

---

# RECORD OF PROCEEDINGS

---

## Minutes of the Special Meeting Of the Board of Directors of Cornerstone Metropolitan District Nos. 1 & 2 February 3, 2020

A Joint Special Meeting of the Boards of Directors of the Cornerstone Metropolitan Districts Nos. 1 & 2 Montrose and Ouray Counties, Colorado, was held at 10:00 a.m. Monday, February 3, 2020 at 929 Courthouse Peak Lane, Montrose, Colorado, in accordance with the applicable statutes of the State of Colorado.

### Attendance

The following Directors were present and acting:

- Marijo Ache - District No. 1 and No. 2
- Warren Ache - District No. 1 and No. 2
- Bill Fugazzi - District No. 1 and No. 2 – via phone
- Pam Fugazzi - District No. 1 and No. 2 – via phone
- Jason Stroehlein – District No. 1
- Ross Hauck – District No. 2

Also present or in attendance via phone as indicated were:

- Ryan Bartashius, Water and Sewer Systems Operations Manager
- Heather Hartung, 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 Joint Special Meeting of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 was called to order by Director Warren Ache on February 3, 2020 at 10:00 a.m. noting a quorum was present for Districts Nos. 1 & 2.

### 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. Unless otherwise noted herein, all official action reflected in these minutes shall be deemed to be the action of both Districts. Where necessary, action taken by an individual District will be so reflected in these minutes.

### Disclosure

Ms. Hartung 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. Ms. Hartung inquired into whether members of the Boards 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 Boards noted, for the record, that

---

# RECORD OF PROCEEDINGS

---

---

## CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 February 3, 2020 Meeting Minutes

---

these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts. Additionally, the Boards determined that the participation of the Directors present was necessary to obtain a quorum or otherwise enable the Boards to act.

**Public Comment** No public was in attendance.

**Agenda** The Agenda was approved as presented.

**Operations** Ryan Bartashius, Water and Sewer Systems Operations Manager, informed the Board that the Colorado Department of Health and Environment (“CDPHE”) has determined that the chlorination system for potable water is not compliant with current regulations because 1) there is not constant monitoring of chlorination at the tank site and; 2) the system of mixing chlorine and water is not adequate and CDPHE believes another tank injection site is required. The District has received no violations and CDPHE is agreeable to operation of the system as is and will work with the District to make improvements over time. Mr. Bartashius explained the situation in detail and recommended engaging the services of a qualified engineer to design improvements to the water system to meet CDPHE’s requirements. The Board authorized Mr. Bartashius to contact Dan Quigley of DOWL Engineering to get a quote for the work required. The Board also expressed their gratitude to CDPHE for working with the District and is committed to working with CDPHE to meet their requirements.

Director Fugazzi asked if the SCADA system upgrade is complete. Mr. Bartashius informed the Board that the upgrade is not complete but a technician will be on-site in February to complete the upgrades. Mr. Bartashius estimates the cost to complete the upgrades to be approximately \$25,000. Director Fugazzi asked if this is work that can be deferred and Mr. Bartashius explained why the upgrades are necessary. The Board agreed it is necessary to complete the upgrades and is comfortable with the \$25,000 estimate.

Director Fugazzi inquired if the old radios to be replaced as part of the SCADA upgrade could be used by Horsefly Fire Protection District as Horsefly’s radios need to be replaced. Director Ache will contact Horsefly to find out.

Mr. Bartashius left the meeting at this time.

---

# RECORD OF PROCEEDINGS

---

---

## CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 February 3, 2020 Meeting Minutes

---

### Minutes

Upon motion duly made and seconded it was unanimously

**RESOLVED** to approve the minutes for the work session held December 9 subject to modification reflecting Directors Bill and Pam Fugazzi attended the work session via telephone; and

**FURTHER RESOLVED** to approve the minutes of the meeting held December 16 subject to the change in date on page 3 from December 2020 to December 2019.

### Legal Matters

Executive Session. Upon a motion duly made and seconded the Board voted to go into executive session pursuant to C.R.S. (§24-6-402 CRS, conference with an attorney for the board of directors to receive legal advice related to the following topics:

1. Consideration of counterproposal to payment plan from Cornerstone Club LLC
2. Update on discussions with owner's counsel regarding roadway rules and easement

Pursuant to C.R.S. §24-6-402(2)(d.5)(II)(b) no record will be kept of the portion of this executive session that, in the opinion of the Districts' attorney, constitutes privileged attorney-client communication pursuant to 24-6-402(4)(b).

The Board returned from executive session and resumed the public meeting.

Ms. Hartung informed the Board that the amendment to the road easement agreement has been sent to Reheboth Partners but no response has yet been received.

Ms. Hartung informed the Board that she has emailed Cornerstone Acquisition Group ("CAG") legal counsel regarding the status of the Pond 4 easement but has not received a response. The Board discussed a bill for monitoring the Pond 4 dam and determined that the bill should be paid by CAG, the owner of Pond 4. Director Stroehlein will forward the bill to CAG to pay.

---

# RECORD OF PROCEEDINGS

---

---

## CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 February 3, 2020 Meeting Minutes

---

Mr. Hartung presented the amended resolution establishing guidelines for collections. The amended resolution incorporates information from the rules and regulations particularly related to water shut-off procedures and includes language regarding conditions for pre-payments for water use. Director Fugazzi asked Ms. Hartung to modify the proposed resolution as necessary to leave the Board with some discretion on a case by case basis. Upon a motion duly made and seconded it was unanimously

**RESOLVED**, to approve the Amended And Restated Joint Resolution Of The Board Of Directors Of The Cornerstone Metropolitan District Nos. 1 & 2 subject to minor modifications to be made by legal counsel on final review.

Mr. Hauck left the meeting at this time.

### **Operations**

The Board discussed the salary for the Water & Sewer Operations Manager and determined that the position will receive a 5% increase retroactive to January 1, 2020 which is consistent with the adopted 2020 budget.

Director Stroehlein informed the board that the tractor was received and is in service.

### **Financial**

Mr. Weaver presented the preliminary unaudited financial statements for the period ended December 31, 2019. The accounts receivable on District 1's balance sheet may change in presentation as part of the audit process due to the delinquent water bills from the Club/CAG. Overall expenditures for the year were less than budgeted.

Director Ache asked when the audit starts and Mr. Weaver informed the Board that the audit is scheduled to start February 24, 2020. The Board approved the engagement of Chadwick Steinkirchner, Davis & Co., P.C. to perform the audits for both districts.

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

**RESOLVED** to approve the Accounts Payable Report for claims paid from December 14, 2019 through January 31, 2020 in the amount of \$89,739.15.

---

# RECORD OF PROCEEDINGS

---

---

## CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 February 3, 2020 Meeting Minutes

---

Mr. Weaver presented the Accounts Receivable Report. The Board engaged in discussion regarding the old balances due related to late fees and interest charges. Ms. Hartung and Mr. Weaver informed the Board that while most related cost of collections are charged to the customer therefore increasing the amount they would have to pay, considering the age of the balances due and past collection efforts, it is most cost efficient for the Board to write-off the balances due. The Board agreed to write off the aged late fees and interest.

Mr. Weaver informed the Board that he has drafted the comments from the reserve study work-session. The Board has a copy of the comments and Mr. Weaver will follow up Director Stroehlein and Mr. Bartashius before sending to the engineer.

**Next Meeting** The next meeting of the Board will be at 10:00 A.M. Monday, February 24, 2020 at 700 Birdsong Lane, Montrose, Colorado.

**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