of Registered Agent (with CO Secretary of State) United States Corporation Agents, Inc.
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Physical Address

Street Address of Marijuana Business 512 2nd Street				Business Phone Number (970) 527-1077	
City Paoonia	County Delta	State CO	ZIP 81428	Email Address valleyhighllc@gmail.com	

Mailing Address (if different from Physical Address)

Address P.O. Box 965		City Paoonia	State CO	ZIP 81428
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Main Business Contact Person Information

Primary Contact Person for Business
Micah Nichole Erickson

Primary Contact Email
valleyhighllc@gmail.com

Physical Address of Contact Person
[Redacted]

City
[Redacted]

Jurisdiction of Incorporation of Business Entity
Paoonia Colorado

Date
11/16/2020

If a Corporation, List all Jurisdictions Where the Corporation Is Authorized to Conduct Business
N/A

Ownership Structure - Controlling Beneficial Owners with 10% or greater ownership and/or Executive Officers, managers and any other individual that Controls the RMB.

Name: Micah Nichole Erickson SSN/FEIN: [REDACTED] License Number: MI24608 Suitability
 Address (Home): [REDACTED] Phone Number: [REDACTED]

Business: Valley High LLC Own. % Entity: 50% Own. % in Applicant: 50%

Name: Jesse James Erickson SSN/FEIN: [REDACTED] License Number: MI24618 Suitability
 Address (Home): [REDACTED] Phone Number: [REDACTED]

Business: Valley High LLC Own. % Entity: 50% Own. % in Applicant: 50%

Name: [REDACTED] SSN/FEIN: [REDACTED] License Number: [REDACTED]
 Address (Home): [REDACTED] City: [REDACTED] State/Prov: [REDACTED] ZIP: [REDACTED] Phone Number: [REDACTED]

Business Associated with (Parent business or sub-entity): [REDACTED] Own. % Entity: [REDACTED] Own. % in Applicant: [REDACTED]

Name: [REDACTED] SSN/FEIN: [REDACTED] License Number: [REDACTED]
 Address (Home): [REDACTED] City: [REDACTED] State/Prov: [REDACTED] ZIP: [REDACTED] Phone Number: [REDACTED]

Business Associated with (Parent business or sub-entity): [REDACTED] Own. % Entity: [REDACTED] Own. % in Applicant: [REDACTED]

Name: [REDACTED] SSN/FEIN: [REDACTED] License Number: [REDACTED]
 Address (Home): [REDACTED] City: [REDACTED] State/Prov: [REDACTED] ZIP: [REDACTED] Phone Number: [REDACTED]

Business Associated with (Parent business or sub-entity): [REDACTED] Own. % Entity: [REDACTED] Own. % in Applicant: [REDACTED]

Name: [REDACTED] SSN/FEIN: [REDACTED] License Number: [REDACTED]
 Address (Home): [REDACTED] City: [REDACTED] State/Prov: [REDACTED] ZIP: [REDACTED] Phone Number: [REDACTED]

Business Associated with (Parent business or sub-entity): [REDACTED] Own. % Entity: [REDACTED] Own. % in Applicant: [REDACTED]

Name: [REDACTED] SSN/FEIN: [REDACTED] License Number: [REDACTED]
 Address (Home): [REDACTED] City: [REDACTED] State/Prov: [REDACTED] ZIP: [REDACTED] Phone Number: [REDACTED]

Business Associated with (Parent business or sub-entity): [REDACTED] Own. % Entity: [REDACTED] Own. % in Applicant: [REDACTED]

Name: [REDACTED] SSN/FEIN: [REDACTED] License Number: [REDACTED]
 Address (Home): [REDACTED] City: [REDACTED] State/Prov: [REDACTED] ZIP: [REDACTED] Phone Number: [REDACTED]

Business Associated with (Parent business or sub-entity): [REDACTED] Own. % Entity: [REDACTED] Own. % in Applicant: [REDACTED]

Are there any outstanding options, warrants or contracts, that may be exercised into an Owner's Interest in the RMB within the next 60 days that would constitute a CBO?

*If YES, attach list of persons

Yes No

Are there any other Persons, other than those listed in the Ownership Structure, that can control the RMB?

*If YES, attach list of persons

Printed Legal Business Name: Valley High LLC Printed Trade Name (L...): Valley High LLC

Indirect Financial Interest Holder - List those with 2 or more interests (PBO, lease, Intellectual Property agreements, finance and/or equipment lease agreements, etc.) or loans that are 50% or more of the operating capital as defined in Rule 2-230(A)(3).

Name of Interest Holder	Date of Birth	FEIN/SSN	Address
List Types of Interests: <u>N/A</u>			
Name of Interest Holder	Date of Birth	FEIN/SSN	Address
List Types of Interests			
Name of Interest Holder	Date of Birth	FEIN/SSN	Address
List Types of Interests			
Name of Interest Holder	Date of Birth	FEIN/SSN	Address
List Types of Interests			

- | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------------|
| 1. Is the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation) under the age of twenty-one years? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 2. MEDICAL ONLY
Are the premises to be licensed within 1000 feet of a school (as defined in 10-103(67), alcohol or drug treatment facility, principal campus of a college, university, or seminary, or a residential childcare facility? If YES, then include a copy of a waiver or ordinance from the local jurisdiction where the business is located. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3. Do you have or will you have possession of a licensed premises? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. Are you a Person (Entity) applying for a license at a location that is currently licensed as a retail food establishment? If YES, provide details on a separate sheet and attach any applicable documents. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5. Is the applicant, the applicant's parent company or any other intermediary business entity delinquent in the payment of any judgments, taxes, interest or penalties due to the Department of Revenue, relating to a Medical or Retail Marijuana Business? If YES, provide details on a separate sheet and attach any documents to prove settlement or resolution of the delinquency. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6. Has a judgment, consent decree, settlement or other disposition related to a violation of federal, state or similar foreign or security law or regulation, ever been filed or entered against the applicant, the applicant's parent company or any other intermediary business entity? If YES, provide details on a separate sheet and attach any applicable documents. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 7. In the past year, has the applicant (including any parent companies), been indicted, served with a criminal summons, charged with or convicted of ANY crime or offense in any manner? Include ALL offenses regardless of class of crime or outcome, even if the charges were dismissed or you were found not guilty. If YES, provide details on a separate sheet and attach any applicable documents. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 8. Has the applicant filed all Finding of Suitability applications required by the Division? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Local Licensing Authority (To be completed by Applicant)

Local Licensing Authority: <u>Town of Poonia</u>	Local Licensing Authority contact name: <u>Corinne Ferguson</u>
Contact Phone: <u>(970) 527-4101</u>	Contact Email: <u>corinne@townofpoonia.com</u>
Does the local licensing authority permit this type of business in their jurisdiction?	
Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	

Affirmation & Consent

I/We, Micah & Jesse Erickson, as an owner(s) for the applicant business, state under penalty for offering a false instrument for recording pursuant to 18-5-114 C.R.S. that the entire Regulated Marijuana Business License Application statements, attachments, and supporting schedules are true and correct to the best of my/our knowledge and belief, and that this statement is executed with the knowledge that misrepresentation or failure to reveal information requested may be deemed sufficient cause for the refusal to issue a Marijuana license by the State Licensing Authority. Further, I/We am/are aware that later discovery of an omission or misrepresentation made in the above statements may be grounds for denial of the marijuana business application. I/We am/are voluntarily submitting this application to the Colorado Marijuana Licensing Authority, under oath, with full knowledge that I/We may be charged with perjury or other crimes for intentional omissions and misrepresentations pursuant to Colorado law or for offering a false instrument for recording pursuant to 18-5-114 C.R.S. I/We further consent to any background investigation necessary to determine my/our present and continuing suitability and that this consent continues as long as I/We hold a Colorado Marijuana License.

Note: If your check is rejected due to insufficient or uncollected funds, the Department of Revenue may collect the payment amount directly from your banking account(s) electronically.

Print Full Legal Name of Owner clearly below:

Applicant's Legal Business Name <u>Valley High LLC</u>		Trade Name (DBA) <u>Valley High LLC</u>	
Last Name of Owner (Please Print) <u>Erickson</u>	First Name of Owner <u>Micah</u>	Middle Name of Owner <u>Nichole</u>	
Signature <u>Micah Nichole Erickson</u>			Date <u>7/16/2021</u>
Last Name of Owner (Please Print) <u>Erickson</u>	First Name of Owner <u>Jesse</u>	Middle Name of Owner <u>James</u>	
Signature <u>Jesse Erickson</u>			Date <u>7/16/2021</u>
Last Name of Owner (Please Print)	First Name of Owner	Middle Name of Owner	
Signature			Date
Last Name of Owner (Please Print)	First Name of Owner	Middle Name of Owner	
Signature			Date

Confidential Document: This document is the property of the Colorado Marijuana State Licensing Authority and the Colorado Marijuana Enforcement Division, and is provided for Official Use Only. This document may not be further reproduced nor its contents disclosed without the written permission of the Division or State Licensing Authority.

Note: If there are more than four (4) owners, please use a second Affirmation & Consent page.

Tax Check Authorization and Request To Release Information

I, Micah Nichole Erickson am signing this waiver on behalf of Micah Nichole Erickson, Valley High (the "Applicant/Licensee") to permit the Colorado Department of Revenue and any other state or local taxing authority to release information and documents that would otherwise be confidential. If I am signing this waiver for someone other than myself, I certify that I have the authority to execute this waiver on behalf of the Applicant/Licensee.

The information and documentation obtained pursuant to this waiver will be used in connection with the Applicant/Licensee's application or licensure with the Colorado Marijuana Enforcement Division, which requires proof of compliance with certain tax obligations pursuant to several statutory provisions, including sections 44-10-202(1) and 44-10-307(1)(e), C.R.S. This waiver is made pursuant to section 39-21-113(4), C.R.S.; and any other similar law or ordinance concerning the confidentiality of tax returns and return information. This waiver shall be valid while the application is pending and, if the application is approved, (1) for one year from the date of licensure or; (2) if applying for an employee license under the medical marijuana code, for two years from the date of licensure. If the license is administratively continued pursuant to section 44-10-314, C.R.S., this waiver shall be valid until the state licensing authority takes final action to approve or deny the renewal of the license. Applicant/Licensee agrees to execute a new waiver for each subsequent licensing period in connection with the renewal of any license.

Applicant/Licensee requests that the Colorado Department of Revenue and any other state or local taxing authority release the following information and supporting documentation to the Colorado Marijuana Enforcement Division, which is acting as Applicant's/Licensee's duly authorized representative under section 39-21-113(4), C.R.S., solely to obtain the information specified below.

1. Whether the Applicant/Licensee has failed to file any state tax return with the Colorado Department of Revenue or any other state or local taxing authority by the required due date (determined with regard to any extension(s) of time for filing) for any tax year for which filing of a return might have been required.
2. Whether the Applicant/Licensee has failed to pay any tax, penalty, or interest liability within 30 days of the date on which the Colorado Department of Revenue or any other state or local taxing authority gave notice of the amount due and requested payment.
3. Whether the Applicant/Licensee has entered into a payment plan with the Colorado Department of Revenue or any other state or local taxing authority and whether Applicant/Licensee is current on any payments required by said payment plan.

Applicant/Licensee authorizes the Colorado Department of Revenue and any other state or local taxing authority to release any additional information or documentation necessary to answer the questions above. Applicant/Licensee authorizes the Colorado Marijuana Enforcement Division and its legal representatives to use the information and documentation obtained from the Colorado Department of Revenue and any other state or local taxing authority in any administrative action regarding the application or license. To assist the Colorado Department of Revenue and any other state or local taxing authority locate the tax records, Applicant/Licensee is voluntarily providing the following information (please type or print).

Applicant's Name (Individual/Business) <u>Micah Nichole Erickson/Valley High LLC</u>		Social Security Number/Tax Identification Number [REDACTED]		FEIN: <u>85-3907518</u>	
Street Address <u>Valley High</u> <u>512 and St</u>		City <u>Pacola</u>	State <u>CO</u>	ZIP Code <u>81428</u>	
Home Telephone Number [REDACTED]		Business/Work Telephone Number <u>(970) 527-1077</u>			
Legal Last Name (Please Print) <u>Erickson</u>		Legal First Name <u>Micah</u>		Full Middle Name <u>Nichole</u>	
Applicant's Signature <u>Micah Nichole Erickson</u>				Date <u>7/10/2021</u>	

Tax Check Authorization and Request To Release Information

Jesse J. Erickson am signing this waiver on behalf of Valley High LLC (the "Applicant/Licensee") to permit the Colorado Department of Revenue and any other state or local taxing authority to release information and documents that would otherwise be confidential. If I am signing this waiver for someone other than myself, I certify that I have the authority to execute this waiver on behalf of the Applicant/Licensee.

The information and documentation obtained pursuant to this waiver will be used in connection with the Applicant/Licensee's application or licensure with the Colorado Marijuana Enforcement Division, which requires proof of compliance with certain tax obligations pursuant to several statutory provisions, including sections 44-10-202(1) and 44-10-307(1)(e), C.R.S. This waiver is made pursuant to section 39-21-113(4), C.R.S.; and any other similar law or ordinance concerning the confidentiality of tax returns and return information. This waiver shall be valid while the application is pending and, if the application is approved, (1) for one year from the date of licensure or; (2) if applying for an employee license under the medical marijuana code, for two years from the date of licensure. If the license is administratively continued pursuant to section 44-10-314, C.R.S., this waiver shall be valid until the state licensing authority takes final action to approve or deny the renewal of the license. Applicant/Licensee agrees to execute a new waiver for each subsequent licensing period in connection with the renewal of any license.

Applicant/Licensee requests that the Colorado Department of Revenue and any other state or local taxing authority release the following information and supporting documentation to the Colorado Marijuana Enforcement Division, which is acting as Applicant's/Licensee's duly authorized representative under section 39-21-113(4), C.R.S., solely to obtain the information specified below.

1. Whether the Applicant/Licensee has failed to file any state tax return with the Colorado Department of Revenue or any other state or local taxing authority by the required due date (determined with regard to any extension(s) of time for filing) for any tax year for which filing of a return might have been required.
2. Whether the Applicant/Licensee has failed to pay any tax, penalty, or interest liability within 30 days of the date on which the Colorado Department of Revenue or any other state or local taxing authority gave notice of the amount due and requested payment.
3. Whether the Applicant/Licensee has entered into a payment plan with the Colorado Department of Revenue or any other state or local taxing authority and whether Applicant/Licensee is current on any payments required by said payment plan.

Applicant/Licensee authorizes the Colorado Department of Revenue and any other state or local taxing authority to release any additional information or documentation necessary to answer the questions above. Applicant/Licensee authorizes the Colorado Marijuana Enforcement Division and its legal representatives to use the information and documentation obtained from the Colorado Department of Revenue and any other state or local taxing authority in any administrative action regarding the application or license. To assist the Colorado Department of Revenue and any other state or local taxing authority locate the tax records, Applicant/Licensee is voluntarily providing the following information (please type or print).

Applicant's Name (Individual/Business) <u>Valley High LLC</u>		Social Security Number/Tax Identification Number	
<u>Jesse James Erickson</u>		[REDACTED]	
Street Address			
[REDACTED]			
Phone Number			
<u>(970) 527-1077</u>			
Applicant's Signature <u>Jesse James Erickson</u>		Legal First Name <u>Jesse</u>	Full Middle Name <u>James</u>
		REQUIRED	Date <u>7/16/2021</u>

Investigation Authorization/Authorization to Release Information

I, Micah Nichole Erickson, hereby authorize the Colorado Marijuana Licensing Authority, the Marijuana Enforcement Division, (hereafter, the Investigatory Agencies) to conduct a complete investigation into my personal background, using whatever legal means they deem appropriate. I hereby authorize any person or entity contacted by the Investigatory Agencies to provide any and all such information deemed necessary by the Investigatory Agencies. I hereby waive any rights of confidentiality in this regard. I understand that by signing this authorization, a financial record check may be performed. I authorize any financial institution to surrender to the Investigatory Agencies a complete and accurate record of such transactions that may have occurred with that institution, including, but not limited to, internal banking memoranda, past and present loan applications, financial statements and any other documents relating to my personal or business financial records in whatever form and wherever located. I authorize the release of this type of information, even though such information may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws. I understand that by signing this authorization, a criminal history check will be performed. I authorize the Investigatory Agencies to obtain and use from any source, any information concerning me contained in any type of criminal history record files, wherever located. I understand that the criminal history record files contain records of arrests which may have resulted in a disposition other than a finding of guilt (i.e., dismissed charges, or charges that resulted in a not guilty finding). I understand that the information may contain listings of charges that resulted in suspended imposition of sentence, even though I successfully completed the conditions of said sentence and was discharged pursuant to law. I authorize the release of this type of information, even though this record may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws.

The Investigatory Agencies reserve the right to investigate all relevant information and facts to their satisfaction. I understand that the Investigatory Agencies may conduct a complete and comprehensive investigation to determine the accuracy of all information gathered. However, the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado shall not be held liable for the receipt, use, or dissemination of inaccurate information. I, on behalf of the applicant, its legal representatives, and assigns, hereby release, waive, discharge, and agree to hold harmless, and otherwise waive liability as to the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado for any damages resulting from any use, disclosure, or publication in any manner, other than a willfully unlawful disclosure or publication, of any material or information acquired during inquiries, investigations, or hearings, and hereby authorize the lawful use, disclosure, or publication of this material or information. Any information contained within my application, contained within any financial or personnel record, or otherwise found, obtained, or maintained by the Investigatory Agencies, shall be accessible to law enforcement agents of this or any other state, the government of the United States, or any foreign country.

Print Full Legal Name of Owner clearly below:

Applicant's Legal Business Name <u>Valley High LLC</u>		Trade Name (DBA) <u>Valley High LLC</u>	
Last Name of Owner (Please Print) <u>Erickson</u>	First Name of Owner <u>Micah</u>	Middle Name of Owner <u>Nichole</u>	
Signature <u>Micah Nichole Erickson</u>			Date <u>7/16/2021</u>

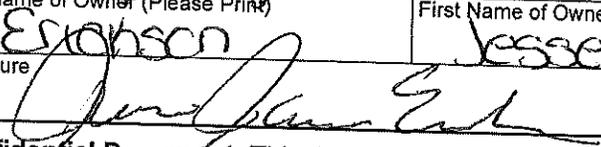
Confidential Document: This document is the property of the Colorado Marijuana State Licensing Authority and the Colorado Marijuana Enforcement Division, and is provided for Official Use Only. This document may not be further reproduced nor its contents disclosed without the written permission of the Division or State Licensing Authority.

Investigation Authorization/Authorization to Release Information

I, Jesse James Erickson, hereby authorize the Colorado Marijuana Licensing Authority, the Marijuana Enforcement Division, (hereafter, the Investigatory Agencies) to conduct a complete investigation into my personal background, using whatever legal means they deem appropriate. I hereby authorize any person or entity contacted by the Investigatory Agencies to provide any and all such information deemed necessary by the Investigatory Agencies. I hereby waive any rights of confidentiality in this regard. I understand that by signing this authorization, a financial record check may be performed. I authorize any financial institution to surrender to the Investigatory Agencies a complete and accurate record of such transactions that may have occurred with that institution, including, but not limited to, internal banking memoranda, past and present loan applications, financial statements and any other documents relating to my personal or business financial records in whatever form and wherever located. I authorize the release of this type of information, even though such information may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws. I understand that by signing this authorization, a criminal history check will be performed. I authorize the Investigatory Agencies to obtain and use from any source, any information concerning me contained in any type of criminal history record files, wherever located. I understand that the criminal history record files contain records of arrests which may have resulted in a disposition other than a finding of guilt (i.e., dismissed charges, or charges that resulted in a not guilty finding). I understand that the information may contain listings of charges that resulted in suspended imposition of sentence, even though I successfully completed the conditions of said sentence and was discharged pursuant to law. I authorize the release of this type of information, even though this record may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws.

The Investigatory Agencies reserve the right to investigate all relevant information and facts to their satisfaction. I understand that the Investigatory Agencies may conduct a complete and comprehensive investigation to determine the accuracy of all information gathered. However, the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado shall not be held liable for the receipt, use, or dissemination of inaccurate information. I, on behalf of the applicant, its legal representatives, and assigns, hereby release, waive, discharge, and agree to hold harmless, and otherwise waive liability as to the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado for any damages resulting from any use, disclosure, or publication in any manner, other than a willfully unlawful disclosure or publication, of any material or information acquired during inquiries, investigations, or hearings, and hereby authorize the lawful use, disclosure, or publication of this material or information. Any information contained within my application, contained within any financial or personnel record, or otherwise found, obtained, or maintained by the Investigatory Agencies, shall be accessible to law enforcement agents of this or any other state, the government of the United States, or any foreign country.

Print Full Legal Name of Owner clearly below:

Applicant's Legal Business Name <u>Valley High LLC</u>		Trade Name (DBA) <u>Valley High LLC</u>	
Last Name of Owner (Please Print) <u>Erickson</u>	First Name of Owner <u>Jesse</u>	Middle Name of Owner <u>James</u>	
Signature 			Date REQUIRED <u>7/16/2021</u>

Confidential Document: This document is the property of the Colorado Marijuana State Licensing Authority and the Colorado Marijuana Enforcement Division, and is provided for Official Use Only. This document may not be further reproduced nor its contents disclosed without the written permission of the Division or State Licensing Authority.

