

**Council of the Village of Yellow Springs
Special Session Minutes**

In Council Chambers @ 12:00 P.M.

Tuesday, May 23, 2017

CALL TO ORDER

President of Council Karen Wintrow called the meeting to order at 12:00pm.

ROLL CALL

Present were Wintrow, Vice President Brian Housh, Gerald Simms, Marianne MacQueen and Judith Hempfling. Solicitors Chris Conard and Jessica Brockman from Coolidge Wall were also present.

EXECUTIVE SESSION (12:00)

At 12:03pm, MacQueen MOVED to ENTER EXECUTIVE SESSION For Discussion of the Potential Sale of Real Estate. Housh SECONDED, and the MOTION PASSED 5-0 ON A ROLL CALL VOTE. Vanzant and Bates were present for the Executive Session, as was Solicitor Conard (who entered the session at 12:55), and Cresco representatives Charles Bachtell and Troy Judy entered the session at 12:40pm.

At 12:55pm, Housh MOVED and Simms SECONDED a MOTION TO EXIT EXECUTIVE SESSION. The MOTION PASSED 5-0 on a VOICE VOTE.

REGULAR SESSION (1:00)

Wintrow introduced the meeting with an explanation as to why Council was holding a special meeting at an unusual time. She noted that Council needed to address the annexation issue promptly, given the timeline dictated by the Ohio Revised Code for that process. Shortly after this meeting was scheduled, Wintrow stated, the offer from Cresco was received, and Council decided to place these time-sensitive resolutions on the existing meeting agenda.

Wintrow stressed that there is no intention to not be transparent or inclusive, and that the topic of the medical cannabis facility being located at the land currently known as the CBE will be discussed at regular meetings of Council as well.

Reading of Resolution 2017-23 Adopting a Resolution of Services Regarding the Proposed Annexation of the Gustafson Property. Simms MOVED and MacQueen SECONDED a MOTION TO APPROVE.

Bates explained the annexation as the property owner's effort to build on her own property, which is a landlocked parcel surrounded by Village land, but which is currently zoned as Township property.

The parcel has access onto North High Street.

Wintrow noted that the property owner lives in a home adjacent to the parcel, and would need access to Village utilities to build another home on the parcel.

MacQueen commented that all property within the Village should be a part of the Village.

Joe Lewis asked how the parcel would gain access to High Street.

Bates responded that the parcel would access High Street via the driveway, which now connects to the street from the existing home.

Lewis restated this, questioning that the parcel would not have its own access to High Street.

Bates responded that a requirement prior to building would be to secure a permanent easement for the construction planned for the rear parcel.

Denise Swinger, Village Planner, commented that the current zoning code permits new construction if the resulting home will have access either through easement or private road.

Wintrow CALLED THE VOTE, and the MOTION PASSED 5-0 on a voice vote.

Reading of Resolution 2017-24 Consenting to Gustafson Property Annexation into the Village of Yellow Springs. Simms MOVED and MacQueen SECONDED a MOTION TO APPROVE.

The Clerk explained that the resolution conveys to the Board of County Commissioners that the Village of Yellow Springs is presenting no objection to the annexation. She noted that the Board votes yes

or no to permitting the annexation from its end before it returns to the Village for a final resolution indicating Village approval.

There being no comments or questions, Wintrow CALLED THE VOTE, and the MOTION PASSED 5-0 on a voice vote.

Reading of Resolution 2017-25 Authorizing the Village Manager to Enter into Negotiations Regarding the Potential Sale of Village Owned Property.

Wintrow asked that the reading of the legislation be held to follow a discussion of the situation to which it responds.

Wintrow explained that Cresco Labs, which has established state-licensed medical marijuana facilities in Illinois, has recently contacted the Village concerning its interest in a parcel of Village-owned property (located on the site currently known as the CBE) for the purpose of a cultivation and production facility.

Wintrow commented that the State of Ohio has only recently released its terms for obtaining a license for the cultivation or production of medical marijuana, and this has put Cresco Labs on a strict timeline, given that the initial application must be submitted by June 30th.

Wintrow noted that the opportunities for tax relief for Village citizens is a paramount consideration for Council, noting that the planned operation appears to offer a number of benefits to Villagers, including Cresco's use of Village utilities as well as the availability of well-paying jobs.

