

Resolution Number 2015-09.01

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
BACA GRANDE WATER AND SANITATION DISTRICT
IMPLEMENTING A POLICY REGARDING WATER USAGE FOR THE CULTIVATION OF
MARIJUANA

WHEREAS, the Baca Grande Water and Sanitation District (the “District”) was organized in accordance with and pursuant to §§ 32-1-101, *et seq.*, C.R.S. for the purpose of providing water and sanitary sewer facilities and services to properties within and without its boundaries; and

WHEREAS, pursuant to § 32-1-1001(1)(m), C.R.S., the District’s Board of Directors (the “Board”) is empowered to adopt, amend and enforce rules and regulations of the District; and

WHEREAS, the District leases water (the “District Water”) pursuant to that certain Water Service Agreement dated August 28, 1997, between the District and the United States as successor to the Cabeza De Vaca Land & Cattle Company, LLC (the “Water Service Agreement”); and

WHEREAS, pursuant to the certain Findings and Ruling of the Referee and Decree of the Water Court (the “Water Decree”) dated April 2, 2001, District Water may not be used for irrigation purposes other than irrigation as an incident of municipal use (lawn, garden, landscaping) by customers of the District; and

WHEREAS, the voters of Colorado approved Amendment 64 at the 2012 general election, creating a new Section 16, Article XVIII of the Colorado Constitution (“Amendment 64”), which authorizes the cultivating, harvesting, processing, transporting, displaying or possessing marijuana; and

WHEREAS, the Board desires to implement a policy concerning the use of District Water for the purpose of cultivating marijuana.

NOW, THEREFORE, be it resolved by the Board as follows:

1. **No Illegal Use of District Water.** Customers shall not use District Water for any illegal purpose under Colorado State law. The District reserves the right to require customers using District Water for marijuana cultivation to provide the District with all documentation and permits from any applicable governmental entity reflecting the customer’s permitted or authorized use or uses and establishing that the customer’s marijuana cultivation operation has been approved by and is in accordance with all applicable laws of the State of Colorado, and any rules, regulations and policies of Saguache County. Any customer who fails to provide such

documentation as required by the District or found using District Water for any illegal purpose shall be subject to immediate water shut-off with all fees and charges associated therewith to be borne by the property owner.

2. **Compliance with Water Decree.** Customers shall not use District Water for irrigation purposes other than irrigation as an incident of municipal use (lawn, garden, landscaping). If, in the District's discretion, a customer's use of District Water for the cultivation of marijuana is determined to be in violation of the Water Decree, the District reserves the right to shut-off water service to the customer, with all fees and charges associated therewith to be borne by the property owner, and to impose any penalties determined by the District in its sole discretion.

3. **Compliance with United States Directives.** In the event the United States of America determines that District Water cannot be used for the cultivation of marijuana, that such use is illegal, or that allowing such use gives rise to potential criminal or civil penalties, the District reserves the right to modify this policy or terminate water service to customers using District Water for the cultivation of marijuana in order to comply with any policy directives or guidelines issued by the United States of America, or any other applicable law.

RESOLVED AND ADOPTED this 18 day of September, 2015.

BACA GRANDE WATER AND SANITATION
DISTRICT



President

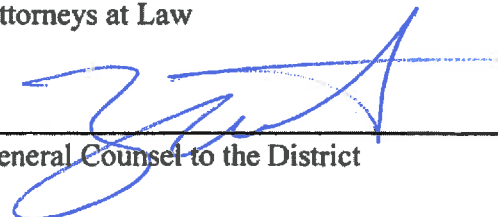
ATTEST:



Notary Public

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District