Applicant's Request to Release Information

TO: (Leave this Blank)

FROM: (Applicant's Printed Name) Micah Erickson
Valley High LLC

1. I/We hereby authorize and request all persons to whom this request is presented having information relating to or concerning the above named applicant to furnish such information to a duly appointed agent of the Marijuana Enforcement Division whether or not such information would otherwise be protected from the disclosure by any constitutional, statutory or common law privilege.
2. I/We hereby authorize and request all persons to whom this request is presented having documents relating to or concerning the above named applicant to permit a duly appointed agent of the Marijuana Enforcement Division to review and copy any such documents, whether or not such documents would otherwise be protected from disclosure by any constitutional, statutory, or common law privilege.
3. If the person to whom this request is presented is a brokerage firm, bank, savings and loan, or other financial institution or an officer of the same, I/we hereby authorize and request that a duly appointed agent of the Marijuana Enforcement Division be permitted to review and obtain copies of any and all documents, records or correspondence pertaining to me/us, including but not limited to past loan information, notes co-signed by me/us, checking account records, savings deposit records, safe deposit box records, passbook records, and general ledger folio sheets.
4. I/We do hereby make, constitute, and appoint any duly appointed agent of the Colorado Marijuana Enforcement Division, my/our true and lawful attorney in fact for me/us in my/our name, place, stead, and on my/our behalf and for my/our use and benefit:
 - (a) To request, review, copy sign for, or otherwise act for investigative purposes with respect to documents and information in the possession of the person to whom this request is presented as I/we might;
 - (b) To name the person or entity to whom this request is presented and insert that person's name in the appropriate location in this request:
 - (c) To place the name of the agent presenting this request in the appropriate location on this request.
5. I grant to said attorney in fact full power and authority to do, take, and perform all and every act and thing whatsoever requisite, proper, or necessary to be done, in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as I/we might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that said attorney in fact, or his substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted.
6. This power of attorney ends twenty-four (24) months from the date of execution.
7. The above named applicant has filed with the Colorado Marijuana Licensing Authority an application for a Marijuana license. Said applicant understands that it is seeking the granting of a privilege and acknowledges that the burden of proving its qualifications for a favorable determination is at all times on the applicant.
8. I/We do, for myself/ourselves, my/our heirs, executors, administrators, successors, and assigns, hereby release, remise, and forever discharge the person to whom this request is presented, and his agents and employees from all and all manner or actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever, known or unknown, in law or equity, which the applicant ever had, now has, may have, or claims to have against the person to whom this request is being presented or his agents or employees arising out of or by reason of complying with the request.
9. A reproduction of this request by photocopying or similar process shall be for all intents and purposes as valid as the original.

Applicant's Legal Business Name <u>Valley High LLC</u>		
Trade Name (DBA) <u>Valley High LLC</u>		
Applicant's Last Name (Please Print) <u>Erickson</u>	First Name <u>Micah</u>	Full Middle Name <u>Nichole</u>
Signature <u>Micah Nichole Erickson</u>		Date <u>7/16/2021</u>

Applicant's Request to Release Information

TO: (Leave this Blank)

FROM: (Applicant's Printed Name)

Jesse James Erickson

1. I/We hereby authorize and request all persons to whom this request is presented having information relating to or concerning the above named applicant to furnish such information to a duly appointed agent of the Marijuana Enforcement Division whether or not such information would otherwise be protected from the disclosure by any constitutional, statutory or common law privilege.
2. I/We hereby authorize and request all persons to whom this request is presented having documents relating to or concerning the above named applicant to permit a duly appointed agent of the Marijuana Enforcement Division to review and copy any such documents, whether or not such documents would otherwise be protected from disclosure by any constitutional, statutory, or common law privilege.
3. If the person to whom this request is presented is a brokerage firm, bank, savings and loan, or other financial institution or an officer of the same, I/we hereby authorize and request that a duly appointed agent of the Marijuana Enforcement Division be permitted to review and obtain copies of any and all documents, records or correspondence pertaining to me/us, including but not limited to past loan information, notes co-signed by me/us, checking account records, savings deposit records, safe deposit box records, passbook records, and general ledger folio sheets.
4. I/We do hereby make, constitute, and appoint any duly appointed agent of the Colorado Marijuana Enforcement Division, my/our true and lawful attorney in fact for me/us in my/our name, place, stead, and on my/our behalf and for my/our use and benefit:
 - (a) To request, review, copy sign for, or otherwise act for investigative purposes with respect to documents and information in the possession of the person to whom this request is presented as I/we might;
 - (b) To name the person or entity to whom this request is presented and insert that person's name in the appropriate location in this request:
 - (c) To place the name of the agent presenting this request in the appropriate location on this request.
5. I grant to said attorney in fact full power and authority to do, take, and perform all and every act and thing whatsoever requisite, proper, or necessary to be done, in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as I/we might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that said attorney in fact, or his substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted.
6. This power of attorney ends twenty-four (24) months from the date of execution.
7. The above named applicant has filed with the Colorado Marijuana Licensing Authority an application for a Marijuana license. Said applicant understands that it is seeking the granting of a privilege and acknowledges that the burden of proving its qualifications for a favorable determination is at all times on the applicant.
8. I/We do, for myself/ourselves, my/our heirs, executors, administrators, successors, and assigns, hereby release, remise, and forever discharge the person to whom this request is presented, and his agents and employees from all and all manner or actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever, known or unknown, in law or equity, which the applicant ever had, now has, may have, or claims to have against the person to whom this request is being presented or his agents or employees arising out of or by reason of complying with the request.
9. A reproduction of this request by photocopying or similar process shall be for all intents and purposes as valid as the original.

Applicant's Legal Business Name

Valley High LLC

Trade Name (DBA)

Valley High LLC

Applicant's Last Name (Please Print)

Erickson

First Name

Jesse

Full Middle Name

James

Signature

[Handwritten Signature]

Date

REQUIRED

7/16/2021

AFFIRMATION OF REASONABLE CARE – PRIVATE COMPANY

Pursuant to subsections 44-10-309(4) C.R.S. and Rule 2-230(D), Applicant or Licensee affirms that, prior to submission of this application, it exercised reasonable care to confirm its Passive Beneficial Owners, (including any Qualified Institutional Investors) and Indirect Financial Interest Holders, are not Persons prohibited from being issued or holding a license by section 44-10-307 C.R.S., or otherwise restricted from holding an interest under the Colorado Regulated Marijuana Business Code. An Applicant's or Licensee's failure to exercise reasonable care is a basis for denial, fine, suspension, revocation or other sanction by the State Licensing Authority.

I, Micah Nichole Erickson, as Controlling Beneficial Owner or Manager for

Print

Valley High LLC, state under penalty of perjury, pursuant to §18-8-503, that the foregoing is true and correct to the best of my knowledge, information and belief.

Signature

Micah Nichole Erickson

Date

7/10/2021

AFFIRMATION OF REASONABLE CARE – PUBLICLY TRADED CORPORATION

Pursuant to subsections 44-10-309(5) C.R.S. and Rule 2-230(D), Applicant or Licensee affirms that, prior to submission of this application, it exercised reasonable care to confirm its Non-objecting Passive Beneficial Owner, (including any Qualified Institutional Investors) and Indirect Financial Interest Holders, are not Persons prohibited from being issued or holding a license by section 44-10-307 C.R.S., or otherwise restricted from holding an interest under the Colorado Regulated Marijuana Business Code. An Applicant's or Licensee's failure to exercise reasonable care is a basis for denial, fine, suspension, revocation or other sanction by the State Licensing Authority.

I, NIA, as Controlling Beneficial Owner or Manager for

Print

_____, state under penalty of perjury, pursuant to §18-8-503, that the foregoing is true and correct to the best of my knowledge, information and belief.

Signature

Date

Addendum A - NEW Business Application

Publicly Traded Company (PTC)

Please provide:

Stock Trading Symbol	Name of Exchange(s) Traded On	NAICS/SIC Code
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Identify all regulatory agencies with oversight over the PTC's securities

Reporting agencies required reports submitted on:

N/A

Provide a list of any privileged or professional licenses, with license numbers, you have held within the last three (3) years prior to the submission of the finding of suitability request. List those that were issued by the Colorado Department of Revenue or the Department of Regulatory Agencies, including all marijuana licenses. (Separate sheet)

Date of Registration with the Department of Regulatory Agencies (DORA)	Number
------------------------------------------------------------------------	--------

Provide a description of the Publicly Traded Company's business and documents establishing the Publicly Traded Company (PTC) qualifies to hold a RMB license as referenced in 44-10-103 (50).

Description

Attach a divestiture plan of any CBO that is prohibited by Section 44-10-307 that has had his or her Owner's License revoked or has been found unsuitable.

Attach the most recent list of Non-Objecting Beneficial owners possessed by the PTC.

Identify the type of permitted transaction, i.e. Merger, Investment, or Public Offering and attach all supporting documentation.

Questions

Confirm that the PTC is current with all required filings pursuant to any applicable requirements by any securities regulatory authority including, but not limited to, the United States Securities and Exchange Commission or the Canadian Securities Administrators.

All Current Not Current (If not, explain on a separate sheet)

Confirm that all mandatory filings for CBO's as required by any securities regulatory authority, including, but not limited to the United States Securities and Exchange Commission or the Canadian Securities Administrators, have been filed and the MED has been provided concurrent notice with the filing. If No, explain on a separate sheet:

YES NO

N/A

Addendum B - NEW Business Application

N/A

Qualified Private Fund (QPF)

Please provide:

Identify all regulatory agencies with oversight over the QPF's securities

Reporting agencies required reports submitted on:

Provide a list of any privileged or professional licenses, with license numbers, you have held within the last three (3) years prior to the submission of the finding of suitability request. List those that were issued by the Colorado Department of Revenue or the Department of Regulatory Agencies, including all marijuana licenses. (Separate sheet)

Date of Registration with the Department of Regulatory Agencies (DORA)

Number

Provide a description of the QPF's business and documents establishing the QPF's qualifies to hold a RMB license.

Description

Questions

Confirm that the QPF is current with all required filings pursuant to any applicable requirements by any securities regulatory.

All Current Not Current (If not, explain on a separate sheet)

Confirm that ALL required findings of suitability, including all QPF managers, investment advisers, investment adviser representatives, any trustee or equivalent, and any other person that controls the investment in, or management or operations of, the RMB, have been obtained PRIOR TO the QPF becoming effective. If No, explain on a separate sheet:

YES NO

N/A

Addendum C - NEW Business Application
Qualified Institutional Investor (QII)

N/A

Please provide

Identity(ies) of all Regulators with oversight over the QII's securities

Reporting agencies required reports submitted on

Provide a list of any privileged or professional licenses, with license numbers, you have held within the last three (3) years prior to the submission of the finding of suitability request. List those that were issued by the Colorado Department of Revenue or the Department of Regulatory Agencies, including all marijuana licenses. (Separate sheet)

Date of Registration with the Department of Regulatory Agencies (DORA)	Number

Provide a description of the QII's business and documents establishing the QII's qualifies to hold a RMB license.

Questions

1. Confirm that the QII is current with all required filings pursuant to any applicable requirements by any securities regulatory.

Current
 Not Current

If Not Current, explain.

N/A

2. Confirm that ALL required findings of suitability including all QII managers, investment advisers, investment adviser representatives, any trustee or equivalent, and any other person that controls the investment in, or management or operations of, the RMB have been obtained PRIOR TO the QII becoming effective

Yes No

Addendum D

NIA

MARIJUANA RESEARCH AND DEVELOPMENT FACILITY ONLY
(Disregard if you are not applying for an R & D license)

<p>1. Is the Applicant currently either a Marijuana Research and Development Facility Licensee ("Licensed Research Business")? If yes, attach copies of the Conditional Medical Marijuana Business License issued by the State Licensing Authority, relevant local licensing authority issued license information, and any approved Research Projects.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>2. Does the License Research Business or Applicant, or parent or subsidiary of the thereof, possess a Medical Marijuana Testing Facility License issued by the State Licensing Authority? If yes, provide details in a separate document that address, at minimum, physical separation requirements of the Licensed Premises and marijuana inventory.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>3. Is there a separate Research Project proposal attached to this application that the Licensed Research Business or Applicant intends for the Division to review for its approval determination? a. If yes, proceed to question 4 below. b. If yes, the total application fee paid at the time of submission must include the fee amount for the Licensed Research Business application and Research Project proposal review c. If no, proceed to question 13 below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>4. Does the Research Project proposal contain a description of the proposed Research Project, including at a minimum, the specific authorized research activity for which the Research Project may be authorized, defined protocols, clearly articulated goals, defined methods and outputs, defined start and end date, and the proposed quantity of Medical Marijuana, Medical Marijuana Concentrate, and/or Medical Marijuana-Infused Product reasonably required to conduct the proposed Research Project?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>5. In the Research Project proposal, this application, and/or any supplemental document(s), has the Licensed Research Business or Applicant disclosed all Persons who have, are, or will provide any funding for the proposed Research Project, including at a minimum, any Person who has funded or intends to fund the Licensed Research Business and/or proposed Research Project who does not hold a license issued by the State Licensing Authority and is neither a CBO nor a PBO, as an IFIH?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>6. In the Research Project proposal and/or any supplemental document(s), is there disclosed any contract or agreement, or memorialization thereof, that has been entered by the Licensed Research Business or Applicant with another Marijuana Research Business or public education research institution to conduct the proposed Research Project? If yes, include copies of any such documents.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>7. Is the proposed Research Project to be conducted in whole or in part with a Public Institution or Public Money? a. If yes, does the Research Project proposal contain all information required by section 44-10-507, C.R.S., and the Rule 5-705 series, 1 CCR 212-3, and in order to permit review of the proposed Research Project by the Scientific Advisory Council? b. If yes, does the Research Project proposal and/or any supplemental documents include disclosure(s) of any contract or agreement, or memorialization thereof, entered by the Licensed Research Business or Applicant to conduct the proposed Research Project with Public Funds or a Public Institution? If yes, attach copies of each.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>8. Is the proposed Research Project to be conducted entirely with private funding? a. If yes, has the Licensed Research Business or Applicant nominated one or more independent reviewer(s) for the proposed Research Project? If yes, proceed to part (b). b. If yes, has the Licensed Research Business or Applicant provided in the Research Project proposal and/or other documents proof that each nominated independent reviewer is a qualified researcher in the field of study that's related to the proposed Research Project? If no, the Division will not determine whether the nominated independent reviewer is qualified or review the Research Project proposal. If yes, proceed to part (c). c. If yes, has the Licensed Research Business or Applicant disclosed all pre-existing financial, employment, business, or personal relationships between the Licensed Research Business or any of its Owner Licensees and each independent reviewer nominee?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

NIA

N/A

<p>9. Does the proposed Research Project involve and/or contemplate any Pesticide research activities? a. If yes, has the Licensed Research Business or Applicant applied for and received any necessary license, registration, certification, or permit from the Colorado Department of Agriculture? If yes, provide copies or other documentation.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
<p>10. Does the proposed Research Project involve and/or contemplate any human subject research activities? a. If yes, has the Licensed Research Business or Applicant received approval and ongoing oversight and review of all aspects of the proposed Research Project by an Institutional Review Board that is registered and in good standing with the Office for Human Research Projects, United States Department of Health and Human Services? If yes, provide copies and/or other documentation evidencing such approval and oversight.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
<p>11. Does the proposed Research Project involve and/or contemplate any animal subject research activities? a. If yes, has the Licensed Research Business or Applicant provided current registration with the United States Department of Agriculture? If yes, attach a copy.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
<p>12. Does the proposed Research Project involve marijuana testing research activities? a. If yes, has the Licensed Research Business or Applicant provided proof and/or documentation that the applicant is qualified to test Medical Marijuana, Medical Marijuana Concentrate, and/or Medical Marijuana-Infused Products pursuant to at least one of the criteria in Rule 5-720, 1 CCR 212-3? b. If yes, has the Licensee provided proof and/or documentation that the applicant is qualified to test Medical Marijuana, Medical Marijuana Concentrate, and/or Medical Marijuana-Infused Products pursuant to Rule 5-415, 1 CCR 212-3?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
<p>13. If applicant has not attached a separate Research Project proposal to this application, what is the approximate date that the applicant plans to submit to the Division the Research Project proposal? _____ (MM/DD/YYYY) a. If the separate Research Project proposal is the first to be submitted by a Licensed Research Business, then the submission of the Research Project proposal must occur within 12-months from the date the Division issued the Licensed Research Business License. b. Any Research Project proposal submitted after this application must be submitted pursuant to the procedures established by the Division. c. The fee cost for Division review is due at the time the Research Project proposal is submitted.</p>	
<p>14. Will this business be co-located? (May only be co-located with a commonly owned MIP, OPC, RMPM or RMC) * If YES, please fill out DR 8542 and include with this application</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

N/A

New Business Application Required Disclosures

Consolidated Financial Statements (Must provide Balance Sheet, Income Statement & Cash Flow Statement for the previous calendar year), including auditors reports and footnotes, if applicable. (See separate PTC requirements on PTC Addendum)

Audited (PTC only) Not Audited

Copy of the Local license application, if required for a Regulated Marijuana Business.

Organizational Chart, including the identity and ownership percentage of all CBO's.

Certificate of Good Standing from jurisdiction where Entity was formed. (Must be U.S. or country that authorizes the sale of marijuana).

Organizational documents including identity and physical address of the registered agent in Colorado.

Organizational Documents (Indicate which document is being provided)

Articles of Incorporation By-Laws Shareholder agreement Operating Agreement for LLC Partnership Agreement for partnership

Corporate Governance Documents

Required for Publicly Traded Companies Permitted, but not required for Privately held companies

Proof of Possession of Licensed Property (Indicate which document is being provided)

Deed Lease Sublease Rental Agreement Contract

Facility Diagrams – Provide a Legible and Accurate diagram for the facility. The diagram must include a plan for the Licensed Premises and a separate plan for the Security/Surveillance, including camera location, number and direction of coverage. If the diagram is larger than 8.5x11 inches, the Applicant must also provide a PDF copy of the diagram.

Licensed Premises Security and Surveillance

A copy of any contracts, agreements, royalty agreements, equipment leases, financing agreement, security contract or any other IFIH required to be disclosed by Rule 2-230(A)(3).

A copy of any management agreement(s).

Provide a list of any sanctions, penalties, assessments or cease and desist orders. *NIA*

Addendums:

PTC QPF QII *NIA*

Glossary of Terms:

RMB - Regulated Marijuana Business
PBO - Passive Beneficial Owner
QII - Qualified Institutional Investor
PTC - Publicly Traded Company

CBO - Controlling Beneficial Owner
IFIH - Indirect Financial Interest Holder
QPF - Qualified Private Fund

Affirmation of complete application

Signature	<i>Micah Michele Erickson</i>	Printed Name	Micah Michele Erickson	Date	<i>7/16/2021</i>
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Colorado Marijuana Enforcement Division**Natural Person – Finding of Suitability Application Instructions****APPLICATION CHECKLIST** **1 Application Type**

Owner: Any Natural Person who holds 10% interest or more of the Owner's interest of a RMB; Executive Officer, Manager or any other Person or affiliate that is otherwise in a position to execute Control of the RMB.

 2 Application Fully Completed

Type or clearly print, in English, an answer to every question. If a question does not apply, indicate with an N/A. If the available space is insufficient, continue on a separate sheet and precede each answer with the appropriate title. Sign and date the application. **Attach a copy of your state issued or Government ID (i.e. passport) or driver's license.**

Notice: You are required by state law to provide your social security number. If you do not have a social security number, you must complete a sworn statement stating you do not have a social security number.

 3 Application Contents

- Disclosure Requirements
- Main Application
- Authorization Forms
- Fingerprint Verification Form
- IdentoGo Instructions

The disclosure requirements and the main application must be completed in full by all applicants.

 4 All Forms Signed and Attached

The following accompanying forms must be completed, signed and returned with the application:

- Affidavit- Restrictions on Public Benefits
- Affirmation and Consent
- Tax Check Authorization and Request to Release Information
- Investigation Authorization / Authorization to Release Information
- Applicant's Request to Release Information

 5 Required Disclosures

- See Suitability Required Disclosures (page 1 of application)**
- Upon request by the Division, an applicant must provide additional information or documents required to process and investigate the application within seven (7) days of the request. Please note: This deadline may be extended for a period of time commensurate with the scope of the request.

 6 Application and License Fees

All applications and documentation submitted must be single-sided and on 8.5x11 inch paper.

See fee table on website: www.colorado.gov/revenue/med

Application fees remitted to the State Licensing Authority and/or the Department of Revenue are non-refundable.

- Submit complete hard copy application packet.
- Cash, checks (in the name of the applicant or applicants attorney's trust account), money orders and major credit cards (subject to service charge).
- Mail-in applications can only be paid by check or money order

 7 Application Submittal

Applications can be submitted in person or by mail with all attachments and requisite fees to:

Marijuana Enforcement Division
1707 Cole Blvd., Suite 300
Lakewood, CO 80401
ATTN: Business Licensing

NOTE: Incomplete applications will not be processed. Applicants must collect the incomplete application and fees (including those mailed in or delivered via courier), from the Lakewood Office prior to the end of the next business day.

Suitability Required Disclosures

What type of application will this suitability be associated with?

- New Business (All required Findings of Suitability must first be obtained prior to any new business application submission).
- Change of Ownership with license # _____ N/A
(Applications for Finding of Suitability associated with Change of Ownership applications must be submitted at the same time).
- Change of Ownership Exemption with license # _____ N/A

Provide 180 days of account statements used to acquire ownership or proof of ownership, for 180 days, of other assets being used to secure ownership interest.

Provide a copy of a State issued or Government ID (state issued Driver's License, state issued ID or Government issued passport)

Fingerprint information (see instructions provided in the application)

Glossary of Terms:

RMB - Regulated Marijuana Business

CBO - Controlling Beneficial Owner

PBO - Passive Beneficial Owner

IFIH - Indirect Financial Interest Holder

QII - Qualified Institutional Investor

QPF - Qualified Private Fund

PTC - Publicly Traded Company

Pursuant to 44-10-305(4) prior to submitting an application for a license, registration or permit, the applicant needs to be aware that having a medical marijuana or retail marijuana license and working in the medical marijuana or retail marijuana industry may have adverse federal immigration consequences.

Affirmation of complete application

Signature <i>Micah Nichole Erickson</i>	Printed Name Micah Nichole Erickson	Date 3/9/2021
--------------------------------------------	----------------------------------------	------------------

Marijuana License Number (Leave Blank)

Natural Person Finding of Suitability Application Form

Applicant's Last Name (Please Print) Erickson		First Name (Please Print) Micah		Full Middle Name Nichole	
Maiden/Married Names Used (Full Name) (Attach separate sheet if necessary) Mecum (maiden name)- not used			Nicknames, Aliases, Etc. Used (Full Name) (Attach separate sheet if necessary)		
Gender <input type="checkbox"/> M <input checked="" type="checkbox"/> F <input type="checkbox"/> X		Race <input type="checkbox"/> Asian <input type="checkbox"/> Mixed Race <input type="checkbox"/> Black <input type="checkbox"/> Native American <input checked="" type="checkbox"/> Caucasian <input type="checkbox"/> Native Hawaiian/Pacific Islander <input type="checkbox"/> Hispanic/Latino <input type="checkbox"/> Undisclosed/Unknown			
Date of Birth		Social Security Number		Government Issued ID & Jurisdiction	
Place of Birth: City Liberal		State/Prov KS	Country United States		
Physical Appearance →	Height 5' 0	Weight 125	Hair Color Blonde	Eye Color Blue	
U.S. Citizen <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	*If "No", List Country of Citizenship				
Physical Address					
Address (include unit or apartment number)		City		County	State/Prov
ZIP					
Length of time at this Address:		Home Phone Number	Cell Phone Number	Email Address	
Year(s) 7	Month(s) 5			valleyhighllc@gmail.com	
Mailing Address (if different from Physical Address)					
Address (include unit or apartment number)			City		State/Prov
ZIP					
Why are you applying for this application? (Check one of the following):					
<input checked="" type="checkbox"/> CBO	<input type="checkbox"/> PBO	<input type="checkbox"/> Executive Officer	<input type="checkbox"/> Manager	<input type="checkbox"/> Reasonable Cause	
Position Held Controlling Beneficial Owner					
Name of Marijuana Business Associated with Valley High LLC			Marijuana Business Phone Number (970) 361-6875	Marijuana Business Contact Name Micah Erickson	
Marijuana Business Address 512 2nd St			City Paonia	State CO	ZIP 81428
Applicant's Signature Micah Nichole Erickson				Date 3/9/2021	

Applicant's Last Name (Please Print) Erickson	First Name (Please Print) Micah	Full Middle Name Nichole
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NOTICE: The Finding of Suitability Application Form is an official document. If you provide false information on your marijuana license application and/or do not disclose all information the application asks, your license is subject to denial, and you may be subject to criminal prosecution. The Marijuana Enforcement Division will conduct a complete background investigation and will check all sources of information.