Wintrow commented that Cresco has expressed its desire to consciously partner with the community in terms of hiring and investing locally.

Charles Bachtell, Co-Founder and CEO of Cresco Labs, Inc., spoke to those present, noting that the partnership was formed in 2013, and was started by persons with backgrounds in law and in banking. He commented that this background skill set has been immensely helpful in navigating the complex series of regulatory requirements involved. Bachtell notes that one of the partners is a leukemia survivor, which has contributed to the company's belief in its products as a compassionate response to medical needs.

Bachtell spoke to those present for about 20 minutes, describing the origin of the company and its path in receiving licensing and moving forward to a production model. He noted that an aspect of the licensing requirements is to display the ability to contribute to the community.

Bachtell stressed that there is a great deal of communication and education involved in the process, especially given that Ohio's is a true medical program wherein the only access to marijuana is through a diagnostically-based recommendation from a physician.

Bachtell acknowledged that the topic can be polarizing, and expressed appreciation for the open-minded approach being taken by the Village and Village Council.

Bachtell described the proposed facility, noting security features as well as conservation techniques to maximize intelligent use of electricity and water. In response to a question from Wintrow, Bachtell described the technique used to block any light-bleed from inside of the facility, and the carbon filtration techniques in place to prevent any escape of odor.

With regard to runoff and pesticides, Bachtell stated that the system used is a precisely monitored drip watering system that leaves virtually no excess water. Bachtell stated that the only pesticides used in the Illinois facilities are applied during the first 30 days of the life of the plant, and are natural derivatives such as peppermint or cinnamon oils.

In response to a question from MacQueen, Bachtell stated that the energy used by the proposed facility would be electricity.

With regard to the types of jobs available in the proposed facility, Bachtell noted three areas: commercial agriculture, manufacturing and pharmaceutical product production. He stated that a goal would be to employ locally to the greatest extent possible.

Bachtell stated that the company would work with the community to develop a community give-back program wherein Cresco pays its employees 40 hours per quarter to engage in volunteer work in the community. He noted that this model is in place at his Illinois facilities. He noted that Cresco would like to have an advisory board made up of local stakeholders.

William Firestone read a list of 10 questions developed by his wife, Dawn Johnson, but read them very rapidly and did not remain to hear any response. Most of these questions were answered during Bachtell's presentation or in the course of the subsequent discussion.

Joe Lewis expressed that he had not been aware that Council had been inviting someone in to discuss cultivation of medical marijuana. He stated that the FDA has not support medical marijuana for

medical use. Lewis asked whether Council would visit the Illinois facilities, and asked whether there would be further community discussion on the topic. He noted his disappointment in Council's actions.

Wintrow noted that Council has not solicited any business of any kind, and had not solicited Cresco, but that Cresco had approached the Village.

David Turner asked what jobs will be available, what training will be needed, what Cresco is asking of the Village, and whether the Village is in any way liable if the business is not successful.

Dan Reyes commented that the request on the part of Cresco is in advance of a community discussion regarding the use of the former CBE property. He commented on language in the resolution that "there is no use for the property." (That language is "WHEREAS, Village Council has determined the Property is not needed for any municipal purpose" which was later explained by the Village Solicitor as legally necessary to assure that needed Village infrastructure is not being sold.)

Reyes asked what the best use for the property is, and opined that there has been no urban planning around the property as a whole.

Christine Roberts expressed enthusiasm for the proposal. She commented that there is evidence to suggest that marijuana is a safe medical product. She asked how much tax abatement is being asked for and who would be paying to build the access road. What, she asked, will the Village realize in terms benefits? Roberts questioned the veracity of the projection that 50-60 jobs at an average of \$40,000.00 would be created.

Carl Champney stated his approval, but asked that Council follow through with a visit to the Illinois facilities. He asked that Council speak to employees and residents near those facilities. Champney asked what the potential impact would be upon the existing and proposed businesses in and near the CBE property. He asked what the outcome would be if the business were to fail.

Rick Donahoe, adjacent property owner, expressed approval for the proposal, and described himself as a commercial farmer who sees a good future for the facility. Donahoe expressed that he does not want to see retail on the CBE property, and asked that Council assure this.

