
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors of Cornerstone Metropolitan District Nos. 1 February 24, 2020

A Regular 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. Monday, February 24, 2020 at 700 Birdsong 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 present for District No. 2 this meeting will be a meeting of District 1 only.

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

The following Directors were absent and excused:

- 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 Regular Meeting of the Board of Directors of Cornerstone Metropolitan District No. 1 was called to order by Director Warren Ache on February 24, 2020 at 10:07 a.m. noting a quorum was present for District No. 1 only.

Combined Meetings

The Boards of Directors of the Districts Nos. 1 & 2 have determined to hold joint meetings of the Districts and to prepare joint minutes of action taken by the Districts in such meetings. However, since there is not a quorum of Directors for District No. 2 all official action reflected in these minutes shall be deemed to be the action by District No. 1 only.

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 Board at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Board. Ms. Hartung inquired into whether members of the Board had any

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NO. 1 February 24, 2020 Meeting Minutes

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 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 Board to act.

Public Comment No public was in attendance.

Agenda The Agenda was discussed and upon a motion duly made and seconded it was unanimously

RESOLVED, to approve the agenda as amended to move any potential Executive Session to be the last item of the Legal section of the agenda if necessary.

Legal Public Hearing. No public was in attendance. Therefore, no public hearing regarding delinquent water bills was convened. Mr. Gonzales identified the delinquent accounts that were brought current since the last meeting and those accounts that were still delinquent. Mr. Bartashius informed the Board of the work required to shut-off water. Following discussion and upon a motion duly made and seconded it was unanimously*

RESOLVED, to defer the shut-off of water because of winter weather conditions and to not start water service to Pond 4 until payment in full is received.

*Director Stroehlein abstained from voting because of a conflict of interest.

The Board then instructed Mr. Gonzales to draft a letter for Board consideration that explains 1) the deferment of water shut-off; 2) no water service will be started for Pond 4 until payment is received and 3) interest and appropriate collections charges will continue to accrue on unpaid balances

Reheboth access easement: Ms. Hartung informed the Board there has been no response from Reheboth's legal counsel regarding the proposed

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NO. 1 February 24, 2020 Meeting Minutes

amendment to the road easement agreement and that she will follow-up and continue to monitor.

Pond 4: Ms. Hartung informed the Board that legal counsel for Cornerstone Acquisition Group LLC (“CAG”) has requested modifications to the proposed Grant of Easement And Agreement Pertaining To Discharge Of Effluent Into Pond No. 4. The District’s intent of the proposed easement is to memorialize what has been happening for years related to the discharge of treated effluent from the wastewater treatment plant into Pond 4. The modifications requested by CAG’s legal counsel includes representations and warranties that Ms. Hartung recommends not be made by the District. Director Stroehlein informed the Board that his understanding is that CAG is concerned that pumping effluent into Pond 4 may cause an overflow of the Pond and that CAG would be required to obtain a discharge permit for the over flow. Director Stroehlein will convey the District’s concern of representations and warranties to CAG and inform Ms. Hartung of the result of that communication.

Minutes

Upon a motion duly made and seconded it was unanimously

RESOLVED, to approve the minutes of the special meeting held February 3, 2020 as presented.

Legal

The Board considered the adoption of the resolution designating the District’s 24-Hour Posting Location. Upon a motion duly made and seconded it was unanimously

RESOLVED to adopt Resolution 2020-02-01, Designating District No. 1’s 24 hour posting location.

Operations

Mr. Bartashius updated the Board on the status of quotes for services to design a water chlorination system required by the Colorado Department of Public Health and Environment (“CDPHE”). A bid was received that seems on the high side for what is required. Mr. Bartashius solicited a second bid from Wright Water Engineers (“Wright”) that is currently being analyzed and is likely to be substantially less than the first bid received. The Board authorized Mr. Bartashius to continue to work with Wright to pare the bid down with the goal of satisfying CDPHE chlorination requirements at the lowest most reasonable cost. Mr. Bartashius will forward a contract with Wright to Directors Bill Fugazzi

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NO. 1 February 24, 2020 Meeting Minutes

and Warren Ache, one of whom will sign on behalf of the District. A copy will also be submitted to Ms. Hartung for review and preparation of an Independent Contractors Agreement (“ICA”) in a form acceptable to the District.

Mr. Bartashius informed the Board of the progress of backflow preventer testing for private residences. Testing is almost complete. The timing of the testing was to take advantage of the availability of Director Stroehlein who has access to most of the private residences. Director Ache asked if future testing can be done when more people are around the community. Mr. Bartashius responded that it can.

Financial

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 February 1, 2020 through February 21, 2020 in the amount of \$21,526.23.

Mr. Weaver reported on the status of the Reserve Study and will continue to work on the timing of funding projected in the report.

Elections

Mr. Gonzales reported on the status of the elections. Five self-nomination forms, three for District 1 and two for District 2 have been received. With the self-nomination forms currently in hand there will be a vacancy for District No. 2. The Board discussed the potential vacancy as it relates to Board composition and quorum considerations. Ms. Hartung will send information regarding establishing quorums to Board members. No action was taken by the Board.

Legal

Ms. Hartung updated the Board on the quiet title action regarding 499 and 599 Maverick Lane. One former owner has signed and the other has until March 19 to sign. No action was taken by the Board.

Next Meeting

The next regular meeting of the Board is scheduled for March 23. Because of the lack of availability of Board members that meeting is cancelled. The next regular meeting of the Boards is scheduled for 10:00 A.M. Monday, April 27 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

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NO. 1
February 24, 2020 Meeting Minutes

RESOLVED, to adjourn the meeting.

Respectfully Submitted
Rick Gonzales
Secretary to the meeting