

---

# RECORD OF PROCEEDINGS

---

## Minutes of the Special Meeting Of the Board of Directors of Cornerstone Metropolitan District No. 1 February 1, 2019

A Special Meeting of the Board of Directors of the Cornerstone Metropolitan District No. 1 Montrose and Ouray Counties, Colorado, was held at 10:00 a.m. Friday, February 1, 2019 at 969 Courthouse Peak Lane, Montrose, Colorado, in accordance with the applicable statutes of the State of Colorado. Districts Nos. 1 & 2 generally hold a joint meeting but because there was not a quorum of Directors for District No. 2, no meeting was held for District No. 2.

**Attendance** The following Directors were present and acting:

- Marijo Ache - District No. 1
- Warren Ache - District No. 1
- Bill Fugazzi - District No. 1 (via phone)
- Pam Fugazzi - District No. 1 (via phone)
- Jason Stroehlein – District No. 1

The following Director was absent and excused:

- Ross Hauck – District No. 2

Also present or in attendance via phone as indicated were:

- Clint Waldron, White Bear Ankele Tanaka & Waldron - via phone
- Eric Weaver, Marchetti & Weaver, LLC – via phone
- Rick Gonzales, Marchetti & Weaver, LLC – via phone

**Call to Order** The Special Meeting of the Board of Directors of Cornerstone Metropolitan District No. 1 was called to order by Director Ache on February 1, 2019 at 10:04 a.m. noting a quorum was present for District No. 1 only.

**Combined Meetings** The Boards of Directors of the Districts have determined to hold joint meetings of the Districts and to prepare joint minutes of action taken by the Districts in such meetings. However, as there is no quorum of Directors for District 2 these minutes shall be deemed to be the action of District 1 only.

**Disclosure** Mr. Waldron reported that disclosures for those directors with potential or existing conflicts of interest were filed with the Secretary of State's Office and the Boards at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Boards. Mr. Waldron inquired into whether members of the Board had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. No additional disclosures were noted. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully

---

# RECORD OF PROCEEDINGS

---

---

## CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 February 1, 2019 Meeting Minutes

---

complying with laws pertaining to potential conflicts. Additionally, the Board determined that the participation of the Directors present was necessary to obtain a quorum or otherwise enable the District 1 Board to act.

**Public Comment** No public comment was offered.

**Agenda** No changes were made to the Agenda.

**Minutes** Upon motion duly made and seconded it was unanimously

**RESOLVED** by District No. 1 to approve the minutes for the meeting held December 3, 2018 and the continued meeting held December 20, 2018 as presented.

**Legal Matters** Mr. Waldron informed the Board of the Sheriffs Sale process related to the foreclosure of property. Heather Hartung will forward a copy of the sheriff's sale package to the Board for their review. Mr. Waldron informed the Board that there has been no response from the owner. Once the sale is published the Sheriffs Sale may occur within a couple of weeks of publication of notice. Ms. Hartung will notify the Board when the sale is scheduled.

Director Stroehlein updated the Board on the hearing Cornerstone Acquisition Group ("CAG") had with the Ouray County Board Of County Commissioners to extend the Development Agreement with the County. The general feeling of the meeting attendees was that the Commissioners are very supportive of the re-start of the Cornerstone community. There will be a follow-up meeting with the Commissioners in 3 to 4 months. In the meantime, CAG is moving forward to close on the purchase and sale transaction with District 1 and Cornerstone Owners Association as quickly as possible.

Director Ache informed the Board that the Sherriff, Volunteer Fire Department and other organizations want to meet with owners along Government Springs Road related to fire and safety. Director Ache plans to attend and will forward meeting information to Director Stroehlein so that he may attend as well.

Director Ache then reminded the Board of the annual contribution to the Horsefly Fire Association. Director Stroehlein informed the Board that he

---

# RECORD OF PROCEEDINGS

---

---

## CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 February 1, 2019 Meeting Minutes

---

is trying to establish a relationship with Horsefly so that Horsefly, the District and CAG can work together to help lower fire insurance rates for Cornerstone owners.

Mr. Waldron informed the Board that the inclusion of the tract of land including the Welcome Center into District 1 is complete.

Director Fugazzi asked Mr. Waldron what the District's obligations were to provide services to certain adjacent land. Mr. Waldron will review the regulations and report back to the Board at the next meeting.

### **Operations**

Directors Ache and Stroehlein noted that operations are running as expected. The computer update of the water control system was not completed in 2018 but is expected to be completed in 2019 at an approximate cost to the District of \$20,000.

Director Fugazzi informed the Board that the State has been asked to provide the information about what is necessary for the District's water system to become an official potable water system. The State had disposed of all prior records related to the Cornerstone water system but will begin working on defining the requirements as they relate to Cornerstone.

Director Fugazzi informed the Board that Ryan Bartashius is in the process of installing a new pump in the last station and when complete, all six stations will have at least one new pump.

Director Stroehlein informed the Board that CAG has begun having discussions with an adjacent land owner that may lead to the acquisition of additional water for Cornerstone.

### **Financials**

The Board discussed Board Member compensation for the Boards of Districts Nos. 1 and 2. Following discussion and upon motion duly made and seconded the board unanimously

**RESOLVED**, that Board member compensation will be \$100 per meeting for Cornerstone Metropolitan Districts Nos. 1 & 2 except that members who serve on both Boards will receive a maximum of \$150 total Board Member compensation.

---

# RECORD OF PROCEEDINGS

---

---

## CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 February 1, 2019 Meeting Minutes

---

For this meeting only District 1 Board members will receive compensation as there is not a quorum of District 2 Board members and therefore no meeting held for District 2.

Mr. Weaver presented preliminary Financial Statements for the period ended December 31, 2018.

Director Fugazzi inquired about a reserve study and following discussion about the need and usefulness of a reserve study instructed Mr. Weaver to get a proposal from an engineering firm that has experience with or specializes in reserve studies.

Mr. Weaver presented the Accounts Receivable Report. The Board discussed the report but no action was taken.

Mr. Weaver then presented the Accounts Payable Report and upon motion duly made and seconded it was unanimously

**RESOVLED**, to approve the Accounts Payable Report as presented.

Mr. Weaver informed the Board that Marchetti & Weaver LLC is in the process of transitioning the accounting functions for CAG and its' related entities to another firm because of the current existing relationships between those entities the Districts and the Cornerstone Owners Association.

**Next Meeting** The next regularly scheduled meeting is 10:00AM, Monday, February 25, 2019.

**Adjournment** There being no further business to come before the Board and upon motion duly made and seconded it was unanimously

**RESOLVED**, to adjourn the meeting.

Respectfully Submitted

Rick Gonzales  
Secretary to the meeting