1. Have you been convicted of a felony in the 3 years immediately preceding this application? (Unless charge was prior to age 18 and was adjudicated as a juvenile)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
2. Are you currently subject to a sentence for a felony conviction, including probation or parole? (Unless charge was prior to age 18 and was adjudicated as a juvenile)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3. Are you currently subject to a deferred judgment? (Unless charge was prior to age 18 and was adjudicated as a juvenile)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4. Have you failed to remedy an outstanding delinquency for any judgments, taxes, interest or penalties due to the Department of Revenue, relating to a Regulated Marijuana Business?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
5. Are you a licensed Physician making marijuana patient recommendations? (Medical Only)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6. Have you had your authority to act as a primary caregiver revoked by the State Health Agency? (Medical Only)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
7. Are you under 21 years of age at the time of this application?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
8. Are you a sheriff, deputy sheriff, police officer, or prosecuting officer, or an officer or employee with the marijuana state licensing authority or a local licensing authority?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Are you a Person that is a "Bad Actor" under rule 506(d) promulgated pursuant to the Federal "Securities Act of 1933", as amended and subject to 17CFR230.506(d)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
10. Are you a person that is prohibited from engaging in transactions pursuant to this Article 10, due to its designation on the "Specially Designated Nationals and Block Person" list maintained by the Federal Office of Foreign Assets Control?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

I have thoroughly read and understand the questions above, and understand that I **cannot** hold a Colorado Marijuana license if I answered "Yes" to any of the questions above.

Applicant's Signature <i>Micah Nichole Erickson</i>	Date 3/9/2021
--------------------------------------------------------	------------------

Applicant's Last Name (Please Print) Erickson	First Name (Please Print) Micah	Full Middle Name Nichole
Licensing		
<p>1. Provide a list of any privileged or professional licenses, with license numbers, you have held within the last three (3) years prior to the submission of the Finding of Suitability Application. List those that were issued by the Colorado Department of Revenue or the Department of Regulatory Agencies, including all marijuana licenses.</p> <p>N/A</p>		<input checked="" type="checkbox"/> None
<p>2. Have you or any business entity owned by you, ever owned or applied for a Marijuana license in this or any other jurisdiction, foreign or domestic? If so, have you ever been subject to any of the following actions: (1) denial; (2) surrender; (3) order to show cause; (4) suspension; (5) revocation; (6) stipulation or settlement. If YES, provide details on a separate sheet, including jurisdiction, type of action, and date of action.</p>		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>3. Do you now own, have ever owned, or otherwise derive(d) a benefit from assets held outside the United States (other than Canada)?</p>		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>4. Has a complaint, judgment, consent decree, settlement or other disposition related to a violation of federal, state or similar foreign security law or regulation ever been filed or entered against you or a business entity? If YES, explain on a separate sheet of paper.</p>		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>5. Have you or are you involved in a civil lawsuit in regards to a marijuana business? If YES, provide details on a separate piece of paper.</p>		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>6. List any sanctions, penalties, assessments, or cease and desist orders imposed by any securities regulatory agency, other than the United States Securities and Exchange Commission. (Provide on a separate sheet.)</p>		

Applicant's Last Name (Please Print) Erickson	First Name Micah	Full Middle Name Nichole
Financial History		
If known, please submit all executed agreements or documents that grant you any right to any percent of ownership or percent of income from the Colorado Marijuana business with which you are associated.		
1. Amount to otherwise be invested or loaned in business:		\$ 60,000.00
2. Percentage of ownership this amount represents:		50 %
3. Investment will be derived from the following sources: Vanguard- Jesse J. Erickson (Paper attached)		
4. Has your interest in this Marijuana establishment been assigned, pledged or hypothecated to any person, firm, or corporation, or has any agreement been entered into whereby your interest is to be assigned, pledged or sold, either in part or whole?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If YES, explain:		

Income		
Annual Income		
Salary (Source):	Micah's Meticulous Detailing	\$ 4,4030.00
Salary (Source):	Daily House Rentals	\$ 12,865.84
Interest (Source):		\$
Interest (Source):		\$
Dividends (Source):		\$
Dividends (Source):		\$
Other (Source):	Aflac	\$ 3,098.10
Other (Source):		\$
Total		\$ 20,394.94

Applicant's Initials ME



Affidavit - Restrictions On Public Benefits

I, Micah Nichole Erickson, swear or affirm under penalty of perjury under the laws of the State of Colorado that **(check one)**:

- I am a United States citizen.
- I am not a United States citizen but I am a Permanent Resident of the United States.
- I am not a United States citizen but I am lawfully present in the United States pursuant to Federal law.
- I am a foreign national not physically present in the United States.

I understand that this sworn statement is required by law because I have applied for a public benefit. I understand that state law requires me to provide proof that I am lawfully present in the United States prior to receipt of this public benefit. I further acknowledge that making a false, fictitious, or fraudulent statement or representation in this sworn affidavit is punishable under the criminal laws of Colorado as perjury in the second degree under Colorado Revised Statute 18-8-503 and it shall constitute a separate criminal offense each time a public benefit is fraudulently received.

Signature

Micah Nichole Erickson

Date (MM/DD/YY)

3/9/2021

Affirmation & Consent

I, Micah Nichole Erickson , state under penalty for offering a false instrument for recording pursuant to 18-5-114 C.R.S. that the entire Natural Person Finding of Suitability Application Form, statements, attachments, and supporting schedules are true and correct to the best of my knowledge and belief, and that this statement is executed with the knowledge that misrepresentation or failure to reveal information requested may be deemed sufficient cause for the refusal to issue a Marijuana license by the State Licensing Authority. Further, I am aware that later discovery of an omission or misrepresentation made in the above statements may be grounds for the denial of the Marijuana application. I am voluntarily submitting this application to the Colorado Marijuana Licensing Authority under oath with full knowledge that I may be charged with perjury or other crimes for intentional omissions and misrepresentations pursuant to Colorado law or for offering a false instrument for recording pursuant to 18-5-114 C.R.S. I further consent to any background investigation necessary to determine my present and continuing suitability and that this consent continues as long as I hold a Colorado Marijuana license.

Note: If your check is rejected due to insufficient or uncollected funds, the Department of Revenue may collect the payment amount directly from your banking account electronically.

Print Full Legal Name of Applicant clearly below:

Last Name of Applicant (Please Print) <p style="text-align: center;">Erickson</p>	First Name of Applicant <p style="text-align: center;">Micah</p>	Middle Name of Applicant <p style="text-align: center;">Nichole</p>
Signature <p style="text-align: center;"><i>Micah Nichole Erickson</i></p>		Date <p style="text-align: center;">3/9/2021</p>

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Tax Check Authorization and Request To Release Information

I Micah Nichole Erickson am signing this waiver on behalf of Micah Nichole Erickson (the "Applicant/Licensee") to permit the Colorado Department of Revenue and any other state or local taxing authority to release information and documents that would otherwise be confidential. If I am signing this waiver for someone other than myself, I certify that I have the authority to execute this waiver on behalf of the Applicant/Licensee.

The information and documentation obtained pursuant to this waiver will be used in connection with the Applicant/Licensee's application or licensure with the Colorado Marijuana Enforcement Division, which requires proof of compliance with certain tax obligations pursuant to several statutory provisions, including sections 44-10-202(1) and 44-10-307(1)(e), C.R.S. This waiver is made pursuant to section 39-21-113(4), C.R.S.; and any other similar law or ordinance concerning the confidentiality of tax returns and return information. This waiver shall be valid while the application is pending and, if the application is approved, (1) for one year from the date of licensure or; (2) if applying for an employee license under the medical marijuana code, for two years from the date of licensure. If the license is administratively continued pursuant to section 44-10-314, C.R.S., this waiver shall be valid until the state licensing authority takes final action to approve or deny the renewal of the license. Applicant/Licensee agrees to execute a new waiver for each subsequent licensing period in connection with the renewal of any license.

Applicant/Licensee requests that the Colorado Department of Revenue and any other state or local taxing authority release the following information and supporting documentation to the Colorado Marijuana Enforcement Division, which is acting as Applicant's/Licensee's duly authorized representative under section 39-21-113(4), C.R.S., solely to obtain the information specified below.

1. Whether the Applicant/Licensee has failed to file any state tax return with the Colorado Department of Revenue or any other state or local taxing authority by the required due date (determined with regard to any extension(s) of time for filing) for any tax year for which filing of a return might have been required.
2. Whether the Applicant/Licensee has failed to pay any tax, penalty, or interest liability within 30 days of the date on which the Colorado Department of Revenue or any other state or local taxing authority gave notice of the amount due and requested payment.
3. Whether the Applicant/Licensee has entered into a payment plan with the Colorado Department of Revenue or any other state or local taxing authority and whether Applicant/Licensee is current on any payments required by said payment plan.

Applicant/Licensee authorizes the Colorado Department of Revenue and any other state or local taxing authority to release any additional information or documentation necessary to answer the questions above. Applicant/Licensee authorizes the Colorado Marijuana Enforcement Division and its legal representatives to use the information and documentation obtained from the Colorado Department of Revenue and any other state or local taxing authority in any administrative action regarding the application or license. To assist the Colorado Department of Revenue and any other state or local taxing authority locate the tax records, Applicant/Licensee is voluntarily providing the following information (please type or print).

Applicant's Name (Individual/Business) Micah Nichole Erickson		Social Security Number/Tax Identification Number [REDACTED]	
Street Address [REDACTED]		City [REDACTED]	State [REDACTED]
Home Telephone Number [REDACTED]		Business/Work Telephone Number (970) 361-6875	
Legal Last Name (Please Print) Erickson	Legal First Name Micah	Full Middle Name Nichole	
Applicant's Signature <i>Micah Nichole Erickson</i>		Date 3/9/2021	

Tax Check Authorization and Request To Release Information

I _____ am signing this waiver on behalf of _____ (the "Applicant/Licensee") to permit the Colorado Department of Revenue and any other state or local taxing authority to release information and documents that would otherwise be confidential. If I am signing this waiver for someone other than myself, I certify that I have the authority to execute this waiver on behalf of the Applicant/Licensee.

The information and documentation obtained pursuant to this waiver will be used in connection with the Applicant/Licensee's application or licensure with the Colorado Marijuana Enforcement Division, which requires proof of compliance with certain tax obligations pursuant to several statutory provisions, including sections 44-10-202(1) and 44-10-307(1)(e), C.R.S. This waiver is made pursuant to section 39-21-113(4), C.R.S.; and any other similar law or ordinance concerning the confidentiality of tax returns and return information. This waiver shall be valid while the application is pending and, if the application is approved, (1) for one year from the date of licensure or; (2) if applying for an employee license under the medical marijuana code, for two years from the date of licensure. If the license is administratively continued pursuant to section 44-10-314, C.R.S., this waiver shall be valid until the state licensing authority takes final action to approve or deny the renewal of the license. Applicant/Licensee agrees to execute a new waiver for each subsequent licensing period in connection with the renewal of any license.

Applicant/Licensee requests that the Colorado Department of Revenue and any other state or local taxing authority release the following information and supporting documentation to the Colorado Marijuana Enforcement Division, which is acting as Applicant's/Licensee's duly authorized representative under section 39-21-113(4), C.R.S., solely to obtain the information specified below.

1. Whether the Applicant/Licensee has failed to file any state tax return with the Colorado Department of Revenue or any other state or local taxing authority by the required due date (determined with regard to any extension(s) of time for filing) for any tax year for which filing of a return might have been required.
2. Whether the Applicant/Licensee has failed to pay any tax, penalty, or interest liability within 30 days of the date on which the Colorado Department of Revenue or any other state or local taxing authority gave notice of the amount due and requested payment.
3. Whether the Applicant/Licensee has entered into a payment plan with the Colorado Department of Revenue or any other state or local taxing authority and whether Applicant/Licensee is current on any payments required by said payment plan.

Applicant/Licensee authorizes the Colorado Department of Revenue and any other state or local taxing authority to release any additional information or documentation necessary to answer the questions above. Applicant/Licensee authorizes the Colorado Marijuana Enforcement Division and its legal representatives to use the information and documentation obtained from the Colorado Department of Revenue and any other state or local taxing authority in any administrative action regarding the application or license. To assist the Colorado Department of Revenue and any other state or local taxing authority locate the tax records, Applicant/Licensee is voluntarily providing the following information (please type or print).

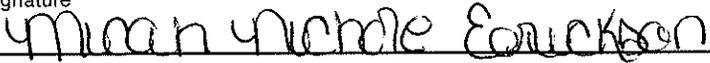
Applicant's Name (Individual/Business) <p style="text-align: center;">Valley High LLC</p>		Social Security Number/Tax Identification Number <p style="text-align: center;">Tax ID # 20201978745</p>	
Street Address <p style="text-align: center;">512 2nd St</p>		City <p style="text-align: center;">Paonia</p>	State <p style="text-align: center;">CO</p>
		Zip Code <p style="text-align: center;">81428</p>	
Home Telephone Number <p style="text-align: center;">[REDACTED]</p>		Business/Work Telephone Number <p style="text-align: center;">(970) 361-6875</p>	
Legal Last Name (Please Print) <p style="text-align: center;">Erickson</p>	Legal First Name <p style="text-align: center;">Micah</p>	Full Middle Name <p style="text-align: center;">Nichole</p>	
Applicant's Signature <p style="text-align: center;"><i>Micah Nichole Erickson</i></p>		Date <p style="text-align: center;">3/9/2021</p>	

Investigation Authorization/Authorization to Release Information

I, Micah Nichole Erickson, hereby authorize the Colorado Marijuana Licensing Authority, the Marijuana Enforcement Division, (hereafter, the Investigatory Agencies) to conduct a complete investigation into my personal background, using whatever legal means they deem appropriate. I hereby authorize any person or entity contacted by the Investigatory Agencies to provide any and all such information deemed necessary by the Investigatory Agencies. I hereby waive any rights of confidentiality in this regard. I understand that by signing this authorization, a financial record check may be performed. I authorize any financial institution to surrender to the Investigatory Agencies a complete and accurate record of such transactions that may have occurred with that institution, including, but not limited to, internal banking memoranda, past and present loan applications, financial statements and any other documents relating to my personal or business financial records in whatever form and wherever located. I authorize the release of this type of information, even though such information may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws. I understand that by signing this authorization, a criminal history check will be performed. I authorize the Investigatory Agencies to obtain and use from any source, any information concerning me contained in any type of criminal history record files, wherever located. I understand that the criminal history record files contain records of arrests which may have resulted in a disposition other than a finding of guilt (i.e., dismissed charges, or charges that resulted in a not guilty finding). I understand that the information may contain listings of charges that resulted in suspended imposition of sentence, even though I successfully completed the conditions of said sentence and was discharged pursuant to law. I authorize the release of this type of information, even though this record may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws.

The Investigatory Agencies reserve the right to investigate all relevant information and facts to their satisfaction. I understand that the Investigatory Agencies may conduct a complete and comprehensive investigation to determine the accuracy of all information gathered. However, the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado shall not be held liable for the receipt, use, or dissemination of inaccurate information. I, on behalf of the applicant, its legal representatives, and assigns, hereby release, waive, discharge, and agree to hold harmless, and otherwise waive liability as to the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado for any damages resulting from any use, disclosure, or publication in any manner, other than a willfully unlawful disclosure or publication, of any material or information acquired during inquiries, investigations, or hearings, and hereby authorize the lawful use, disclosure, or publication of this material or information. Any information contained within my application, contained within any financial or personnel record, or otherwise found, obtained, or maintained by the Investigatory Agencies, shall be accessible to law enforcement agents of this or any other state, the government of the United States, or any foreign country.

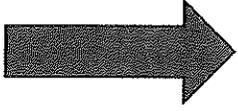
Print Full Legal Name of Owner clearly below:

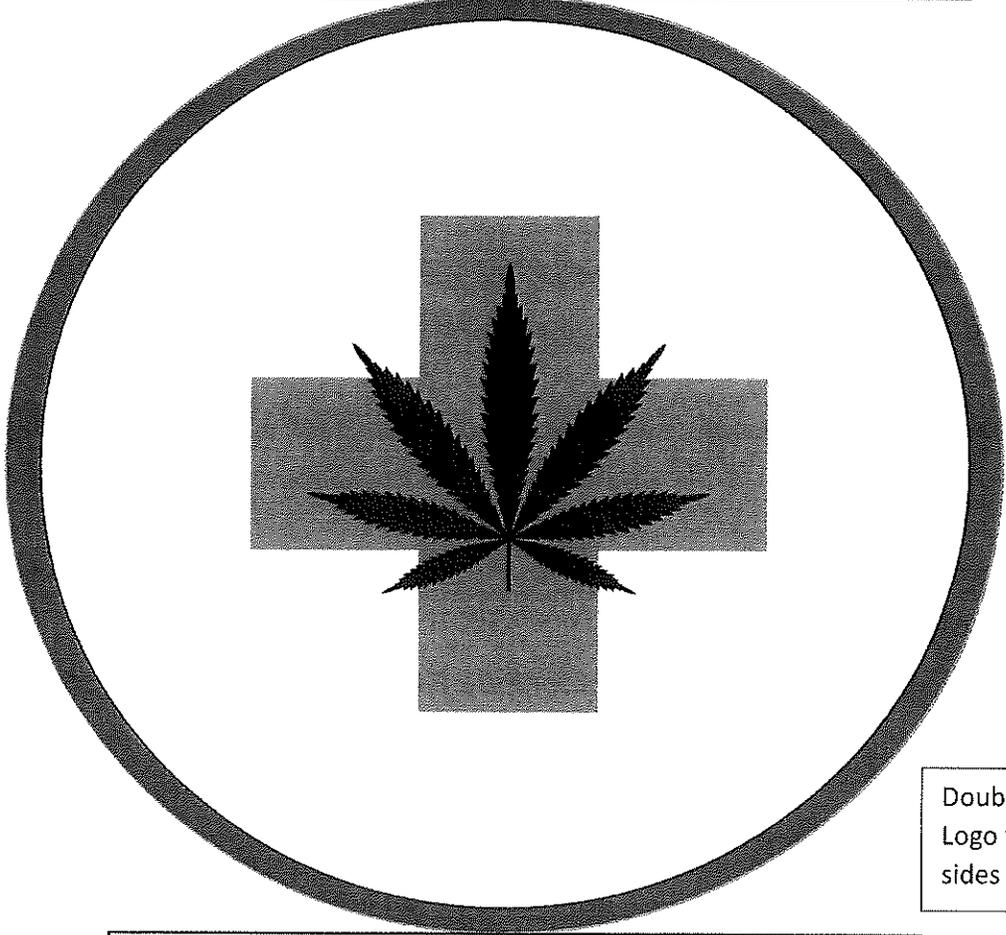
Applicant's Legal Business Name <p style="text-align: center;">Valley High LLC</p>		Trade Name (DBA) <p style="text-align: center;">Valley High LLC</p>	
Last Name of Owner (Please Print) <p style="text-align: center;">Erickson</p>	First Name of Owner <p style="text-align: center;">Micah</p>	Middle Name of Owner <p style="text-align: center;">Nichole</p>	
Signature 			Date <p style="text-align: center;">3/9/2021</p>

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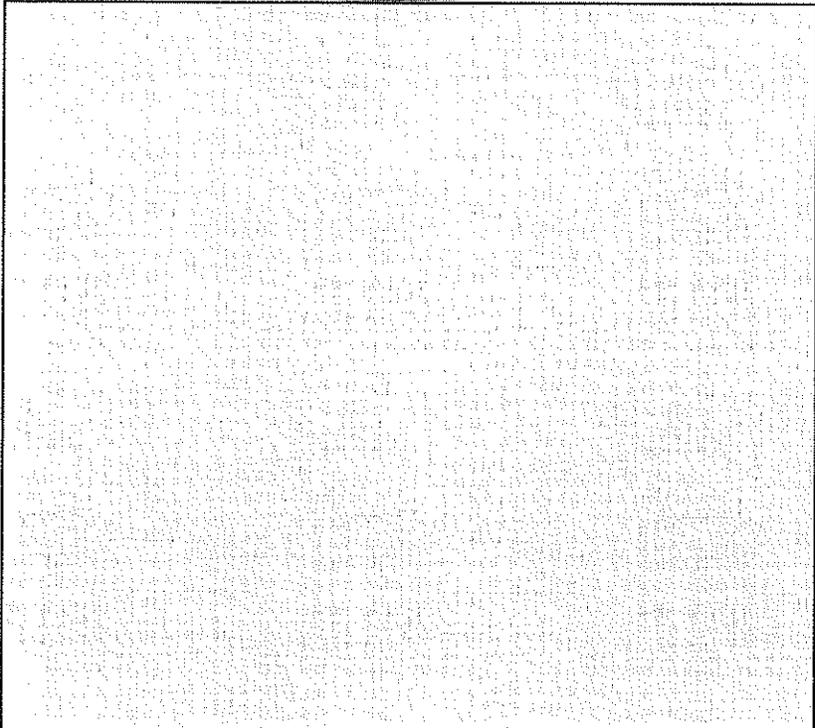
Applicant's Request to Release Information

TO: (Leave this Blank)	FROM: (Applicant's Printed Name) Micah Nichole Erickson	
<ol style="list-style-type: none"> 1. I/We hereby authorize and request all persons to whom this request is presented having information relating to or concerning the above named applicant to furnish such information to a duly appointed agent of the Marijuana Enforcement Division whether or not such information would otherwise be protected from the disclosure by any constitutional, statutory or common law privilege. 2. I/We hereby authorize and request all persons to whom this request is presented having documents relating to or concerning the above named applicant to permit a duly appointed agent of the Marijuana Enforcement Division to review and copy any such documents, whether or not such documents would otherwise be protected from disclosure by any constitutional, statutory, or common law privilege. 3. If the person to whom this request is presented is a brokerage firm, bank, savings and loan, or other financial institution or an officer of the same, I/we hereby authorize and request that a duly appointed agent of the Marijuana Enforcement Division be permitted to review and obtain copies of any and all documents, records or correspondence pertaining to me/us, including but not limited to past loan information, notes co-signed by me/us, checking account records, savings deposit records, safe deposit box records, passbook records, and general ledger folio sheets. 4. I/We do hereby make, constitute, and appoint any duly appointed agent of the Colorado Marijuana Enforcement Division, my/our true and lawful attorney in fact for me/us in my/our name, place, stead, and on my/our behalf and for my/our use and benefit: <ol style="list-style-type: none"> (a) To request, review, copy sign for, or otherwise act for investigative purposes with respect to documents and information in the possession of the person to whom this request is presented as I/we might; (b) To name the person or entity to whom this request is presented and insert that person's name in the appropriate location in this request; (c) To place the name of the agent presenting this request in the appropriate location on this request. 5. I grant to said attorney in fact full power and authority to do, take, and perform all and every act and thing whatsoever requisite, proper, or necessary to be done, in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as I/we might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that said attorney in fact, or his substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. 6. This power of attorney ends twenty-four (24) months from the date of execution. 7. The above named applicant has filed with the Colorado Marijuana Licensing Authority an application for a Marijuana license. Said applicant understands that it is seeking the granting of a privilege and acknowledges that the burden of proving its qualifications for a favorable determination is at all times on the applicant. 8. I/We do, for myself/ourselves, my/our heirs, executors, administrators, successors, and assigns, hereby release, remise, and forever discharge the person to whom this request is presented, and his agents and employees from all and all manner or actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever, known or unknown, in law or equity, which the applicant ever had, now has, may have, or claims to have against the person to whom this request is being presented or his agents or employees arising out of or by reason of complying with the request. 9. A reproduction of this request by photocopying or similar process shall be for all intents and purposes as valid as the original. 		
Applicant's Last Name (Please Print) Erickson	First Name Micah	Full Middle Name Nichole
Signature <i>Micah Nichole Erickson</i>		Date 3/9/2021

Dispensary 



Double sided sign,
Logo will be on both
sides





Valley High Dispensary

Valley High Logo Description



Valley High LLC DBA: Valley High LLC

Basic Business Plan

1. Lease property for store 512 2nd Street Paonia Co, 81428 – Tammy Murray
2. Obtain State Suitability license to own and operate a retail cannabis store.
3. Obtain licenses to sell cannabis and related topics. State and City levels.
4. Study and comply with all MED compliance laws and town ordinance rules.
5. Build out store from which to sell product. Meet all state and local requirements.
6. Create List of suppliers from which to procure products for sale.
7. Hire staff to sell products. Use fair practices and pay a fair wage.
8. Develop, manage and maintain systems to operate by the rules and successfully.
9. Maximize profits by marketing and building a customer base with our brand.
10. All employees sign a non-disclosure agreement.