Chrissy Cruz thanked Council for bringing Cresco to Yellow Springs. She asked who would pay for the infrastructure, and asked for a timeline as to when the facility would be operational.

Dorothee Bouquet commented that the proposal seems like a good opportunity, but expressed concern at the accelerated timeline, wondering if there would be time to fully consider the matter and time to visit the Illinois facilities.

Matthew McNelly, a Cedarville resident, asked whether Cresco currently has relationships in Ohio with lawyers, banks, investors or special interests. He asked about the impact upon the utility system, including storm water, and whether there will be composting on the property.

Matthew Kirk asked what would occur if Ohio opens up the market further, who would pay for the road access, whether the product would be edible or vapor or smokable. He commented that some companies would not wish to locate near Cresco and suggested that the CBE property be opened up to marijuana cultivation. Kirk suggested that the operations could serve as a "tourist destination" for the Village.

David Turner opined that the Village would not receive much money in income tax, and asked what the Village would make on the venture.

Liz Robertson asked why Yellow Springs was selected as a location.

Christine Roberts asked whether the facility would produce truck traffic.

Wintrow commented upon Joe Lewis's frustration over the apparent lack of communication with citizens, and asked that Bachtell address the lack of advance time permitted in Ohio's licensing process.

Wintrow communicated that there will be other meetings as needed, and commented that Council will continue to address the process issue. She commented that this is the first opportunity presented to Council regarding that property in 10-15 years and apologized for the rapidity of the response, but cited the quality and good fit of the proposal at hand.

MacQueen commented that she did not feel any need to apologize for addressing the opportunity. "Life happens," she commented, and should be taken advantage of. Communication with the public has been a priority, MacQueen stated.

Simms commented that once he learned of the proposal, he followed up with Cresco and followed up with his community contacts. He pointed out that the proposal leaves another 38 acres. There is ample opportunity to examine possibilities for those acres, he stated. This is getting us closer to where we want to be, Simms said, stating that "the referendum on CBE infrastructure argued against the philosophy of 'if we

build it, they will come.ö Now, he commented, we have a company saying, öwe want to comeö and we will build it.ö

Simms noted that the referendum argued against Village money being spent on infrastructure, and that Cresco will pay for its own infrastructure. He noted that citizens do not ask or expect that businesses moving into the downtown provide the public a business plan, nor are they vetted by Council. They come and go, and others take their places. Simms commented, öIf we required 10-20 year projections from them, where would we be?ö

Housh commented that the starting salary is \$14.00 per hour. He commented that the community engagement piece is most dynamic to him. He asked that citizens begin to think creatively about what might be addressed through these community involvements.

Wintrow commented upon the due diligence piece, noting that she and Bates have spoken with officials in Joliet, IL and will follow up with site visits.

Wintrow asked that Bachtell explain the Ohio licensing process and what could change if a new administration comes in.

Bachtell described the types of jobs that would be made available, from ögardener/maintenanceö to öteam leadö and ösenior gardenerö on up to technicians and directors who have advanced degrees. The range is from \$14.00/hour up to ösix figure positionsö.

Bachtell noted that the Ohio application window preceded the issuing of the final rules, which have set a firm deadline of June 30 for submission for larger scale facilities. The application requires that a site has been selected, Bachtell said. A response to the application is expected about 90 days after the application deadline, he opined. If a license is received, Bachtell stated, Cresco would begin doing all necessary prep work. The company has to be operational within nine months, and Cresco completed the process within six months at its Illinois facilities. Product should be leaving the facility about 150 days after facility completion, he said.

Conard commented that he has attended a number of legal conferences on the topic, and while the process is önot perfect,ö it is working fairly well. Conard noted that there are three types of licenses: cultivation, processing and dispensary. There was a fourth license type noted: testing.

Bachtell responded that Cresco will pursue all three (sic) types of licenses, and noted that Ohio has not yet developed the process to apply for processing or dispensing. Bachtell stated that cultivation and processing go öhand-in-handö and he expects that if Cresco gets one license, it will get both. He noted that dispensaries are generally located in larger urban areas.

Bachtell commented upon the testing license, and seemed to indicate that Cresco is interested in this type of license, but this was not directly addressed.