COMMERCIAL LEASE AGREEMENT

THIS LEASE (this "Lease") dated this 6th day of July, 2021

BETWEEN:

Tammy Murray of [REDACTED]
Telephone [REDACTED] Fax: _____
(the "Landlord")

OF THE FIRST PART

- AND -

Micah Erickson of [REDACTED]
Telephone [REDACTED]
(the "Tenant")

OF THE SECOND PART

IN CONSIDERATION OF the Landlord leasing certain premises to the Tenant, the Tenant leasing those premises from the Landlord and the mutual benefits and obligations set forth in this Lease, the receipt and sufficiency of which consideration is hereby acknowledged, the Parties to this Lease (the "Parties") agree as follows:

Definitions

1. When used in this Lease, the following expressions will have the meanings indicated:
 - a. "Additional Rent" means all amounts payable by the Tenant under this Lease except Base Rent, whether or not specifically designated as Additional Rent elsewhere in this Lease;
 - b. "Building" means all buildings, improvements, equipment, fixtures, property and facilities from time to time located at 512 2nd St. Paonia CO 81428, as from time to time altered, expanded or reduced by the Landlord in its sole discretion;
 - c. "Common Areas and Facilities" mean:
 - i. those portions of the Building areas, buildings, improvements, facilities, utilities, equipment and installations in or forming part of the Building which from time to time are not designated or intended by the Landlord to be leased to tenants of the Building including, without limitation, exterior weather walls, roofs, entrances

and exits, parking areas, driveways, loading docks and area, storage, mechanical and electrical rooms, areas above and below leasable premises and not included within leasable premises, security and alarm equipment, grassed and landscaped areas, retaining walls and maintenance, cleaning and operating equipment serving the Building; and

ii. those lands, areas, buildings, improvements, facilities, utilities, equipment and installations which serve or are for the useful benefit of the Building, the tenants of the Building or the Landlord and those having business with them, whether or not located within, adjacent to or near the Building and which are designated from time to time by the Landlord as part of the Common Areas and Facilities;

d. "Leasable Area" means with respect to any rentable premises, the area expressed in square feet of all floor space including floor space of mezzanines, if any, determined, calculated and certified by the Landlord and measured from the exterior face of all exterior walls, doors and windows, including walls, doors and windows separating the rentable premises from enclosed Common Areas and Facilities, if any, and from the center line of all interior walls separating the rentable premises from adjoining rentable premises. There will be no deduction or exclusion for any space occupied by or used for columns, ducts or other structural elements;

e. "Premises" means the retail store at 512 2nd St. Paonia CO 81428.

f. "Rent" means the total of Base Rent and Additional Rent.

Intent of Lease

2. It is the intent of this Lease and agreed to by the Parties to this Lease that rent for this Lease will be on a gross rent basis meaning the Tenant will pay the Base Rent and any Additional Rent and the Landlord will be responsible for all other service charges related to the Premises and the operation of the Building save as specifically provided in this Lease to the contrary.

Leased Premises

3. The Landlord agrees to rent to the Tenant the retail store municipally described as 512 2nd St. Paonia CO 81428, (the "Premises").

4. The Premises will be used for only the following permitted use (the "Permitted Use"): Retail /marijuana Store.

5. A reasonable number of pets or animals are allowed in or about the Premises. If this privilege is abused, the Landlord may revoke this privilege upon thirty (30) days' notice.
6. Subject to the provisions of this Lease, the Tenant is entitled to the use of parking (the 'Parking') on or about the Premises. Only properly insured motor vehicles may be parked in the Tenant's space.
7. The Premises are provided to the Tenant without any fixtures, chattels or leasehold improvements.

Term

8. The term of the Lease is a periodic tenancy commencing at 12:00 noon on July 6, 2021 and continuing on a year-to-year basis until the Landlord or the Tenant terminates the tenancy (the "Term").
9. Notwithstanding that the Term commences on July 6, 2021, the Tenant is entitled to possession of the Premises at 12:00 noon on January 6, 2021.

Rent

10. Subject to the provisions of this Lease, the Tenant will pay a base rent of \$800.00 per month, for the Premises (the "Base Rent"), without setoff, abatement or deduction. In addition to the Base Rent, the Tenant will pay for any fees or taxes arising from the Tenant's business.
11. The Tenant will pay the Base Rent on or before the 5th day of month of each and every month of the Term to the Landlord.
12. No acceptance by the Landlord of any amount less than the full amount owed will be taken to operate as a waiver by the Landlord for the full amount or in any way to defeat or affect the rights and remedies of the Landlord to pursue the full amount.

Use and Occupation

13. The Tenant will carry on business under the name of Valley High LLC and will not change such name without the prior written consent of the Landlord, such consent not to be unreasonably withheld. The Landlord expressly acknowledges and authorizes the tenants cannabis-related use of this property. The Tenant will open the whole of the Premises for business to the public fully fixtured, on the date of commencement of the Term and throughout the Term, and will continuously occupy and utilize the entire Premises in the active conduct of its business in a reputable manner.

14. The Tenant covenants that the Tenant will carry on and conduct its business from time to time carried on upon the Premises in such manner as to comply with all statutes, bylaws, rules and regulations of any, state, municipal or other competent authority and will not do anything on or in the Premises in contravention of any of them.

Advance Rent and Security Deposit

15. On execution of this Lease, the Tenant will pay the Landlord advance rent (the "Advance Rent") to be held by the Landlord without interest and to be applied on account of the first and last installments of Base Rent as they fall due and to be held to the extent not so applied as security for and which may be applied by the Landlord to the performance of the covenants and obligations of the Tenant under this Lease.
16. On execution of this Lease, the Tenant will pay the Landlord a security deposit equal to the amount of \$800.00 (the "Security Deposit") to be held by the Landlord without interest. The Landlord will return the Security Deposit to the Tenant at the end of this tenancy, less such deductions as provided in this Lease but no deduction will be made for damage due to reasonable wear and tear.
17. The Tenant may not use the Security Deposit as payment for the Rent.

Option to Purchase

18. Provided the Tenant is not currently in default in the performance of any term of this Lease, the Tenant will have the option to purchase (the "Option") the Premises at fair market value as determined by the average of two independent appraisals made within 15 days of exercising the Option (the "Purchase Price"). The Landlord and Tenant will each select their own appraiser. If this option has been exercised, the Parties to this Lease may enter into a separate agreement to purchase the Premises. This agreement will incorporate all the key points provided in this option.
19. This Option may be exercised at any time after July 6, 2021 and prior to the end of the original term of this Lease. Upon expiration of the Option, the Landlord will be released from all obligations to sell the Premises to the Tenant. If the Tenant does not exercise the Option prior to its expiration, all rents and other charges paid under this Lease will be retained by the Landlord, and neither party will have any further rights or claims against each other concerning the Option.
20. The Option will be exercised by mailing or delivering written notice to the Landlord prior to the expiration of this Option. Notice, if mailed will be by certified mail, postage prepaid, to the Landlord at the following address: Tammy Murray [REDACTED]

██████████ and will be deemed to have been given on the date shown on the postmark of the envelope in which such notice is mailed.

21. The Tenant may not assign any rights under this Option separately from all of the Tenant's other rights under this Lease. No assignment may be made without the Landlord's prior written consent.

22. The Landlord warrants to the Tenant that the Landlord Tammy Murray aka Peace Pipe is the legal owner of the Premises and has the legal right to sell the Premises under the terms and conditions of this Lease.

23. If the Option is exercised, the following provisions will be applicable:
 - a. The Tenant will take title to the Premises subject to any of the following exceptions (the "Permitted Exceptions"):
 - i. real estate taxes not yet due at the time of closing;

 - ii. covenants, conditions, zoning laws and ordinances, reservations, rights, public and private easements then on record, if any; and

 - iii. liens or encumbrances involving an ascertainable amount that will be paid off or removed by the Landlord upon the closing of this purchase.

 - b. Unless otherwise extended by other terms of this Lease, the closing will be held within the latter of 90 days from exercise of the Option or the removal of any exceptions, outside of the Permitted Exceptions, to the title by the Landlord.

 - c. Rents, real estate taxes and other expenses of the Premises will be prorated as of the date of the closing date. Security deposits, advance rentals or considerations involving future lease credits will be credited to the Tenant.

 - d. The Parties acknowledge that the availability of financing and purchase costs cannot be guaranteed. The Parties agree that these items will not be conditions of performance of this Lease or this Option and the Parties agree they have not relied upon any other representations or warranties by brokers, sellers or any other parties which are not set out in this Lease.

- e. No later than 30 days from the exercise of this Option, the Landlord will provide the Tenant the following documents (the "Seller Disclosure"):
- i. a property condition disclosure, signed and dated by the Landlord;
 - ii. a commitment for the policy of title insurance; and
 - iii. written notice of any claims and/or conditions known to the Landlord relating to environmental problems or building or zoning code violations.
- f. The Tenant has 45 days from the date of receipt of the Seller Disclosure to examine the title to the Premises and to report, in writing, any valid objections. Any exceptions to the title which would be disclosed by examination of the records will be deemed to have been accepted unless reported in writing within 45 days. If the Tenant objects to any exceptions to the title, the Landlord will use all due diligence to remove such exceptions at the Landlord's own expense within 60 days. But if such exceptions cannot be removed within the 60 days allowed, all rights and obligations under this Option may, at the election of the Tenant, terminate and end unless the Tenant elects to purchase the Premises subject to such exceptions.
- g. Upon the completion of the closing, all rights and obligations under the Lease (other than the Option) will cease to exist and the Parties will have no further rights or claims against each other concerning the Lease.

Quiet Enjoyment

24. The Landlord covenants that on paying the Rent and performing the covenants contained in this Lease, the Tenant will peacefully and quietly have, hold, and enjoy the Premises for the Term.

Distress

25. If and whenever the Tenant is in default in payment of any money, whether hereby expressly reserved or deemed as Rent, or any part of the Rent, the Landlord may, without notice or any form of legal process, enter upon the Premises and seize, remove and sell the Tenant's goods, chattels and equipment from the Premises or seize, remove and sell any goods, chattels and equipment at any place to which the Tenant or any other person may have removed them, in the same manner as if they had remained and been distrained upon the Premises, all notwithstanding any rule of law or equity to the contrary, and the Tenant hereby waives and renounces the benefit of any present or future statute or law limiting or eliminating the Landlord's right of distress.

26. If the Tenant continues to occupy the Premises without the written consent of the Landlord at the expiration or other termination of the Term, then the Tenant will be a tenant at will and will pay month to month to the Landlord.

Inspections

27. Tenant acknowledges that it inspected the Premises, including the grounds and all buildings and improvements, and that they are, at the time of the execution of this Lease, in good order, good repair, safe, clean, and tenantable condition.

Landlord Chattels

28. The Landlord will not supply any chattels.

Tenant Improvements

29. The Tenant will obtain written permission from the Landlord before doing any of the following:
- a. painting, wallpapering, redecorating or in any way significantly altering the appearance of the Premises;
 - b. removing or adding walls, or performing any structural alterations;
 - c. changing the amount of heat or power normally used on the Premises as well as installing additional electrical wiring or heating units;
 - d. subject to this Lease, placing or exposing or allowing to be placed or exposed anywhere inside or outside the Premises any placard, notice or sign for advertising or any other purpose;
 - e. affixing to or erecting upon or near the Premises any radio or TV antenna or tower, or satellite dish; or
 - f. installing or affixing upon or near the Premises any plant, equipment, machinery or apparatus without the Landlord's prior consent.

Utilities and Other Costs

30. The Tenant is responsible for the direct payment of the following utilities and other charges in relation to the Premises: electricity, natural gas, water, sewer, telephone, internet and cable.

31. The Tenant will also directly pay for the following utilities and other charges in relation to the Premises: N/A.

Insurance

32. The Tenant is hereby advised and understands that the personal property of the Tenant is not insured by the Landlord for either damage or loss, and the Landlord assumes no liability for any such loss. The Tenant is advised that, if insurance coverage is desired by the Tenant, the Tenant should inquire of Tenant's insurance agent regarding a Tenant's policy of insurance.

Abandonment

33. If at any time during the Term, the Tenant abandons the Premises or any part of the Premises, the Landlord may, at its option, enter the Premises by any means without being liable for any prosecution for such entering, and without becoming liable to the Tenant for damages or for any payment of any kind whatever, and may, at the Landlord's discretion, as agent for the Tenant, relet the Premises, or any part of the Premises, for the whole or any part of the then unexpired Term, and may receive and collect all rent payable by virtue of such reletting, and, at the Landlord's option, hold the Tenant liable for any difference between the Rent that would have been payable under this Lease during the balance of the unexpired Term, if this Lease had continued in force, and the net rent for such period realized by the Landlord by means of the reletting. If the Landlord's right of reentry is exercised following abandonment of the premises by the Tenant, then the Landlord may consider any personal property belonging to the Tenant and left on the Premises to also have been abandoned, in which case the Landlord may dispose of all such personal property in any manner the Landlord will deem proper and is relieved of all liability for doing so.

Attorney Fees

34. In the event that any action is filed in relation to this Lease, the unsuccessful party in the action will pay to the successful party, in addition to all the sums that either party may be called on to pay, a reasonable sum for the successful party's legal fees.

Governing Law

35. It is the intention of the Parties to this Lease that the tenancy created by this Lease and the performance under this Lease, and all suits and special proceedings under this Lease, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the State of Colorado, without regard to the jurisdiction in which any action or special proceeding may be instituted.

Severability

36. If there is a conflict between any provision of this Lease and the applicable legislation of the State of Colorado (the 'Act'), the Act will prevail and such provisions of the Lease will be amended or deleted as necessary in order to comply with the Act. Further, any provisions that are required by the Act are incorporated into this Lease.

Bulk Sale

37. No bulk sale of goods and assets of the Tenant may take place without first obtaining the written consent of the Landlord, which consent will not be unreasonably withheld so long as the Tenant and the Purchaser are able to provide the Landlord with assurances, in a form satisfactory to the Landlord, that the Tenant's obligations in this Lease will continue to be performed and respected, in the manner satisfactory to the Landlord, after completion of the said bulk sale.

Additional Provisions

38. Owner Tammy Murray will give tenant Micah Erickson at least one year notice before she can sell property or wants to cancel the lease.

39. Tammy Murry- Owner acknowledges and authorizes the lease for 512 2nd ST, Paonia Co, 81428 to Micah Erickson (tenant), to operate a Recreational Cannabis Retail Store and any cannabis-related use of the subject property.

Maintenance

40. The Tenant will, at its sole expense, keep and maintain the Premises and appurtenances in good and sanitary condition and repair during the Term and any renewal of this Lease.

41. In particular, the Tenant will keep the fixtures in the Premises in good order and repair. The Tenant will, at Tenant's sole expense, make all required repairs to the plumbing, range, heating apparatus, and electric and gas fixtures whenever damage to such items will have resulted from the Tenant's misuse, waste, or neglect or that of the Tenant's employee, family, agent, or visitor.

42. The Tenant will be responsible at its own expense to replace all electric light bulbs, tubes, ballasts or fixtures serving the Premises.

43. Where the Premises has its own sidewalk, entrance, driveway or parking space which is for the exclusive use of the Tenant and its guests, the Tenant will keep the sidewalk, entrance, driveway or parking space clean, tidy and free of objectionable material including dirt, debris, snow and ice.

44. Where the Premises has its own garden or grass area which is for the exclusive use of the Tenant and its guests, the Tenant will water, fertilize, weed, cut and otherwise maintain the garden or grass area in a reasonable condition including any trees or shrubs in or about the Premises.

Care and Use of Premises

45. The Tenant will promptly notify the Landlord of any damage, or of any situation that may significantly interfere with the normal use of the Premises.

46. Vehicles which the Landlord reasonably considers unsightly, noisy, dangerous, improperly insured, inoperable or unlicensed are not permitted in the Tenant's parking stall(s), and such vehicles may be towed away at the Tenant's expense. Parking facilities are provided at the Tenant's own risk. The Tenant is required to park in only the space allotted to them.

47. The Tenant will not make (or allow to be made) any noise or nuisance which, in the reasonable opinion of the Landlord, disturbs the comfort or convenience of other tenants.

48. The Tenant will not engage in any illegal trade or activity on or about the Premises.

49. The Landlord and Tenant will comply with standards of health, sanitation, fire, housing and safety as required by law.

Surrender of Premises

50. At the expiration of the lease term, the Tenant will quit and surrender the Premises in as good a state and condition as they were at the commencement of this Lease, reasonable use and wear and damages by the elements excepted.

Hazardous Materials

51. The Tenant will not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might unreasonably increase the danger of fire on the Premises or that might be considered hazardous by any responsible insurance company.

Rules and Regulations

52. The Tenant will obey all rules and regulations posted by the Landlord regarding the use and care of the Building, parking lot and other common facilities that are provided for the use of the Tenant in and around the Building on the Premises.

General Provisions

53. Any waiver by the Landlord of any failure by the Tenant to perform or observe the provisions of this Lease will not operate as a waiver of the Landlord's rights under this Lease in respect of any subsequent defaults, breaches or non performance and will not defeat or affect in any way the Landlord's rights in respect of any subsequent default or breach.

54. This Lease will extend to and be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns, as the case may be, of each party to this Lease. All covenants are to be construed as conditions of this Lease.

55. All sums payable by the Tenant to the Landlord pursuant to any provision of this Lease will be deemed to be Additional Rent and will be recoverable by the Landlord as rental arrears.

56. Where there is more than one Tenant executing this Lease, all Tenants are jointly and severally liable for each other's acts, omissions and liabilities pursuant to this Lease.

57. Time is of the essence in this Lease.

58. This Lease will constitute the entire agreement between the Landlord and the Tenant. Any prior understanding or representation of any kind preceding the date of this Lease will not be binding on either party to this Lease except to the extent incorporated in this Lease. Only express warranties of the Landlord set out in this Lease will be enforceable and no additional warranties may be implied.

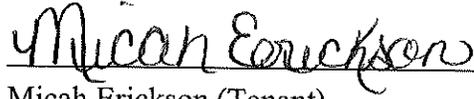
IN WITNESS WHEREOF the Parties to this Lease have duly affixed their signatures under hand and seal, or by a duly authorized officer under seal, on this 6th day of July, 2021.

Addendum:

I, Tammy Murray the Landlord expressly acknowledges and authorize the tenants cannabis related use of the property for a Retail marijuana store.



Tammy Murray (Landlord)



Micah Erickson (Tenant)

Instructic Please print this document for ur records.

MyBizColorado

COLORADO DEPT OF REVENUE

Thank you for registering with the Colorado Department of Revenue!
Your electronic application has been received.
You will receive your Sales Tax License and/or Wage Withholding information in the
mail in the next 10 business days.

You may use this receipt as a temporary Sales Tax License in the interim.

Filing Information

Your filing information is as follows

Date: 7/7/21

Name: Valley High LLC

Address: 512 2nd ST\n\nPaonia, Colorado 81428-
0965

Sales Tax Account Number: 94941709

Sales Tax Filing Frequency: Monthly (\$300 in taxes/mo or more)

Wage Withholding Account Number: 94941709

Wage Withholding Filing Frequency: Weekly (\$50,000 + /year)

Websites

State of Colorado: www.colorado.gov

Colorado Department of Revenue: www.colorado.gov/revenue

Colorado Department of Revenue Online Customer Support Site:
revenuestateco.custhelp.com

File and pay your sales tax online: www.colorado.gov/RevenueOnline

Register to pay by EFT: www.colorado.gov/revenue/eft

Please wait 2-3 business days while we validate your registration before attempting to
access your account in Revenue Online. You will receive your license(s) in the mail within 10
business days. If you do not already have access to Revenue Online, you may use
information from that letter to sign-up.



Colorado Secretary of State
 Date and Time: 11/16/2020 12:07 PM
 ID Number: 20201978745
 Document number: 20201978745
 Amount Paid: \$50.00

Document must be filed electronically.
 Paper documents are not accepted.
 Fees & forms are subject to change.
 For more information or to print copies
 of filed documents, visit www.sos.state.co.us.

ABOVE SPACE FOR OFFICE USE ONLY

Articles of Organization
 filed pursuant to § 7-90-301 and § 7-80-204 of the Colorado Revised Statutes (C.R.S.)

1. The domestic entity name of the limited liability company is

Valley High LLC

(The name of a limited liability company must contain the term or abbreviation "limited liability company", "ltd. liability company", "limited liability co.", "ltd. liability co.", "limited", "l.l.c.", "llc", or "ltd." See §7-90-601, C.R.S.)

(Caution: The use of certain terms or abbreviations are restricted by law. Read instructions for more information.)

2. The principal office address of the limited liability company's initial principal office is

Street address

512 2nd St.

(Street number and name)

Paonia

(City)

CO

(State)

81428

(ZIP/Postal Code)

United States

(Country)

(Province - If applicable)

Mailing address

(leave blank if same as street address)

(Street number and name or Post Office Box information)

(City)

(State)

(ZIP/Postal Code)

(Province - If applicable)

(Country)

3. The registered agent name and registered agent address of the limited liability company's initial registered agent are

Name

(if an individual)

or

(if an entity)

(Caution: Do not provide both an individual and an entity name.)

United States Corporation Agents, Inc.

Street address

121 S. Tejon Street

(Street number and name)

Suite 900

Colorado Springs

(City)

CO

(State)

80903

(ZIP Code)

Mailing address

(leave blank if same as street address)

(Street number and name or Post Office Box information)

(City) CO _____
(State) (ZIP Code)

(The following statement is adopted by marking the box.)

The person appointed as registered agent has consented to being so appointed.

4. The true name and mailing address of the person forming the limited liability company are

Name
(if an individual)

or

(if an entity)

(Caution: Do not provide both an individual and an entity name.)

Mailing address

(Last) (First) (Middle) (Suffix)

Legalzoom.com, Inc.

101 N. Brand Blvd.
(Street number and name or Post Office Box information)

10th Floor

Glendale CA 91203
(City) (State) (ZIP/Postal Code)

United States
(Province - if applicable) (Country)

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

The limited liability company has one or more additional persons forming the limited liability company and the name and mailing address of each such person are stated in an attachment.

5. The management of the limited liability company is vested in

(Mark the applicable box.)

one or more managers.

or

the members.

6. (The following statement is adopted by marking the box.)

There is at least one member of the limited liability company.

7. (If the following statement applies, adopt the statement by marking the box and include an attachment.)

This document contains additional information as provided by law.

8. (Caution: Leave blank if the document does not have a delayed effective date. Stating a delayed effective date has significant legal consequences. Read instructions before entering a date.)

(If the following statement applies, adopt the statement by entering a date and, if applicable, time using the required format.)

The delayed effective date and, if applicable, time of this document is/are _____
(mm/dd/yyyy hour:minute am/pm)

Notice:

Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the Secretary of State, whether or not such individual is named in the document as one who has caused it to be delivered.

9. The true name and mailing address of the individual causing the document to be delivered for filing are

Moseley Cheyenne
(Last) (First) (Middle) (Suffix)
101 N. Brand Blvd.
(Street number and name or Post Office Box information)
10th Floor
Glendale CA 91203
(City) (State) (ZIP/Postal Code)
United States
(Province - if applicable) (Country)

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

- This document contains the true name and mailing address of one or more additional individuals causing the document to be delivered for filing.

Disclaimer:

This form/cover sheet, and any related instructions, are not intended to provide legal, business or tax advice, and are furnished without representation or warranty. While this form/cover sheet is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form/cover sheet. Questions should be addressed to the user's legal, business or tax advisor(s).

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF FACT OF GOOD STANDING

I, Jena Griswold, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

Valley High LLC

is a

Limited Liability Company

formed or registered on 11/16/2020 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 20201978745 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 12/29/2020 that have been posted, and by documents delivered to this office electronically through 12/30/2020 @ 16:31:59 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 12/30/2020 @ 16:31:59 in accordance with applicable law. This certificate is assigned Confirmation Number 12817851



Jena Griswold

Secretary of State of the State of Colorado

*****End of Certificate*****
Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's Web site, <http://www.sos.state.co.us/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us/> click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."

Operating Agreement

Valley High LLC, a Colorado Limited Liability Company

THIS OPERATING AGREEMENT of Valley High LLC (the "Company") is entered into as of the date set forth on the signature page of this Agreement by each of the Members listed on Exhibit A of this Agreement.

A. The Members have formed the Company as a Colorado limited liability company under the Colorado Limited Liability Company Act. The purpose of the Company is to conduct any lawful business for which limited liability companies may be organized under the laws of the state of Colorado. The Members hereby adopt and approve the Articles of Organization of the Company filed with the Colorado Secretary of State.

B. The Members enter into this Agreement to provide for the governance of the Company and the conduct of its business, and to specify their relative rights and obligations.

ARTICLE 1: DEFINITIONS

Capitalized terms used in this Agreement have the meanings specified in this Article 1 or elsewhere in this Agreement and if not so specified, have the meanings set forth in the Colorado Limited Liability Company Act.

"Agreement" means this Operating Agreement of the Company, as may be amended from time to time.

"Capital Account" means, with respect to any Member, an account consisting of such Member's Capital Contribution, (1) increased by such Member's allocated share of income and gain, (2) decreased by such Member's share of losses and deductions, (3) decreased by any distributions made by the Company to such Member, and (4) otherwise adjusted as required in accordance with applicable tax laws.

"Capital Contribution" means, with respect to any Member, the total value of (1) cash and the fair market value of property other than cash and (2) services that are contributed and/or agreed to be contributed to the Company by such Member, as listed on Exhibit A, as may be updated from time to time according to the terms of this Agreement.

"Exhibit" means a document attached to this Agreement labeled as "Exhibit A," "Exhibit B," and so forth, as such document may be amended, updated, or replaced from time to time according to the terms of this Agreement.

"Member" means each Person who acquires Membership Interest pursuant to this Agreement. The Members are listed on Exhibit A, as may be updated from time to time according to the terms of this Agreement. Each Member has the rights and obligations specified in this Agreement.

"Membership Interest" means the entire ownership interest of a Member in the Company at any particular time, including the right to any and all benefits to which a Member may be entitled as provided in this Agreement and under the Colorado Limited Liability Company Act, together with the obligations of the Member to comply with all of the terms and provisions of this Agreement.

"Ownership Interest" means the Percentage Interest or Units, as applicable, based on the manner in which relative ownership of the Company is divided.

"Percentage Interest" means the percentage of ownership in the Company that, with respect to each Member, entitles the Member to a Membership Interest and is expressed as either:

A. If ownership in the Company is expressed in terms of percentage, the percentage set forth opposite the name of each Member on Exhibit A, as may be adjusted from time to time pursuant to this Agreement; or

B. If ownership in the Company is expressed in Units, the ratio, expressed as a percentage, of:

(1) the number of Units owned by the Member (expressed as "MU" in the equation below) divided by

(2) the total number of Units owned by all of the Members of the Company (expressed as "TU" in the equation below).

$$\text{Percentage Interest} = \frac{MU}{TU}$$

"Person" means an individual (natural person), partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

"Units" mean, if ownership in the Company is expressed in Units, units of ownership in the Company, that, with respect to each Member, entitles the Member to a Membership Interest which, if applicable, is expressed as the number of Units set forth opposite the name of each Member on Exhibit A, as may be adjusted from time to time pursuant to this Agreement.

ARTICLE 2: CAPITAL CONTRIBUTIONS, ADDITIONAL MEMBERS,
CAPITAL ACCOUNTS AND LIMITED LIABILITY

2.1 **Initial Capital Contributions.** The names of all Members and each of their respective addresses, initial Capital Contributions, and Ownership Interests must be set forth on Exhibit A. Each Member has made or agrees to make the initial Capital Contribution set forth next to such Member's name on Exhibit A to become a Member of the Company.

2.2 **Subsequent Capital Contributions.** Members are not obligated to make additional Capital Contributions unless unanimously agreed by all the Members. If subsequent Capital Contributions are unanimously agreed by all the Members in a consent in writing, the Members may make such additional Capital Contributions on a pro rata basis in accordance with each Member's respective Percentage Interest or as otherwise unanimously agreed by the Members.

2.3 **Additional Members.**

A. With the exception of a transfer of interest (1) governed by Article 7 of this Agreement or (2) otherwise expressly authorized by this Agreement, additional Persons may become Members of the Company and be issued additional Ownership Interests only if approved by and on terms determined by a unanimous written agreement signed by all of the existing Members.

B. Before a Person may be admitted as a Member of the Company, that Person must sign and deliver to the Company the documents and instruments, in the form and containing the information required by the Company, that the Members deem necessary or desirable. Membership Interests of new Members will be allocated according to the terms of this Agreement.

2.4 **Capital Accounts.** Individual Capital Accounts must be maintained for each Member, unless (a) there is only one Member of the Company and (b) the Company is exempt according to applicable tax laws. Capital Accounts must be maintained in accordance with all applicable tax laws.

2.5 **Interest.** No interest will be paid by the Company or otherwise on Capital Contributions or on the balance of a Member's Capital Account.

2.6 **Limited Liability; No Authority.** A Member will not be bound by, or be personally liable for, the expenses, liabilities, debts, contracts, or obligations of the Company, except as otherwise provided in this Agreement or as required by the Colorado Limited Liability Company Act. Unless expressly provided in this Agreement, no Member, acting alone, has any authority to undertake or assume any obligation, debt, or responsibility, or otherwise act on behalf of, the Company or any other Member.

ARTICLE 3: ALLOCATIONS AND DISTRIBUTIONS

3.1 **Allocations.** Unless otherwise agreed to by the unanimous consent of the Members any income, gain, loss, deduction, or credit of the Company will be allocated for accounting and tax purposes on a pro rata basis in proportion to the respective Percentage Interest held by each Member and in compliance with applicable tax laws.

3.2 **Distributions.** The Company will have the right to make distributions of cash and property to the Members on a pro rata basis in proportion to the respective Percentage Interest held by each Member. The timing and amount of distributions will be determined by the Members in accordance with the Colorado Limited Liability Company Act.

3.3 **Limitations on Distributions.** The Company must not make a distribution to a Member if, after giving effect to the distribution:

A. The Company would be unable to pay its debts as they become due in the usual course of business; or

B. The fair value of the Company's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the Company were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of Members, if any, whose preferential rights are superior to those of the Members receiving the distribution.

ARTICLE 4: MANAGEMENT

4.1 **Management.**

A. **Generally.** Subject to the terms of this Agreement and the Colorado Limited Liability Company Act, the business and affairs of the Company will be managed by the Members.

B. **Approval and Action.** Unless greater or other authorization is required pursuant to this Agreement or under the Colorado Limited Liability Company Act for the Company to engage in an activity or transaction, all activities or transactions must be approved by the Members, to constitute the act of the Company or serve to bind the Company. With such approval, the signature of any Members authorized to sign on behalf of the Company is sufficient to bind the Company with respect to the matter or matters so approved. Without such approval, no Members acting alone may bind the Company to any agreement with or obligation to any third party or represent or claim to have the ability to so bind the Company.

C. **Certain Decisions Requiring Greater Authorization.** Notwithstanding clause B above, the following matters require unanimous approval of the Members in a consent in writing to constitute an act of the Company:

- (i) A material change in the purposes or the nature of the Company's business;
- (ii) With the exception of a transfer of interest governed by Article 7 of this Agreement, the admission of a new Member or a change in any Member's Membership Interest, Ownership Interest, Percentage Interest, or Voting Interest in any manner other than in accordance with this Agreement;
- (iii) An amendment to the Articles of Organization;
- (iv) The merger of the Company with any other entity or the sale of all or substantially all of the Company's assets; and
- (v) The amendment of this Agreement.

4.2 **Officers.** The Members are authorized to appoint one or more officers from time to time. The officers will have the titles, the authority, exercise the powers, and perform the duties that the Members determine from time to time. Each officer will continue to perform and hold office until such time as (a) the officer's successor is chosen and appointed by the Members; or (b) the officer is dismissed or terminated by the Members, which termination will be subject to applicable law and, if an effective employment agreement exists between the officer and the Company, the employment agreement. Subject to applicable law and the employment agreement (if any), each officer will serve at the direction of Members, and may be terminated, at any time and for any reason, by the Members.

ARTICLE 5: ACCOUNTS AND ACCOUNTING

5.1 **Accounts.** The Company must maintain complete accounting records of the Company's business, including a full and accurate record of each Company transaction. The records must be kept at the Company's principal executive office and must be open to inspection and copying by Members during normal business hours upon reasonable notice by the Members wishing to inspect or copy the records or their authorized representatives, for purposes reasonably related to the Membership Interest of such Members. The costs of inspection and copying will be borne by the respective Member.

5.2 **Records.** The Members will keep or cause the Company to keep the following business records.

- (i) An up to date list of the Members, each of their respective full legal names, last known business or residence address, Capital Contributions, the amount and terms of any agreed upon future Capital Contributions, and Ownership Interests, and Voting Interests;
- (ii) A copy of the Company's federal, state, and local tax information and income tax returns and reports, if any, for the six most recent taxable years;
- (iii) Minutes of any special or annual meetings ordered pursuant to Colorado law;
- (iv) A copy of the Articles of Organization of the Company, as may be amended from time to time ("Articles of Organization"); and
- (v) An original signed copy, which may include counterpart signatures, of this Agreement, and any amendments to this Agreement, signed by all then-current Members.

5.3 **Income Tax Returns.** Within 45 days after the end of each taxable year, the Company will use its best efforts to send each of the Members all information necessary for the Members to complete their federal and state tax information, returns, and reports and a copy of the Company's federal, state, and local tax information or income tax returns and reports for such year.

5.4 **Subchapter S Election.** The Company may, upon unanimous consent of the Members, elect to be treated for income tax purposes as an S Corporation. This designation may be changed as permitted under the Internal Revenue Code Section 1362(d) and applicable Regulations.

5.5 **Tax Matters Member.** Anytime the Company is required to designate or select a tax matters partner or partnership representative, pursuant to Section 6223 of the Internal Revenue Code and any regulations issued by the Internal Revenue Service, the Members must designate one of the Members as the tax matters partner or partnership representative of the Company and keep such designation in effect at all times.

5.6 **Banking.** All funds of the Company must be deposited in one or more bank accounts in the name of the Company with one or more recognized financial institutions. The Members are authorized to establish such accounts and complete, sign, and deliver any banking resolutions reasonably required by the respective financial institutions in order to establish an account.

ARTICLE 6: MEMBERSHIP VOTING AND MEETING

6.1 **Members and Voting Rights.** The Members have the right and power to vote on all matters with respect to which the Articles of Organization, this Agreement, or the Colorado Limited Liability Company Act requires or permits. Unless otherwise stated in this Agreement (for example, in Section 4.1(c)) or required under the Colorado Limited Liability Company Act, the vote of the Members holding at least a majority of the Voting Interest of the Company is required to approve or carry out an action.

6.2 **Meetings of Members.** Annual, regular, or special meetings of the Members are not required but may be held at such time and place as the Members deem necessary or desirable for the reasonable management of the Company. Meetings may be called by any Member or Members, holding 10% or more of the Percentage Interests, for the purpose of addressing any matters on which the Members may vote. A written notice setting forth the date, time, and location of a meeting must be sent at least ten (10) days but no more than sixty (60) days before the date of the meeting to each Member entitled to vote at the meeting. A Member may waive notice of a meeting by sending a signed waiver to the Company's principal executive office or as otherwise provided in the Colorado Limited Liability Company Act. In any instance in which the approval of the Members is required under this Agreement, such approval may be obtained in any manner permitted by the Colorado Limited Liability Company Act, including by conference call or similar communications equipment. Any action that could be taken at a meeting may be approved by a consent in writing that describes the action to be taken and is signed by Members holding the minimum Voting Interest required to approve the action. If any action is taken without a meeting and without unanimous written consent of the Members, notice of such action must be sent to each Member that did not consent to the action.

ARTICLE 7: WITHDRAWAL AND TRANSFERS OF MEMBERSHIP INTERESTS

7.1 **Withdrawal.** Members may withdraw from the Company prior to the dissolution and winding up of the Company (a) by transferring or assigning all of their respective Membership Interests pursuant to Section 7.2 below, or (b) if all of the Members unanimously agree in a written consent. Subject to the provisions of Article 3, a Member that withdraws pursuant to this Section 7.1 will be entitled to a distribution from the Company in an amount equal to such Member's Capital Account.

7.2 **Restrictions on Transfer; Admission of Transferee.** A Member may transfer Membership Interests to any other Person without the consent of any other Member. A person may acquire Membership Interests directly from the Company upon the written consent of all Members. A Person that acquires Membership Interests in accordance with this Section 7.2 will be admitted as a Member of the Company only after the requirements of Section 2.3(b) are complied with in full.

ARTICLE 8: DISSOLUTION

8.1 **Dissolution.** The Company will be dissolved upon the first to occur of the following events:

- (i) The unanimous agreement of all Members in a consent in writing to dissolve the Company;
- (ii) Entry of a decree of judicial dissolution under Colorado Limited Liability Company Act;
- (iii) At any time that there are no Members, unless and provided that the Company is not otherwise required to be dissolved and wound up, within 90 days after the occurrence of the event that terminated the continued membership of the last remaining Member, the legal representative of the last remaining Member agrees in writing to continue the Company and (i) to become a Member; or (ii) to the extent that the last remaining Member assigned its interest in the Company, to cause the Member's assignee to become a Member of the Company, effective as of the occurrence of the event that terminated the continued membership of the last remaining Member;
- (iv) The sale or transfer of all or substantially all of the Company's assets;
- (v) A merger or consolidation of the Company with one or more entities in which the Company is not the surviving entity.

8.2 **No Automatic Dissolution Upon Certain Events.** Unless otherwise set forth in this Agreement or required by applicable law, the death, incapacity, disassociation, bankruptcy, or withdrawal of a Member will not automatically cause a dissolution of the Company.

ARTICLE 9: INDEMNIFICATION

9.1 **Indemnification.** The Company has the power to defend, indemnify, and hold harmless any Person who was or is a party, or who is threatened to be made a party, to any Proceeding (as that term is defined below) by reason of the fact that such Person was or is a Member, officer, employee, representative, or other agent of the Company, or was or is serving at the request of the Company as a director, Governor, officer, employee, representative or other agent of another limited liability company, corporation, partnership, joint venture, trust, or other enterprise (each such Person is referred to as a "Company Agent"), against Expenses (as that term is defined below), judgments, fines, settlements, and other amounts (collectively, "Damages") to the maximum extent now or hereafter permitted under Colorado law. "Proceeding," as used in this Article 9, means any threatened, pending, or completed action, proceeding, individual claim or matter within a

proceeding, whether civil, criminal, administrative, or investigative. "Expenses," as used in this Article 9, includes, without limitation, court costs, reasonable attorney and expert fees, and any expenses incurred relating to establishing a right to indemnification, if any, under this Article 9.

9.2 **Mandatory.** The Company must defend, indemnify and hold harmless a Company Agent in connection with a Proceeding in which such Company Agent is involved if, and to the extent, Colorado law requires that a limited liability company indemnify a Company Agent in connection with a Proceeding.

9.3 **Expenses Paid by the Company Prior to Final Disposition.** Expenses of each Company Agent indemnified or held harmless under this Agreement that are actually and reasonably incurred in connection with the defense or settlement of a Proceeding may be paid by the Company in advance of the final disposition of a Proceeding if authorized by a vote of the Members that are not seeking indemnification holding a majority of the Voting Interests (excluding the Voting Interest of the Company Agent seeking indemnification). Before the Company makes any such payment of Expenses, the Company Agent seeking indemnification must deliver a written undertaking to the Company stating that such Company Agent will repay the applicable Expenses to the Company unless it is ultimately determined that the Company Agent is entitled or required to be indemnified and held harmless by the Company (as set forth in Sections 9.1 or 9.2 above or as otherwise required by applicable law).

ARTICLE 10: GENERAL PROVISIONS

10.1 **Notice.** (a) Any notices (including requests, demands, or other communications) to be sent by one party to another party in connection with this Agreement must be in writing and delivered personally, by reputable overnight courier, or by certified mail (or equivalent service offered by the postal service from time to time) to the following addresses or as otherwise notified in accordance with this Section: (i) if to the Company, notices must be sent to the Company's principal executive office; and (ii) if to a Member, notices must be sent to the Member's last known address for notice on record. (b) Any party to this Agreement may change its notice address by sending written notice of such change to the Company in the manner specified above. Notice will be deemed to have been duly given as follows: (i) upon delivery, if delivered personally or by reputable overnight carrier or (ii) five days after the date of posting if sent by certified mail.

10.2 **Entire Agreement; Amendment.** This Agreement along with the Articles of Organization (together, the "Organizational Documents"), constitute the entire agreement among the Members and replace and supersede all prior written and oral understandings and agreements with respect to the subject matter of this Agreement, except as otherwise required by the Colorado Limited Liability Company Act. There are no representations, agreements, arrangements, or undertakings, oral or written, between or among the Members relating to the subject matter of this Agreement that are not fully expressed in the Organizational Documents. This Agreement may not be modified or amended in any

respect, except in a writing signed by all of the Members, except as otherwise required or permitted by the Colorado Limited Liability Company Act.

10.3 Governing Law; Severability. This Agreement will be construed and enforced in accordance with the laws of the state of Colorado. If any provision of this Agreement is held to be unenforceable by a court of competent jurisdiction for any reason whatsoever, (i) the validity, legality, and enforceability of the remaining provisions of this Agreement (including without limitation, all portions of any provisions containing any such unenforceable provision that are not themselves unenforceable) will not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the unenforceable provision will be deemed modified and replaced by a provision that approximates the intent and economic effect of the unenforceable provision and the Agreement will be deemed amended accordingly.

10.4 Further Action. Each Member agrees to perform all further acts and execute, acknowledge, and deliver any documents which may be reasonably necessary, appropriate, or desirable to carry out the provisions of this Agreement.

10.5 No Third Party Beneficiary. This Agreement is made solely for the benefit of the parties to this Agreement and their respective permitted successors and assigns, and no other Person or entity will have or acquire any right by virtue of this Agreement. This Agreement will be binding on and inure to the benefit of the parties and their heirs, personal representatives, and permitted successors and assigns.