Wintrow commented that retail is prohibited by the covenants on the CBE property, and that this type of operation would not bring the kind of revenue that the other types of licenses would bring. Wintrow opined that the Village does not need more incentives for tourism.

Wintrow stressed that Council has never discussed retail as an option for development at the CBE property, and that Council members are well aware of the restrictions placed by the covenants with regard to retail sales on that property.

Bachtell addressed a question raised earlier regarding composting, and stated that every plant is tracked, öfrom seed to saleö. The disposal process in Illinois, which is what it will be in Ohio, is to örender the plant unidentifiableö by mixing it in with composting material.

Bachtell addressed the question regarding truck traffic, stating that this is not a factor, since the products are picked up and delivered by van 3-4 times a day. He noted that there would be commuter traffic from employees.

Housh commented that it is through education to physicians and patients that market share is gained, and Bachtell agreed, noting that his Illinois facilities are now profitable after 16 months and that Cresco has 22% of the market share in Illinois.

In response to the question raised regarding construction of a road and utility extension, Bachtell stated, öwe will cover the cost of this infrastructure.ö He followed up by asserting that as a private business, Cresco could likely get the work done for a lower rate, since it is not, as government is, bound by prevailing wage standards. He commented further that this would be considered part of the cost of acquisition.

Housh commented that the Village is likewise committed to seeking grant funds through an ODOT program that funds öroads that lead to jobsö.

Wintrow noted that the Village will work with Cresco on the road so that future development is facilitated.

Bachtell commented on other companies' claims of large facilities with many employees. He stated that in Ohio, square footage for production will be limited, which will realistically offer about 50-60 positions initially. If, after three years, the facility has been permitted to fully build out, he commented, the facility could employ as many as 125 persons full-time.

Wintrow stated that Council will maintain an ear to the political climate, and asked what the result on the business might be in the event of political change.

Bachtell responded that political factors could certainly affect the business, but stated that so far only one state has backed off of its medical cannabis program, and that the most logical business response to potential changes is to operate as well as possible in the manner for which the facility is designed.

Wintrow asked that the legislation be read in full.

Reading of Resolution 2017-25 Authorizing the Village Manager to Enter into Negotiations Regarding the Potential Sale of Village Owned Property. Simms MOVED and Housh SECONDED a MOTION TO APPROVE.

Conard explained the question earlier raised indicating that the land referenced in the "whereas" (WHEREAS, Village Council has determined the Property is not needed for any municipal purpose), refers to the entire CBE property at present, since it is not clear precisely which eight acres required by Cresco will be used. Conard explained the legal necessity of such language, which is to prevent a government from selling off infrastructure or buildings currently in use by that government.

Conard explained the Letter of Intent as a standard tool for non-binding interactions. It is a compilation of items that both parties believe the end transaction will look like, but offers some flexibility. He noted that if Cresco would not receive licenses to proceed, the sale would not be completed, and both parties have the ability to walk away at any time.

A citizen asked whether any other communities are in competition with the Village as a location.

Conard responded that it has been indicated by Bachtell that the Village is Cresco's first consideration.

Conard commented that it would be unlikely to see a dispensary in the Village, given the small population.

A citizen asked whether Cresco could receive a lower cost installation because it could contract without paying prevailing wage, and this was confirmed.

Bates noted that the road and utilities would have to be built to Village standards.

Conard responded to a question regarding CAUVs, stating that this was a matter that would need to be worked through, since medical marijuana is exempt from CAUV.

Reyes asked what would occur if Cresco does not get the licenses to operate.

Bates commented that in that event, the land reverts to Village control.

Wintrow CALLED THE VOTE, and the MOTION PASSED 5-0 on a voice vote.

Council thanked citizens for their participation and input.

ADJOURNMENT

At 3pm, Housh MOVED and Simms SECONDED a MOTION TO ADJOURN. The MOTION PASSED 5-0 ON A VOICE VOTE.

Please note: These notes are not verbatim. A DVD copy of the meeting is available for viewing in the Clerk of Council's office between 9am and 3pm Monday through Friday or any time via youtube link from the Village website: www.yso.com.

Karen Wintrow, President

Attest: Judy Kintner, Clerk of Council