10.6 Incorporation by Reference. The recitals and each appendix, exhibit, schedule, and other document attached to or referred to in this Agreement are hereby incorporated into this Agreement by reference.

10.7 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all of the Members signed the same copy. All counterparts will be construed together and will constitute one agreement.

[Remainder Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties have executed or caused to be executed this Operating Agreement and do each hereby represent and warrant that their respective signatory, whose signature appears below, has been and is, on the date of this Agreement, duly authorized to execute this Agreement.

Dated: 11/21/2021

Micah Nichole Erickson

Signature of Micah Nichole Erickson

Dated: 11/21/2021

Jesse James Erickson

Signature of Jesse James Erickson

EXHIBIT A
MEMBERS

The Members of the Company and their respective addresses, Capital Contributions, and Ownership Interests are set forth below. The Members agree to keep this Exhibit A current and updated in accordance with the terms of this Agreement, including, but not limited to, Sections 2.1, 2.3, 2.4, 7.1, 7.2, and 10.1.

Members Capital Contribution Percentage Interest

Micah Nichole Erickson

_____ 50%

Valley High LLC

512 2nd St.

Paonia, Colorado 81428

Jesse James Erickson

_____ 50%

Valley High LLC

512 2nd St.

Paonia, Colorado 81428



FACILITY MANAGER

JOB DESCRIPTION

Job: Supervise the daily operations of Valley High Retail Marijuana store, including but not limited to; laws, ordering, MED paperwork, sales, cash handling process, financial reporting, customer service, regulatory compliance, customer communications, and employee education.

Reports to: Owner- Micah Erickson; Collaborate with all retail operation managers if available.

Key Responsibilities and Accountabilities: Oversee all current and future retail operations for Valley High LLC including but not limited to; store operations, merchandising, staffing, training, rewards, discipline, and evaluations. To manage and delegate purchases of all saleable retail products. Train, coach, and encourage success of Managers and assistant Managers. Execute and enforce compliance efforts and local and state regulations. Maintain and execute POS updates. Oversee of all in-store maintenance. Performance and productivity, reporting, and visual assessments. Oversee MITS reporting by Assistant Manager. Training team members in excellent customer service and implement on all levels.

Coordinate with marketing team on a weekly basis to understand the success of promotions, coupons, etc. and to recommend future promotions and sales. Event coordination for in-store customer appreciation, parties, holidays, veterans discounts, 420, etc. Maintain accountability for all team members. Third line defense- after Assistant Manager to help solve issues such as staffing issues, customer complaints, etc. Develop and lead weekly manager meetings and monthly team meetings. Participate in ongoing education and professional development as needed. Weekly correspondence via email to Owner, Retail Management, and staff when needed.

Supervisory Duties:

Supervise all of Valley High LLC operations, and procedures per scheduled working hours. Holding Assistant Managers accountable for adhering to process, procedures, and roles.

To whom it may concern,
I plan on working with my husband for now until we can be able to hire others. For now the dispensary will be ran by the CBC's only.
Thank you,
Micaiah Erickson

June 2021



COLORADO
Department of Revenue
Specialized Business Group—Marijuana
1707 Cole Blvd., Suite 300
Lakewood, CO 80401

April 15, 2021

Micah Nichole Erickson


License Type: Owner- Individual
License # M124608

Dear Micah Nichole Erickson,

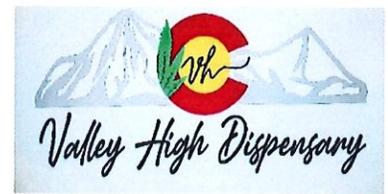
The purpose of this correspondence is to inform you that on April 15, 2021 you were found suitable to be a Controlling Beneficial Interest owner in any business licensed by the Marijuana Enforcement Division (MED). You are now eligible to apply for an ownership interest in a Colorado marijuana establishment. Per rule 2-235(A)(1) – “Except as provided in subparagraph (A)(1)(a), any Person intending to become a Controlling Beneficial Owner by submitting an initial application for any Regulated Marijuana Business that is not a Publicly Traded Corporation must first submit a request to the State Licensing Authority for a finding of suitability.”

To join the ownership of an existing Colorado Regulated Marijuana Business, the owner(s) of the existing establishment/business are required to submit this letter of suitability, a Regulated Marijuana Business License Change of Controlling Beneficial Owner application, supporting documents and applicable fees to the MED for approval. If you wish to open a new Colorado Regulated Marijuana Business, you must submit a complete Regulated Marijuana Business License application, accompanied with all applicable fees and all supporting documents, along with this letter of suitability.

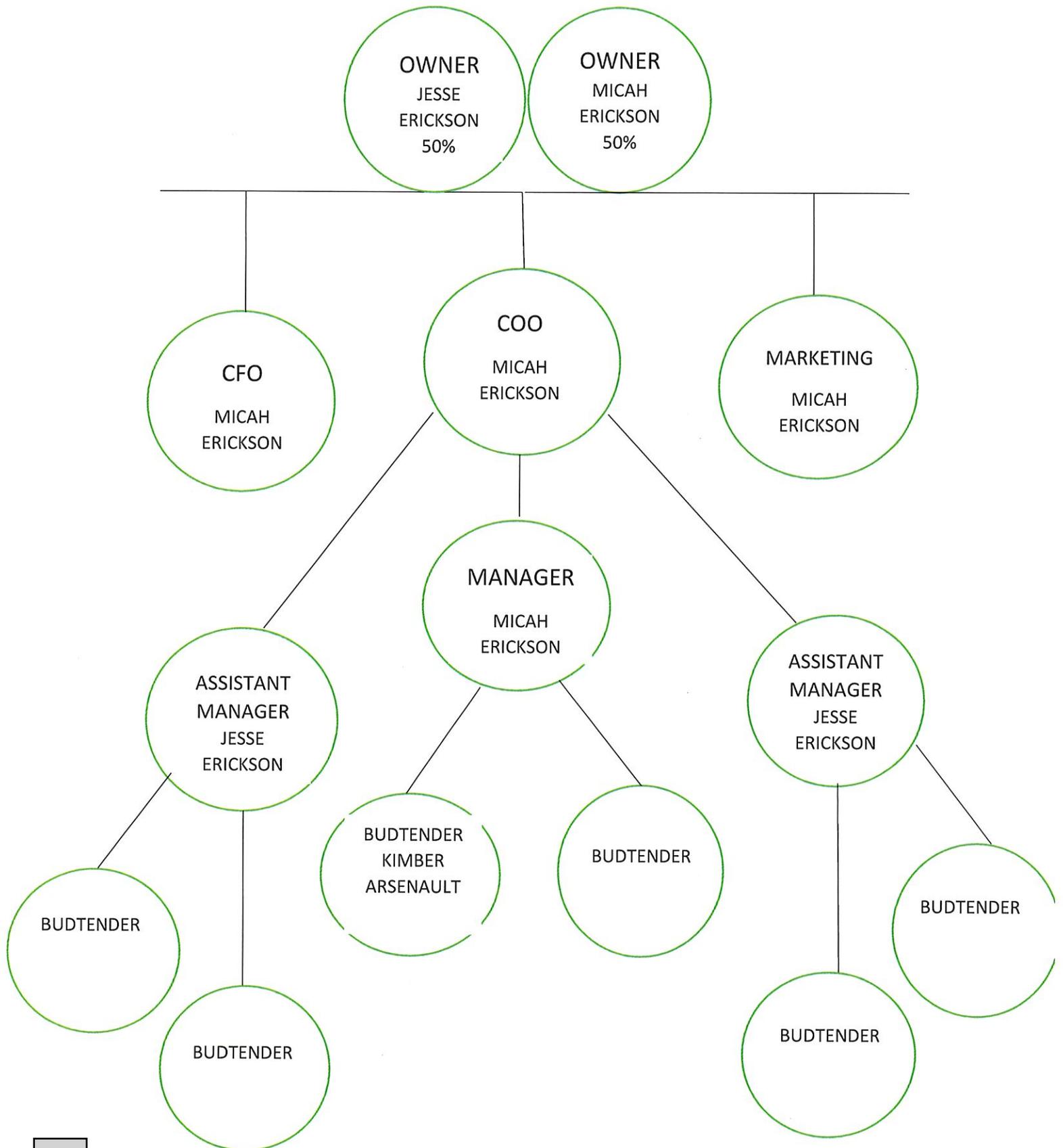
Sincerely,



James Burack
Division Director



VALLEY HIGH LLC- ORGANIZATION CHART



AGENDA SUMMARY FORM



Executive Session

For discussion of a personnel matter under C.R.S. Section 24-6-402(4)(f) and not involving: any specific employees who have requested discussion of the matter in open session; any member of this body or any elected official; the appointment of any person to fill an office of this body or of an elected official; or personnel policies that do not require the discussion of matters personal to particular employees; specific to the Town Administrator Corinne Ferguson Administrator Contract.

Summary:

At direction from the Board at the September 28, 2021 meeting.

Notes:

Possible Motions:

Motion by: _____ 2nd: _____ vote: _____

Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran

November 5, 2021

AGENDA SUMMARY FORM



Town Administrator Contract Review

Summary:

Notes:

Possible Motions:

Motion by: _____ 2nd: _____ vote: _____

Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran:

November 5, 2021

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") dated this ___ day of January 2021, is by and between the Town of Paonia, a Colorado statutory municipality, located in the County of Delta, State of Colorado ("Town"), and J. Corinne Ferguson ("Ms. Ferguson"), whose address is 224 Dorris Avenue, Paonia, CO 81428.

RECITALS

- A. Ms. Ferguson is currently the Town Clerk for the Town of Paonia; and
- B. Pursuant to a June 9, 2020 Employment Agreement, Ms. Ferguson is the Town Administrator for the Town of Paonia; and
- C. The June 9, 2020 Employment Agreement is set to expire May 31, 2021; and
- D. The Town, by and through its Board of Trustees, has elected to extend the employment of Ms. Ferguson as Town Administrator to December 31, 2022; and
- E. Ms. Ferguson is willing to continue to serve as Town Administrator;
- F. The employment and services of Ms. Ferguson as Town Administrator is subject to the terms of this Employment Agreement.

NOW THEREFORE, in consideration of the promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1: Term

- A. This Agreement shall commence on January 1, 2021 and continue until December 31, 2022.
- B. Notwithstanding anything to the contrary within this Agreement, Ms. Ferguson, as Town Administrator/Town Clerk, shall be deemed to be an employee at will, and nothing in this Agreement shall prevent or otherwise interfere with the right of the Town Board of Trustees to terminate the services of Ms. Ferguson as the Town Administrator at any time, subject only to the applicable provisions of this Agreement. Likewise, nothing in this Agreement shall prevent or otherwise interfere with the right of Ms. Ferguson to resign at any time as the Town Administrator. Should Ms. Ferguson's role as Town Administrator be terminated, Ms. Ferguson will revert to her role as Town Clerk, and her salary will thereafter be adjusted accordingly. Termination of Ms. Ferguson as Town Administrator shall not automatically be grounds for termination of Ms. Ferguson as Town Clerk.

- C. This Employment Agreement is renewable at the sole discretion of the Town Board. Any proposed changes to the agreement shall be provided to Ms. Ferguson for her concurrence on or before December 1st of each expiration year.

Section 2: Duties and Authority

- A. The Town agrees to employ Ms. Ferguson as Town Administrator and Town Clerk to perform the functions and duties in accordance with the Paonia Municipal Code and the Job Description, attached to this Agreement as **Exhibit A**, and to perform other legally permissible and proper duties and functions as prescribed by Colorado State statute as well as the Board of Trustees from time to time.
- B. While serving as Town Administrator, Ms. Ferguson shall continue to serve as the Town Clerk for the Town, in accordance with her current job description and as prescribed by the Town Code.
- C. Ms. Ferguson as Town Administrator shall not oversee the Chief of Police. There is an inherent conflict of interest as Ms. Ferguson is married to Town Chief of Police Neil Ferguson. For so long as Ms. Ferguson is serving as Town Administrator, the Chief of Police shall report directly to the Mayor of the Town and shall not report to the Town Administrator.

Section 3: Compensation

- A. Base Salary: The Town agrees to pay Ms. Ferguson a monthly base salary of Six Thousand Four Hundred Thirteen Dollars and Thirty-Four Cents ("Base Salary"). Salary shall be paid periodically on the same regular paydays applicable to all other Town employees.
- B. Employees Benefits: During the term of this Agreement, and thereafter when specifically provided herein, Ms. Ferguson, in addition to the Base Salary provided for in Section 3, shall have and be entitled to receive from the Town the following employee benefits:
 - i. Personal Time Off (PTO) to the extent such is provided for under the Town's employee benefit package;
 - ii. Disability coverage to the extent such is provided for under the Town's employee benefit package;
 - iii. Health, dental and vision benefits to the extent such is provided under the Town's employee benefit package;
 - iv. Payment of 95% of costs of the health insurance plan of the Town Administrator;
 - v. Life, accidental death, and dismemberment insurance to the extent such is provided under the Town's employee benefit package; and

- vi. Retirement benefits on the same basis as all other non-police, full-time employees of the Town.
- C. General Business Expenses: During the terms of this Agreement, the Town shall cover the following general businesses expenses incurred by Ms. Ferguson as Town Administrator:
- i. For the purposes of attending to Town Business during the winter months, the Town shall provide the Ms. Ferguson with access to a Town owned four-wheel-drive vehicle which may be used for attending to Town Business outside the limits of the Town.
 - ii. The Town agrees to support at least two (2) CML administrator training options, if offered by CML at no cost, in the next twelve months.

Section 4: Performance Review

- A. The Personnel Committee shall complete a performance review of The Town Administrator/Town Clerk on or before January 1, 2022 and report its findings to the Mayor and Board of Trustees at the next regular meeting of the Town Board.

Section 5: Termination and Severance

- A. For the purpose of this Agreement, termination shall occur when:
- i. The majority of the Board of Trustees votes to terminate the Town Administrator at a duly authorized public meeting and provides a minimum of thirty (30) days' written notice to the Town Administrator, or
 - ii. Breach of contract is declared by either party, and provided a cure is not met within thirty (30) days by either the Town Administrator or the Town, with written notice of a breach of contract shall be provided in accordance with the provisions contained herein, or
 - iii. Cause as determined by the Board of Trustees.
- B. Cause under this Agreement shall include, but not be limited to, the following:
- i. Failure to comply with applicable material provisions of the Paonia Municipal Code or the Town of Paonia Employee Resource Guide;
 - ii. Disclosure of confidential information, documents or correspondence without authorization;
 - iii. Indulging in repeated offensive conduct or abusive conduct directed at Town employees or members of the public;

- iv. Failure to comply with applicable provision of the standards of conduct for local governmental officials contained in C.R.S. § 24-18-101 to 24-18-206;
 - v. Any conduct that results or could result, in the reasonable judgment of the Town, in the conviction of a felony or crime involving fraud, theft, or misappropriation; or
 - vi. Failure to perform job duties following prior written notice, or conduct which constitutes insubordination or dereliction of duties, in either case in the reasonable judgment of the Board of Trustees.
- C. In the event Ms. Ferguson is terminated without cause as Town Administrator, during the term of this Employment Agreement, she shall be entitled to three (3) months' severance pay.

Section 6: Resignation

The Town Administrator may elect to terminate this Agreement without cause by giving the Town written notice of her intention to terminate. The Town Administrator shall not be entitled to any severance if she makes such an election. Such notice shall specify a termination date that shall not be less than thirty (30) days from the date the notice is given. Unless otherwise agreed in writing by both parties, the Town Administrator shall continue to perform the duties of the Town Administrator, as described herein, on a full-time basis until the termination date specified in the notice. The Town Administrator shall continue to receive compensation and benefits herein provided for so long as she continues to perform such duties. All compensation and employee benefits shall cease to accrue on the termination date or upon such earlier date when the Town Administrator is no longer performing the duties of her office as described herein.

Section 7: Hours of Work

The Town expects and the Town Administrator agrees that the Town Administrator's hours of employment must be flexible and sometimes will be long and irregular. The Town Administrator's duties hereunder will often require her attendance at and participation in meetings and other functions which occur during evening hours and occasionally on weekends. The Administrator understands and agrees that she will not be entitled to overtime pay, or any other form of financial remuneration over and above the Base Salary and benefits provided for herein with respect to the performance of her duties and her long hours of service hereunder, and that she shall be deemed an "exempt" employee under the provisions of the Fair Labor Standards Act. Given Ms. Ferguson's service as both Town Administrator and Town Clerk, she shall also be considered an "exempt" employee while serving as the Town Clerk.

Section 8: Outside Activities

Notwithstanding Ms. Ferguson's service as the Town Clerk, the employment provided for by this Agreement shall be the Town Administrator's sole employment.

Section 9: Indemnification

The Town Administrator shall be defended and indemnified in her actions undertaken in her official capacity as Town Administrator pursuant to all insurance coverages maintained by the Board and pursuant to the terms of the Colorado Governmental Immunity Act. The Town Administrator shall, however, not be indemnified for any act or omission that is willful and wanton, as those terms are defined under the Colorado Governmental Immunity Act.

Section 10: Bonding

Town shall bear the full cost of any fidelity or other bonds required of the Town Administrator under any law or ordinance.

Section 11: Other Terms and Conditions of Employment

The Town, only upon agreement with the Town Administrator, shall fix any such other terms and conditions of employment, as it may determine from time to time, relating to the performance of the Town Administrator, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, the Municipal Code or any other law.

Section 12: Notices

Notice pursuant to this Agreement shall be given by depositing in the custody of the United States Postal Service, postage prepaid, addressed as follows:

- | | | |
|-----|-----------|-----------------------------------------------------------------|
| (1) | TOWN: | Town of Paonia
c/o Mayor
P.O. Box 460
Paonia, CO 81428 |
| (2) | EMPLOYEE: | J. Corinne Ferguson
224 Dorris Avenue
Paonia, CO 81428 |

Alternatively, notice required pursuant to this Agreement may be personally served in the same manner as is applicable to civil judicial practice. Notice shall be deemed given as of the date of personal service or as the date of deposit of such written notice in the course of transmission in the United States Postal Service.

Section 13: General Provisions

- A. Integration. This Agreement sets forth and establishes the entire understanding between the Town and the Town Administrator relating to the employment of the Town Administrator by the Town. Any prior discussions or representations by or between the parties are merged into and rendered null and void by this Agreement. The parties by mutual written agreement may amend any provision of this Agreement during the term of the Agreement. Such amendments shall be incorporated and made a part of this Agreement.
- B. Binding Effect. This Agreement shall be binding on the Town and the Town Administrator as well as their heirs, assigns, executors, personal representatives and successors in interest.
- C. Effective Date. This Agreement shall be effective January 1, 2021.
- D. Severability. The invalidity or partial invalidity of any portion of this Agreement will not affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the remaining provisions shall be deemed to be in full force and effect as if they have been executed by both parties subsequent to the expungement or judicial modification of the invalid provision.
- E. Waiver. The waiver by either party of any breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of that same or any other provision.
- F. The parties agree and acknowledge that in the event of a dispute concerning this Agreement or the Interim Town Administrator's employment, venue for any such dispute shall be proper in Delta County District Court. Further, the parties agree that prior to becoming involved in any litigation regarding this Agreement or the Interim Town Administrator's employment, they shall first attend mediation to attempt to resolve any such dispute and use their best efforts to resolve the same. To the extent mediation fails and/or litigation ensues, the party that substantially prevails shall be entitled to full reimbursement of all reasonable legal fees and costs, including expert and attorney's fees if any, whether related to mediation or litigation.

NOW THEREFORE, the Board of Trustees approves this Agreement at a regular meeting of the Board of Trustees this 26th day of January 2021.

TOWN OF PAONIA

By: _____
Mary Bachran, Mayor

Signatures continued on next page.

TOWN ADMINISTRATOR

By: _____
J. Corinne Ferguson,
Town Administrator

Attest: _____
Amanda Mojarro
Deputy Town Clerk

EXHIBIT A - FINAL

TOWN OF PAONIA

JOB DESCRIPTION

TOWN ADMINISTRATOR/TOWN CLERK

Department: Administration
FLSA Status: Exempt
Reports To: Mayor & Board of Trustees
Directly Supervises: Department Heads and indirectly all Town Staff except the Town Attorney, Police Chief and Municipal Judge

General Statement of Duties -

At the pleasure of the Board of Trustees, this position is the Chief Administrative Officer of the Town and serves as Town Clerk. Under the general supervision of the Mayor, directs and coordinates the day-to-day activities of all departments, department heads and employees of the Town of Paonia. Exercises authority (including appointment and removal) over all other management, supervisory, professional, technical, clerical and other staff. Insures proper implementation of elections, processing of liquor licenses, records management and Board meeting documents.

Essential Functions –

Essential functions of the position include, but are not limited to:

- Statutory Mandated Clerk Duties;
- Performs a wide variety of functions to facilitate the administrative operations of the Town;
- Attends all Board meetings, participates in discussion and makes recommendations to the Board;
- Assists Mayor in the development of agendas for all meetings;
- Serves as Human Resources Officer, unless otherwise assigned;
- Prepares and submits annual Town budget in compliance with Colorado budget laws;
- Manages staff to obtain effective and efficient use of budgeted funds, personnel, materials facilities and time;
- Ensures proper administration and execution of the Paonia Municipal Code, of agreements and contracts executed by the Town and all other policies, rules and regulations as approved by the Board of Trustees;
- Manages, directs and develops systems for long-range planning and prioritization of projects and programs. Develops and implements the Comprehensive Plan for the Town;
- Works with legal counsel with regard to legal issues involving the Town;
- Serves as principal public relations, public information and intergovernmental affairs officer for the Town. When directed, represents the Town at meetings with federal, state and other local government officials;
- Oversees all Town purchases and approves major purchases of goods and services;
- Reviews and makes recommendations on all applications for development, subdivisions, special use permits, annexations and other community development activities;
- Oversees the coordination and management of all Town-sponsored events; the review and permitting of privately-sponsored special events on Town-owned property and the provision of Town services as may associated with said events;

EXHIBIT A - FINAL

- Oversees all professional and consulting service agreements entered into by the Town, including engineering, architectural, financial, planning & zoning, human resources, etc.;
- Conducts regular staff meetings to establish project priorities and to ensure the coordination of such information between staff and the Board of Trustees;
- Prepares special reports and provides analysis and evaluation as directed by the Board;
- Develops and supervises grant applications and awards.

Required Knowledge, Skills and Abilities –

Knowledge of:

- Modern practices and principles of public administration;
- The workings, laws and regulations affecting the operation of municipal government;
- Research methods and practices, sources and availability of information;
- Modern municipal public finance administration and practices;
- Fiscal and other laws specific to Colorado such as GASB, TABOR and the Gallagher Amendment;
- Risk management and insurance issues;
- Employment laws such as FLSA, ADA, HIPPA, COBRA, Worker's Compensation, Unemployment and the Family Medical Leave Act; and
- Federal, State and local laws and ordinances regulating the Town's operations.

Skilled in:

- Preparing and presenting written and oral reports; and
- Communicating effectively with a wide variety of people, including the Board of Trustees, department heads, employees and representatives of other governmental agencies.

Ability to:

- Plan and coordinate a variety of problem-solving and fact-finding projects;
- Explain and interpret Town policies, procedures and functions;
- Establish realistic goals and priorities and attain them;
- Maintain effective working relationships with the public, media, Board, employees and citizens;
- Learn and retain technical and complex information, terminology, policies and procedures;
- Maintain composure under difficult situations;
- Communicate with personnel and the public in a tactful and courteous manner in face-to-face, one-on-one settings, in group settings, telephonically, electronically and in writing;
- Prepare and present ideas and findings clearly and concisely in written, oral and graphic form using proper sentence construction, punctuation and grammar;
- Carry out complex oral and written instructions;
- Research and prepare complex reports;
- Work well independently and with others to establish and attain objectives;
- Ensure accountability within the organization; and
- Organize workflow and manage time effectively.

Required Physical Capabilities –

EXHIBIT A - FINAL

While performing the duties of the job, the employee is regularly required to sit, talk, hear and occasionally lift and carry up to 20 pounds. The employee is regularly required to see, using close and medium range vision. The employee is often required to work with and around standard office equipment.

Working Environment –

The essential duties/activities of this position are performed in a variety of locations with exposure to differing exterior and interior environments.

Material and Equipment Directly Used –

Desktop and/or laptop/notebook computer with email, Microsoft Office software, writing utensils, calculator, desk calendar/appointment book or scheduling software and cell phone/telephone with voicemail.

Additional Requirements –

Requires travel to off-site locations for meetings, appointments, conferences and trainings. Must possess a valid Colorado driver’s license and have an acceptable driving record.

Education and Experience –

Bachelor’s degree in Public or Business Administration or a similar field; five (5) years of progressively responsible experience in government and/or business with a minimum of three (3) years of working in local government administration, finance, planning or similar area; or any combination of education and experience.

The Town of Paonia is an Equal Opportunity Employer. In compliance with the Americans with Disabilities Act, the Town will provide reasonable accommodations to qualified individuals with disabilities and encourages both prospective and current employees to discuss potential accommodations with the employer.

Employee’s Signature

Supervisor’s Signature

Date

Date

DAN J. DEAN

November 4, 2021

Mary Bachran, Mayor
PO Box 460
Paonia, CO 81428

Dear Mayor Bachran:

I am writing to speak to the character and professionalism of Corinne Ferguson. While serving as the interim town administrator for the Town of Paonia from September 2016 to January 2017 I had the opportunity to work with Corinne as the town clerk. She conducted herself in a professional manner. Corinne was knowledgeable and responsible for her duties as town clerk. She was thorough in her research and diligent in her duties.

She was courteous and respectful in sharing her thoughts and perspectives. Corinne actively participated in discussions and accepted decisions in a positive manner. Corinne respectfully listened to constructive criticism and responded to them appropriately. We had frank discussions during my time as the interim administrator. I trusted and relied on Corinne for guidance on the technical aspect of the clerk's responsibilities and duties. She was also adept on providing me local history and perspective.

I found Corinne to be a strong asset to the town and myself. While Corinne may be a novice as a town administrator, as the town clerk she conducted herself in a very professional manner and was very knowledgeable about the operation of the Town of Paonia, and well versed in the history of the community.

Respectfully,



Dan J. Dean

Attachment

Hello Town of Paonia,

I am writing to express my gratitude for the current atmosphere and functionality of the Town offices. I have lived in Paonia for over twenty years and the current staff is by far the best I have seen.

I'd like to point out what we DO NOT have right now that we have had in the past:

- A thieving Town Clerk
- Deranged Town Managers
- Grumpy, indifferent employees
- Incompetence
- Arrogance

What we do have right now is a group that is friendly and professional. They care about what they are doing. They try hard. This is what good employees do. I appreciate having them in the Town Hall. We are fortunate to have them.

Best regards,
Steve Chavez

JOANN KALENAK

Dear Board of Trustees for the Town of Paonia:

As the owner of a long-term rental home in Paonia, I'd like to express my support of Town Administrator Corrine Ferguson. Last year, I'd had the privilege of working with Corrine and others on a project to improve Polis Park. I found Corrine to be extremely responsive to suggestions and effective in implementation. She proved herself a leader while acting with true team spirit. The result is a useful, pleasant and revitalized downtown park.

Further, I have had several occasions to seek public information from the Town. In every instance, Corrine responded almost immediately with full and transparent disclosure. Corrine is one of the most open and forthcoming public servants in Delta County — a rare and valuable commodity.

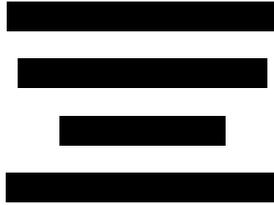
I believe, given the opportunity, Corrine will continue to grow in her position as Town Administrator and I ask that you extend her your full support.

Sincerely,



JoAnn Kalenak
240 Oak Ave.
Paonia, CO
81428

Jacqueline Taylor



To the Citizens and Trustees of Paonia

My late husband and I resided in Paonia at 4 Pan American Avenue from September 20, 2001 until I sold the house in December of 2018 and moved in January of 2019. I attended town meetings as often as health concerns and work schedules allowed.

Corrine was a fine trustee and an inspiration to me while she served. I was approached by a former mayor to run for town council and declined because my job at the time would not allow me the time to be as thorough and well prepared to deal with issues as Corrine was.

I was disappointed when the town lost her as a trustee, but delighted when she returned as an employee. I know her to be a hardworking, honest and thorough person who is a credit to the town in any position she occupies. I attended all but 2 town meetings, including special meetings from November of 2017 through December of 2018 and saw nothing but thorough research and preparation from the Clerk's office.

Since I am no longer able to attend meetings, I am not quite sure what the complaints about Corrine's performance entail, but I can only urge you all to consider the source and character of the complainers. I consider Corrine's character to be above reproach, but cannot say the same for the folks whose names I have read in the paper (DCI and Merchant Herald) or her so-called anonymous supporters who are said to be afraid of reprisals or criticism.

Anonymous sources of any stripe belong to the Great American Bird Species: The White Sheeted Yellow Belly.

Thank you,

Jakki Taylor

Dear Paonia Town Board,

I am writing a letter for you to consider as you once again discuss the contract for your Town Manager. I write this letter not in any official capacity but as Corinne's friend that is concerned about her wellbeing. She and I have been mentors to one another for many years, and have supported each other through many ups and downs. She indicated she can provide you letters of support, and I am so very happy to offer her my full support. I have known and worked with Corinne since she was first a Town Board member for Paonia. She was always prepared, thoughtful, asked tough questions, and ultimately worked towards what she believed was in the best interest of the Town. I have watched her join the staff, learn her position as Deputy Clerk, move into the role of Town Clerk, and now in her dual role of Manager/Clerk. I have the utmost respect for her tremendous dedication to Paonia, her willingness to tackle any issue in front of her, and her keen insight into Paonia. I can honestly say that I have never once heard her speak ill of anyone though I have read numerous things said about and to Corinne as reported in the paper. In our own conversations over the past several months, she has refused to even consider a negative comment about anyone that has done the same to her, but has sought help and guidance in how to deal with what is clearly becoming an untenable situation for everyone.

For many of you on the Board, you may not realize how involved I used to be with Paonia when I worked with DOLA. For better or worse, I helped you with the grant that supported the creation of the Town Manager position. When Ms. Barry was Manager, I pushed back on the effort to combine the Manager and Clerk job at that time. The DOLA grant was not intended to fund a dual position, but to increase Paonia's management capacity. These two functions require different focus, though are not necessarily exclusive of one another. While there are several communities that have Manager/Clerks; these are typically separate positions for good reason.

As Paonia knows all so well, the manager job is fraught with political insecurity. Turnover in this position averages five years across the industry. If you lose a manager, you are replacing one key position in your organization. If you lose a manager/clerk, you have a gap in two of your most critical functions as a town.

Finding a manager that is a good fit for a community can be challenging. Paonia has unique issues and a unique personality. While I do not typically believe that the Manager/Clerk job should be combined, I do truly believe that Corinne is an exception. Her understanding of and roots in Paonia are something you cannot replace. Her dedication, willingness to keep trying, humility, and hard work will be hard to replace. She has intuition that no formal education can teach. I don't believe that someone has to have a formal degree in public administration to be successful at this job. I myself do not and have found nothing but success. I believe Corinne has that same opportunity for great success.

What Corinne needs to be successful as your Manager is your support. She needs meaningful feedback of what is working and what isn't. She needs people to publicly stand up for her when she is being attacked for petty things and accused of wrongdoings that are not accurate. If there are concerns, then she needs your help problem solving solutions. She needs clear policies and procedures to implement, not micromanagement. She needs to feel that you have her back because she has yours. If there are short comings, she needs training. Corinne has shown me over and over for the eleven years I have known and worked with her that she can learn and adapt given the opportunity.

I hope your discussion with Corinne goes well for everyone involved, and if there is anything I can do to help support Corinne to become the best manager she can be, I am more than happy to do so. Corinne's success, or that of anyone in the Manager position, requires not only that Corinne gives her best, but the same from the Board. It's a team effort.

Sincerely,

A handwritten signature in black ink, appearing to read 'Elyse', with a long, sweeping horizontal line extending to the right.

Elyse Ackerman-Casselberry

From: [Amanda Mojarro](#)
To: [Corinne Ferguson](#)
Subject: FW: Review of Corrine Ferguson
Date: Friday, November 5, 2021 8:48:28 AM

From: Greg Cody [REDACTED]
Sent: Friday, November 5, 2021 5:50 AM
To: Amanda Mojarro <amanda@townofpaonia.com>
Subject: Review of Corrine Ferguson

Hi,

I would like to submit my review of Corrine Ferguson's performance as town administrator. I have had to deal with city hall for several years on our remodel of 312 Grand Ave. In that time ,I have been met with professionalism through the entire process. Corrine gets things done. There are many challenges to remodeling a 140year old building and she has made it easy. Questions are answered quickly and with great though. And always with a smile. As far as I can see, she is the best town administrator I have witnessed in the 13 years I have owned property in the Town of Paonia.

Thanks,

Greg

Cody Construction, LLC
[REDACTED]
[REDACTED]
[REDACTED]

November 5, 2021

Paonia Town Board of Trustees
C/O Corinne Ferguson
214 Grand Avenue
Paonia, CO 81428

RE: Town Staff / November 9, 2021 - Town Board Meeting

Dear Board Members:

It is with great pride that I submit this letter of support for the Staff of the Town of Paonia in general, but specifically for Corinne Ferguson, Cindy Jones, and Travis Loberg.

I have been a contract employee for the Town of Paonia since December of 2017. As you probably recall, Ken Knight was the Town Manager at the time. I don't want to bring Mr. Knight into this discussion, but I do want to note that it was Corinne Ferguson and Cindy Jones that I went to for answers when I first arrived in Paonia. These two dedicated employees have valuable historical knowledge of the inner workings of this community and have always been there to steer this ship away from troubled waters.

When Mr. Knight's employment with the Town ended, it was Corinne and Cindy who stepped right into the roles needed to keep the legal workings of this community on track and aligned with the Laws and Ordinances passed by previous Town Boards, as well as with directives, Laws, and Ordinances passed by current Town Trustees. Travis Loberg has always been steady, dependable, and true to the duties and responsibilities assigned to him.

The leadership of these three steadfast, honorable, and loyal employees of the Town of Paonia, along with the efforts of other Town employees that I have had the privilege to work with over the years, has been "behind the scenes" to those who don't understand what it takes to run a community such as this with limited staff, and limited resources. The members of this community, and especially the leaders of this community, should be applauding and supporting these unsung heroes.

As a consultant, I have worked in and with numerous communities since I left employment with the City of Delta just prior to joining your team in Paonia. One thing is for certain – it takes great courage to be a leader. I have witnessed poor leadership at the administrative level, and at the Trustee or Council-Member level in other communities that has been extremely destructive, resulting in poor employee morale and ultimately in community decay. I have also witnessed great leadership, such as what I see each day I work with Corinne, Cindy, and Travis. I also witness the dedication of Amanda, Candy, Patrick, Lorene, and others who are loyal, productive employees, thanks in part to the leadership from above.

Please have the courage to be good leaders and highlight the achievements of your staff. Provide guidance and constructive criticism as needed, but always with a message of support if you want a good return on "your investment". Attacks by the leaders of this community, or of any community, against their own employees will only contribute to decay. Look for the positive, be grateful for glittering diamonds you will surely find, then have the courage to SHOUT your appreciation for all the good you'll discover when looking for the positive. Yes, you have a serious responsibility in keeping promises to your community members, but it starts with having a healthy staff that feels supported in doing their very best in carrying out *your* directives.

You might think I am just trying to “suck up” to the Town Manager with hopes of extending our contract to provide Building Department services for Paonia. You would be wrong if you think that I am motivated by such ambitions. Just as I am happy for the City of Ouray in passing the baton to a new Building Official last week after substituting there for 1 ½ years (as I’ve done here for nearly 4 years), I would be thrilled for Paonia if they were to find a regional Building Official to serve numerous communities in Delta County. It is Corinne Ferguson, with financial and budgeting guidance from Cindy Jones, who is working toward that end to improve the stability of this Town. This letter is not about me, but my company is happy to provide professional services for as long as you may need; however, I have many other consulting opportunities I could expand on if you found a replacement for me, so please understand that I am in total support of Corinne and Cindy (and the Trustees) in finding my replacement. My only interest in offering this letter is in the health of this Town as a community.

Please find the courage to lead this community (including your staff) down the path of common goals that result in excellence. Paonia has a very unique charm – please don’t let it slip away.

Sincerely,



Dan Reardon

	Impact Fee from Enterprise Funds to Streets Capital Fund Discussion		
Summary: Board motion to discuss enterprise fund impact fee.			
Notes: <ol style="list-style-type: none"> 1. Legality: Upon investigation I have again confirmed it is not illegal to assess an impact fee from enterprise fund to general fund. 2. Consistency: Many communities include the same or similar practice in their community. Examples: Johnstown – 5% of revenue from water/wastewater to general fund and designated to parks. Elizabeth – 3.5% fee from water/wastewater to general fund. Bayfield – 15% of enterprise fund revenue to general fund. Cedaredge - % of enterprise fund revenue as Admin Fee to General fund and right-of-way impact fee from water/wastewater for streets. 3. Staff recommendation: Staff recommends the Board enact an ordinance permitting an enterprise impact fee to be assessed and transferred to the general fund. Staff also recommends the ordinance include language directing the impact fee charge to be determined on an annual basis during budget preparation. 4. Staff recommendation continued: In light of the streets/streets capital fund having needed monies for the immediate 2022 calendar year, staff commitment to preparing a formal capital improvement plan in 2022, and the immediate need in the water enterprise fund, staff has tentatively removed the impact fee from the 2022 draft budget and recommends the board direct the Town attorney in January 2022 to begin the aforementioned ordinance. 			
Possible Motions:			
Motion by: _____ 2 nd : _____ vote: _____			
Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran:

AGENDA SUMMARY FORM

	Main Avenue Fence		
Summary: Discussion regarding process for fence review.			
Notes:			
Possible Motions: Motion by: _____ 2 nd : _____ vote: _____			
Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran:

November 5, 2021

10/18/2021

Fence Ordinance 2020-06 Fences Hedges, and Walls

Trustees,

Fence Ordinance 2020-06 went into effect August 2020. February of 2021, I received a fence application. This was the first fence application with a request for a height to exceed six feet since ordinance 2020-06 was enacted. I reviewed the application, received approval for the height request from public works and the police department, and approved the application.

All steps were completed in accordance with the ordinance other than confirming neighbor notification of height. To avoid any such oversight in the future staff has created a steps checklist that requires initialing to confirm all required steps are taken.

Staff reviews location, height, and materials for fencing based on diagram provided only. Staff requires the applicant to provide photo documentation for file upon completion of fence. It is the property-owner responsibility to confirm fencing is on their property line (18-9-10[1]).

Staff recommends the Board direct Attorney Nerlin to draft a right-of-way encroachment for when any structure encroaches on to Town property or right-of-way and modify 18-9-10 (3) and ordinance 2020-06 #9 accordingly.

Thank you,

Corinne Ferguson
Town Administrator/Clerk

ORDINANCE NO. 2020-06

AN ORDINANCE OF THE BOARD OF TRUSTEES OF THE TOWN OF PAONIA, COLORADO, AMENDING CHAPTER 18, ARTICLE 9, SECTION 10 OF THE TOWN OF PAONIA MUNICIPAL CODE

RECITALS:

WHEREAS, the Town of Paonia (the “Town”), in the County of Delta and State of Colorado, is a municipal corporation duly organized and existing under the laws of the State of Colorado; and

WHEREAS, pursuant to C.R.S. § 31-23-301, the Town has the power to regulate buildings and other structures for the purposes of promoting health, safety, and the general welfare of the community; and

WHEREAS, the Board of Trustees determines that it is in the best interest of the community and the public health, safety and welfare of the citizens of the Town to amend the Town Code to add this provision to the Municipal Code.

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF PAONIA, COLORADO, AS FOLLOWS:

Section 1. Legislative Findings.

The recitals to this Ordinance are adopted as findings of the Board of Trustees in support of the enactment of this Ordinance.

Section 2. Amendment of Town Code.

Sec. 18-9-10 shall be repealed and amended to the Town Code as follows:

All fences, hedges, and walls (combined “**fence(s)**”) are subject to the applicable sections of the International Building Code version as adopted by the Town.

- (1) Prior to the installation of a new fence the property owner or their agent shall file for a fence review with the Town Building Official, Town Clerk or designee and shall pay the appropriate review fee as may be set by the Town Board of Trustees via resolution. The purpose of the Town requiring a fence review application and fee is to allow the Town Building Official, Town Clerk, or designee to inspect the proposed fence plan to confirm that it meets the provisions of the Town Code, and that the fence will not encroach on a public right-of-way.
- (2) No fence may extend beyond or across a property line unless it is done with the joint agreement of the abutting property owners. It shall be the responsibility of the property owner to locate all property lines.

- (3) No fence shall encroach upon a public right-of-way or a public sidewalk.
- (4) No barbed wire, sharp-pointed or electrically charged fence shall be permitted in the Town.
- (5) The Town requires a maximum height of 4 feet for fences from the required setback line as determined by Chapter 16-3 (zoning schedule of requirements) to the front property line and a maximum height of 6 feet for fences in all other yard areas on the property. The height shall be measured at the finished grade on the side of the fence nearest the street or abutting property.

(6) On corner lots, no fence exceeding forty-eight (48) inches in height shall be placed in a triangular area formed by three (3) points as established by:

- a. The intersection of the property lines at the corner (Point A); and
- b. Points B and C measured thirty (30) feet along the property lines from Point A.
- c. A shorter height may be required to assure corner sight triangles at intersecting streets and alleys.

(7) The Town Administrator may grant a permit for fences and walls that exceed the maximum height upon application in specific cases and subject to compliance with the following standards:

A. The proposed fence or wall shall not adversely affect traffic safety or appropriate use of adjacent property.

B. Any section of an over-height fence or wall in the Primary Street setback shall be less than 50 percent solid over its entire area.

C. The fence is necessary to provide security, privacy, or protection from traffic impacts such as noise or lights.

D. The fence shall not detract from the safety or pedestrian character of the right-of-way.

E. Such request shall be reviewed at the staff level and may be approved in the event the following is met:

- i. Sec. 18-9-10(1) through (4) have been complied with

- ii. The Town Administrator, Public Safety Department and Public Works Department sign off on the excess height; and
- iii. All property owners adjoining the property owner have filed a letter of support of the deviation.

(9) any person requesting a variance from these code provisions shall apply for the same in accordance with Sec. 18-10-40 of the Town Code.

Section 3. Severability.

If any provision, clause, sentence or paragraph of this Ordinance or the application thereof to any person or circumstance shall be held invalid, such invalidity shall not affect the other provisions of this Ordinance which can be given effect without the invalid provision or application, and, to this end, the provisions of this Ordinance are declared to be severable.

Section 4. Repeal of Prior Ordinances.

All other ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 5. Ordinance Effect.

Existing ordinances or parts of ordinances covering the same matters as embraced in this Ordinance are hereby repealed and any and all ordinances or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed, provided, however, that the repeal of any ordinance or parts of ordinances of the Town shall not revive any other section of any ordinance or ordinances hereto before repealed or superseded and further provided that this repeal shall not affect or prevent the prosecution or punishment of any person for any act done or committed in violation of any ordinance hereby repealed prior to the taking effect of this Ordinance.

THIS SECTION LEFT INTENTIONALLY BLANK

Section 6. Effective Date.

This Ordinance shall take effect thirty days after publication.

INTRODUCED, READ AND REFERRED for second read before the Board of Trustees of the Town of Paonia, Colorado, on the 23rd day of June 2020.

HEARD AND FINALLY ADOPTED by the Board of Trustees of the Town of Paonia, Colorado, this 13th day of July 2020.

**TOWN OF PAONIA, COLORADO, A
MUNICIPAL CORPORATION**

By: 
MARY BACHRAN, Mayor

ATTEST:


J. CORINNE FERGUSON, Town Clerk



AGENDA SUMMARY FORM



Resolution 2021-08 Town Participation in the National Opioid Settlement Support of The State of Colorado

Summary:

State of Colorado request for municipality to support benefits for the national opioid settlement.

Notes:

The state needs 95% subdivision participation to receive full funding from two settlements. There is no obligation or requirement for the municipalities to budget or expend funds.

Possible Motions:

Motion by: _____ 2nd: _____ vote: _____

Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran:

**TOWN OF PAONIA, COLORADO
RESOLUTION 2021-08**

**A RESOLUTION OF THE BOARD OF TRUSTEES OF THE TOWN
OF PAONIA APPROVING COLORADO'S OPIOID SETTLEMENT
AND RECOVERY**

WHEREAS, the Colorado Department of Law has come to an agreement with Colorado's local governments for distributing opioid settlement and recovery funds to local counties and municipalities; and

WHEREAS, to maximize the settlement funds within Colorado, it is important that all Colorado counties and municipalities participate in these settlements and the distribution process.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF PAONIA, COLORADO:

1. Recitals. The foregoing recitals are incorporated herein as findings and determinations of the Board of Trustees of the Town of Paonia ("Board").
2. Approval. The Board approves for execution by the Mayor and Town Clerk the following documents:
 - (1) The Memorandum of Understanding that lays out the allocation of Opioid recoveries in the State of Colorado;
 - (2) The Subdivision Settlement Participation Form that releases subdivisions' legal claims against Johnson & Johnson;
 - (3) The Subdivision Settlement Participation Form that releases subdivisions' legal claims against AmerisourceBergen, Cardinal Health, and McKesson; and
 - (4) The Colorado Subdivision Escrow Agreement that ensures subdivisions' legal claims are released only when 95% participation by certain local governments has been reached.
3. Effective Date. This Resolution shall take effect upon adoption hereof.

ADOPTED this _____ day of _____, 2021.

PAONIA Board of Trustees

By: _____
Mayor

ATTEST:

Town Clerk

DRAFT

AGENDA SUMMARY FORM



Town of Paonia Purchasing Policy Updates including Non-Essential Purchases

Summary:
Continued from July 27, 2021, meeting

Notes:

Being researched and to be added – Language regarding FEMA guidelines for purchases in a disaster.

Possible Motions:

Motion by: _____ 2nd: _____ vote: _____

Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran

November 5, 2021

DRAFT 7/23/21

Town of Paonia Purchasing Policy

1. PURPOSE:

To provide guidance to the Town Board and staff in an effort to set forth a standard of integrity when purchasing goods and services on behalf of the Town, provide for the most efficient use of taxpayers' dollars, provide for timely purchases, and follow common sense and good business practices.

2. PRIORITIES:

In selecting products and service providers, the Town considers and weighs all of the following criteria:

- A. Pricing: Ensure that the Town receives the required product or service at the lowest possible costs and highest value.
- B. Quality: Using the purchasing and bidding parameters identified within this policy document, it will be the intent to acquire the highest quality product and service for the Town.
- C. Competition: Provide vendors an equal opportunity to sell to the Town. [non-discrimination statement here]
- D. Environmentally Preferable Purchasing (EPP): EPP is the purchase of products and services that have a lesser or reduced effect on human health and the environment when compared to competing products and services that serve the same purpose. This policy will give preference to products that minimize environmental impacts over the lifetime of the product.
- E. Local Preference: Purchasing goods and services from local vendors is desired because it stimulates the local economy and recognizes that our local vendors are valued members of our community. If factors such as quality, previous performance, and availability are equal among vendors, a vendor whose business is located in Paonia shall be awarded a contract if their quote or bid is within 5% of the low bid.

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3. PROCESS:

In an attempt to acquire the highest quality products and services at the lowest cost, the following purchasing processes will be used:

- A. Quotes: For purchases between \$2,000 and \$10,000, a minimum of three (3) quotes will be solicited/received from qualified vendors. If, despite solicitation for quotes, fewer than three (3) quotes are received, the Town Administrator may choose a vendor from the quotes that were received.

- B. Request for Bids and Proposals: For capital purchases greater than \$10,000, a bidding process soliciting formal bids or a request for proposals (“RFP”) will be used. Specifications or a scope of services will be developed and included in the bid or RFP. Bidding levels, RFP development, bonding and insurance requirements are more fully described in the Purchasing manual.

- C. Advertising: At a minimum, all formal bids and RFPs will be advertised in at least one of the following locations:
 - A newspaper of general circulation in the Town
 - Other publications of limited circulation or trade journals
 - Electronic purchasing web sites

In addition, all formal bids and RFPs will be posted on the Town’s website. Also, any vendor who requests to be included on the Town’s bid list will receive copies of relevant solicitations.

- D. Term/Duration: For non-recurring and one-time acquisitions, depending on the monetary level of the purchases (see Table in 4.A.), a competitive procurement process will be used. For the purchase of recurring products and services, formal bids will be solicited at least every four (4) years, if not more frequently, as determined by the Town Administrator.

4. PURCHASING AUTHORITY:

- A. Purchasing Levels/Approval Requirements for Budgeted Items: Find below a table which establishes purchasing/bidding levels and approval requirements for all budgeted acquisitions:

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Approved Budget Items

Dollar Limit	Bids/Proposal	Approvals
Up to \$2,000	None Required	Department Head
\$2,001 to \$10,000	Minimum of three (3) Quotes Required	Department Head Town Administrator
\$10,001 to \$20,000	Formal Bid or Proposal Required	Department Head Town Administrator Town Board
\$20,001 to \$100,000	Formal Bid or Proposal Required	Town Administrator Town Board
Over \$100,000	Formal Bid or Proposal Required	Town Board

- B. Contracts/Record Maintenance: Any contract for \$12,000 or more must be submitted to the Town Board for its approval. The Town Administrator, or his or her designee, is authorized to enter into and sign on behalf of the Town. All original agreements/contracts shall be provided to the Town Clerk for maintenance with the Town records.

- C. Change Orders: Any change order which in total increases the aggregate acquisition cost by more than 15% will require approval by the party who originally approved the purchase. Additionally, any change order which increases the cost to the next dollar limit threshold will require approvals of the appropriate individual/entity at that threshold.

- D. Multi-year Contracts: A contract for supplies or services may be entered into for any period of time deemed to be in the best interest of the Town, provided that the term of the contract and renewal provisions are included in the original solicitation process. Adequate funds must be available to fulfill the first fiscal year’s obligation at the time of contract execution. Subsequent years’ appropriations are subject to authorization by the Town Board of Trustees.

5. EXCEPTIONS:

- A. Cooperative Purchasing: products or services for which other public agencies have gone through a competitive bidding process and are able to have their bid prices

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extended to the town are exempt from the competitive bidding guidelines. The town may also participate in joint bidding with other agencies if it is in the best interest of Paonia to do so.

- B. Sole Source Purchasing: Purchase of products or services which can be provided by only one (1) supplier or only from one (1) source due to patent, copyright or other issues are exempt from the competitive bidding guidelines. Examples would include utility providers, upgrade to existing software, water share/ditch assessments, travel and education expenses.

- C. Emergencies: The provisions of the Purchasing Policy may be suspended by the Town Administrator for emergency needs. Emergency needs are those unforeseeable purchases necessary to be made on the day of the need to continue uninterrupted service to the citizens of Paonia. In the event of an emergency need, the Board of Trustees will be notified if the purchase exceeds \$20,000 and retroactive approval will be sought at the next Board meeting.

- D. Non-Budgeted Purchases: Any non-budgeted purchases in excess of \$10,000 will require Board of Trustees approval. For purposes of this subsection, “non-budgeted” means operating or capital expenses not included in the Town’s annual budget.

6. FEDERAL FUNDING:

Purchases of goods or services which are funded by Federal grants, or which may subsequently be submitted to FEMA for reimbursement under disaster relief programs, must follow guidelines promulgated under 2 C.F.R. §§ 200.317 – 200.326. In the case of exigent or emergency circumstances, FEMA may waive bidding requirements and allow noncompetitive procurements. All contracts subject to Federal regulations should be reviewed by the Town Attorney.

PURCHASING POLICY

Use of Policy

This policy and the award of bid and other provisions herein are promulgated solely in support of the proper exercise of the Town's fiscal responsibilities, including administration of annually appropriated funds, and solely for the benefit of the Town of Paonia, and confer no rights, duties or entitlements to any bidders or proposers.

PURCHASING GUIDELINES

- 1) Vendor relations - Town employees will conduct all purchasing functions in a professional manner and shall promote equal opportunity and fairness in all vendor relations.
- 2) Ethics and standards of behavior - All purchasing functions shall be conducted impartially to assure fair competitive access by responsible vendors. In addition, public employees should conduct themselves in a manner that will foster public confidence in the procurement process.
- 3) Local preference - Purchasing goods and services from local vendors is desired because it stimulates the local economy and recognizes that our local vendors are valued members of our community. If factors such as quality, previous performance, and availability are equal among vendors, a vendor whose business is located in Paonia shall be awarded a contract if their quote or bid is within 5% of the low bid.
- 4) Multi-year contracts - A contract for supplies or services may be entered into for any period of time deemed to be in the best interest of the Town, provided that the term of the contract and renewal provisions are included in the original solicitation process. Adequate funds must be available to fulfill the first fiscal year's obligation at the time of contract execution. Subsequent years' appropriations are subject to authorization by the Town Board of Trustees.
- 5) Purchasing authority - The Town Administrator, or his or her designee, is authorized to enter into and sign on behalf of the town. At the discretion of the Town Administrator, any contract may be submitted to the Council for its approval.

BIDDING

Bidding procedures are used to provide vendors the opportunity to bid, to elicit greater vendor response, to meet competitive bid requirements when imposed by state or federal law, and to promote competitive prices from vendors for the purchase of capital equipment and other items of significant monetary value. The Board of Trustees and/or Town Administrator may direct the use of a higher-level bidding process on the purchase of any product or service regardless of the amount to be spent. As used herein, "bid" and "bidding" shall include requests for bids, requests for proposals, or requests for qualifications. The responsible department head, in consultation with the Finance Officer and Town Administrator, shall determine when bidding procedures shall utilize a request for bids, request for proposals or request for qualifications, as appropriate.

All purchases of goods or acquisition of services of \$10,001 and over and all purchases of cars, trucks, and heavy equipment shall require formal bidding procedures unless otherwise required by statute.

Petty Cash & Small Non-Bid Purchases

Less than \$50.00 Complete a "Petty Cash" request form. Receipts and excess petty cash must be returned to the Finance Department within three business days of purchase.

Minor Purchases

Purchases of \$50 to \$1,500 must be approved in advance by the Department Head. The Department Head is expected to not approve purchases that are outside the scope of the approved budget.

Purchases

Purchases between \$1,501 and \$5,000 must be approved in advance by the Department Head, the Finance Officer and the Town Administrator. Quotations are required from a minimum of 3 vendors. Town Administrator may waive quotation requirements if it is determined that it is not practical or advantageous to the interests of the Town.

Informal Bidding

Purchase requests of \$5,000 to \$25,000 must be approved in advance by the Department Head, the Finance Officer and the Town Administrator. Written quotes are required from a minimum of 3 vendors. Town Administrator may waive written quotation requirements if it is determined that it is not practical or advantageous to the interests of the Town. Proposals in this range must be submitted to the Town Board for approval before the purchase can be made.

Steps to complete an informal bid: (unless otherwise stated, responsibility falls on requesting department):

- 1) Develop specifications. Upon finalization of the specifications, prepare any documents required by the informal bid.
- 2) Disseminate specifications to identified vendors, including dissemination by email, mail or other method as appropriate.
- 3) Evaluate the bid results and determine which bid serves the Town's best interests.
- 4) Prepare a Purchase Requisition and obtain required approval for the level of purchasing.

Formal Bidding

Purchases of \$10,001 and above must be approved by the Board of Trustees. Written quotations are required from a minimum of 3 vendors and the procurement must follow applicable provisions of the "Formal Bidding Requirements". The Town Administrator may reduce the number of required bids and waive otherwise applicable formal bidding requirements if it is determined that it is not practical or advantageous to the interests of the Town. Proposals in this range must be submitted to the Town Board for approval before the purchase can be made.

Requests for formal bids shall be distributed to qualified/identified vendors in the manner determined by the requesting department. In requests for formal bids shall be posted to the Town website and may be published in a newspaper of general circulation in the Town, in other publications of limited circulation, or in trade journals, but such publication is not required by the Policy. If publication of a request for formal bids is required for a particular procurement by federal or state law or by a funding agency, the requesting department shall prepare and arrange for publication of the required notice.

Notices, general instructions, conditions, and specifications shall be mailed, posted to the Town website and otherwise made available to qualified/identified vendors.

All requests for formal bids shall be reviewed and approved by the Town Administrator or designee prior to distribution.

Steps to complete a formal bid (unless otherwise stated, responsibility falls on requesting department):

- 1) Develop specifications. Upon finalization of the specifications, determine any special requirements, such as bid, performance, and payment bonds; insurance; retainage; and any special requirements the requesting department may need. See bonding and insurance requirements listed below.
- 2) Prepare all documents required for the request for formal bid. Bid documents shall contain the following information, as applicable to the particular procurement (a request for bids for a vehicle purchase typically would not include bond and/or insurance requirements.) and shall be determined by the requesting department head upon consultation with the Town Administrator:
 - a. Where the bidder can obtain bid documents
 - b. Bid submittal deadline
 - c. Date, time and location of bid openings
 - d. Any bond and/or insurance requirements
 - e. Any special requirements
 - f. A statement to the effect that the Town reserves the right to reject any and all bids, and to accept the bid deemed to be the lowest reliable and responsible bid
 - g. A statement to the effect that all bids submitted become public information upon bid opening
 - h. General conditions
 - i. Minimum specifications
 - j. Bid proposal form
 - k. Delivery date or completion date
 - l. Period of bid validity
- 3) Determine bond, insurance, contract requirements. If any bonds, insurance, or contracts are required or are waived, obtain Town Attorney's approval. See bonding and insurance requirements listed below.
- 4) Distribute requests for bids. Make available a complete set of bid documents to all qualified/identified vendors or request vendors to pick up bid documents.
- 5) Conduct the public bid opening per the identified bid opening date.
- 6) Any bids received after the specified time will be returned to the bidder unopened. All bids/quotes/proposals should be retained for the minimum period required by the Town's records retention schedule (generally three years after contract is awarded).
- 7) Evaluate bids. Evaluate the bid results and determine which bid serves the Town's best interests. If the recommended vendor has not submitted the low bid, the department must demonstrate how the higher bid serves the best interests of the Town.
- 8) Prepare report to Board of Trustees for its review and action on the proposed procurement.
- 9) Complete draft documents for Board packet. Obtain Town Attorney's approval on all bid documents requiring bonds, insurance, or contracts prior to the Board of Trustees meeting.
- 10) Upon Board of Trustees' award of bid, notify successful bidder and notify other bidders of the results as requested.
- 11) Obtain signatures on all contracts and any additional required documents from vendor. One original signed contract with all exhibits must be submitted to the Town Clerk for central filing.

Emergency Purchases

Emergency purchases shall be allowed in the case of health and welfare of the citizens of the Town is threatened upon the direction and approval of the Town Administrator and with the recommendation of the appropriate Department Head with notice and advice of the Town Finance Officer to insure the availability of funds. An immediate report to the Board of Trustees shall be made detailing the purchase and cause of the emergency.

Professional Services

Professional services include consultants such as accountants, architects, attorneys, engineers, lab services, and surveyors. For multi-year contracts and contracts anticipated to exceed \$20,000 per year a Request for Qualifications (RFQ). RFQs will be developed on a case-by-case basis outlining the general needs, education and experience desired. For single year contracts of less than \$20,000 the Town Board may authorize the Town Administrator to negotiate such contracts. Upon completion of the negotiations the Town Administrator shall present a proposal to the Town Board for their consideration. The Town Administrator is authorized to enter into agreement for professional services not exceeding \$2,500.

Bonding Requirements

Bonds shall be executed on forms prescribed or approved by the Town Administrator based on review by the Town Attorney as to form and State of Colorado law. Normally, bonds are used only on critical or complex procurement actions, such as projects for completion of public works or public buildings. Bonds generally are not required for purchases of vehicles, equipment, or standard commercial goods and services, particularly when the goods are not altered or customized to unique Town specifications, but may be required if deemed by the procuring department to be in the interests of the Town. Some examples of bonds are:

- *Bid Bonds:* This bond is intended to protect the Town against a bidder's failure to honor its bid. The bid bond requirement may be satisfied by receipt of a certified bank check or a bid bond. The bid security is submitted as guarantee that the bid will be maintained in full force and effect for a period of thirty (30) calendar days after the opening of bids or as specified in the solicitation documents. If the bidder fails to provide the bid security with the bid when required by the bid documents, the bid shall be deemed non-responsive. The bid bond should be in an amount equal to at least 5% of the vendor's bid price.
- *Performance Bonds:* This bond is intended to secure performance of the vendor's performance of its obligations. A performance bond, satisfactory to the Town, may be required for all capital projects contracts awarded in excess of \$50,000. Unless the Town is legally required to accept a bond in lesser amount, the performance bond shall be in amount equal to one hundred percent (100%) of the price specified in the contract.
- *Payment Bonds:* This bond is intended to secure payment of subcontractors and suppliers. A payment bond for the protection of all persons supplying labor and material to the contractor or its subcontractors may be required for all capital projects contracts awarded in excess of \$50,000. Unless the Town is legally required to accept a bond in lesser amount, the payment bond shall be in an amount equal to at least one hundred percent (100%) of the price specified in the contract.

Insurance Requirement

Contracts entered by the Town will require the selected contractor to carry the types and minimum amounts of insurance coverage as required by the Town. The contracts shall also contain other provisions regarding insurance as the Town shall require. Unless different types and/or amounts of coverage are determined appropriate during the development of the specifications, general conditions and/or final contract, the following are the types and minimum amounts of insurance that should be required:

- 1) Workers' Compensation in statutory limits (if applicable).
- 2) Employer's Liability Insurance: \$100,000/ each accident, \$500,000/ policy limit, and \$100,000/ each employee.

- 3) Comprehensive General Liability Insurance: \$1,000,000/Occurrence
- 4) Automobile Liability or Hired & Non-Owned Vehicle Liability Insurance: \$1,000,000/each accident (if applicable).
- 5) Professional Liability Insurance: \$1,000,000/Occurrence.

Certain types of insurance may not be applicable to a particular contract. Whether a particular type of insurance is applicable shall be determined by the requesting department head in consultation with the Town Administrator and Town Attorney.

Bid documents should state the Town's anticipated insurance and bond requirements for the contract to be awarded. Bidders should be advised that the successful bidder shall be required to provide certificates of insurance with the Town named as additional insured, and that the contractor shall not commence work until it has obtained all insurance required by the contract documents and such insurance has been approved by Town.

Bidders' lists may be established and maintained by the Town as an effort to promote competitive bidding from qualified vendors and to establish a source of suppliers.

Evaluation of Bids: In addition to the bid amount, additional factors will be considered as an integral part of the bid evaluation process, including, but not limited to:

- The bidder's ability, capacity and skill to perform within the specified time limits;
- The bidder's experience, reputation, efficiency, judgment, and integrity;
- The quality, availability, and adaptability of the supplies or materials bid;
- Bidder's past performance;
- Sufficiency of bidder's financial resources to fulfill the contract;
- Bidder's ability to provide future maintenance and/or service;
- Other applicable factors as the Town determines necessary or appropriate (such as compatibility with existing facilities, equipment or hardware); and
- If a bid other than the lowest bid is recommended, the requesting department must demonstrate how the higher bid serves the best interests of the Town.

State Bids

State Bids are quotations or bids solicited by and through the State of Colorado (Bid Information and Distribution System). Use of State Bids is permitted for any equipment or vehicle purchases on items priced from \$10,000 to \$150,000. Use of State Bids must be in accordance with applicable procedures and only current State Bids may be used. Use of State Bids would override the formal bidding process and procedures listed above. The determination of whether to use State Bids shall be made by the Town Administrator upon consultation with the requesting department and the Director of Finance and Administration.

OPEN ACCOUNTS

Open accounts are created by the Finance Department and are entered into with vendors that are expected to supply products or services to the Town on an ongoing and/or regular basis where the total volume or total dollar amount cannot be reasonably estimated. An open account may be requested by a department by contacting the Finance Department. When an employee purchases an item on an open account, he/she should sign the receipt (legibly) and a copy of the receipt shall be given to the Finance Department.

CREDIT CARD PURCHASES

Town credit cards are issued by the Finance Department at the request of the Department Head and shall be used for Town business only - no cash withdrawals are allowed.

Whenever possible, Town credit cards are NOT to be used to pay for either general or professional services to the Town (maintenance agreements, rentals, etc.). This is because the IRS requires us to send 1099's to many service providers, and the 1099 process in the Accounts Payable (A/P) system works only for payments made by check directly to the service provider. Payments charged to a credit card bypass A/P. We recommend that all services be invoiced and paid for by Town checks to the vendors, not charged to Town credit cards. Any exceptions must be preapproved by the Town Administrator.

Retain a receipt for every payment or purchase made in person with your Town credit card, and turn the original receipt over to Finance Department as soon as possible after your trip or purchase with a clarification of the item purchased, the meeting attended, etc.

Whenever meals are charged, write on the receipt the names of those attending and the business purpose of the meal. If the card was used for a phone or Internet order, provide a copy of the order confirmation, registration form, flyer, catalog page, or other documentation describing the purchase and the price. The original receipts and other documents will be held until the monthly bill comes in.

When the bill arrives, the Finance Department will match it to the receipts and other documents being held. Then it will be coded to the appropriate departmental expenditure account and description to use for each purchase. The original receipts will remain attached to the statement.

DISPOSAL OF SURPLUS PROPERTY

The Town Administrator shall be empowered to take the following measures concerning items deemed obsolete or excess property (excluding real estate and vehicles) by the Department Heads:

Transfer property from one department to another.

Include surplus equipment as trades on replacement equipment.

Sell property by public auction or sealed bid. Said auction or sealed bid to be advertised seven days in advance. Sell for salvage or dispose of in an appropriate manner any items that are unsaleable or unwanted. The Town Administrator may waive the requirements of this policy if Town interests are better served through other negotiations or processes.

The Town Administrator will be responsible for tracking the disposal of surplus property.

AGENDA SUMMARY FORM



Town Treasurer Position - Continued

Summary: Continued discussion regarding the position of Town Treasurer for the Town of Paonia.

Notes:

From 10/12/2021: Prior to 2015 the finance officer was the appointed treasurer, as the finance officer oversees and completes all duties outlined in statute and municipal code. The addition of an appointed treasurer added oversight and signor authority with the removal of the finance officer signing ability as an additional guard against any impropriety. After reaching out to other municipalities, most report the finance officer is the appointed treasurer.

[CRS Title 31: 31-20-301](#)

[Paonia Municipal Code: 2-3-10 Appointment of Officers](#)

[Paonia Municipal Code: 4-2-10 Custody and Management of Funds](#)

Possible Motions:

Motion by: _____ 2nd: _____ vote: _____

Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran:

AGENDA SUMMARY FORM

	Mayor's Report		
Summary:			
Notes:			
Possible Motions:			
Motion by: _____ 2 nd : _____ vote: _____			
Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran:

November 3, 2021

AGENDA SUMMARY FORM



Adjournment

Summary:

Notes:

Possible Motions:

Motion by: _____ 2nd: _____ vote: _____

Vote:	Trustee Bear	Trustee Budinger	Trustee Johnson
Trustee Knutson	Trustee Meck	Trustee Pattison	Mayor Bachran

November 3, 2021