
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 June 4, 2018

A Joint Special Meeting of the Boards of Directors of the Cornerstone Metropolitan District Nos. 1 & 2, Montrose and Ouray Counties, Colorado, was held at 10:00 a.m. Monday, June 4, 2018 at 700 Birdsong Lane, Montrose, Ouray County, 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
- Pam Fugazzi - District No. 1 and No. 2

The following Directors were absent:

- David Coker – District No. 1 and No. 2

Also in attendance were:

- Clint Waldron, White Bear Ankele Tanaka & Waldron (via phone)
- Heather Hartung, White Bear Ankele Tanaka & Waldron (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 Fugazzi on June 4, 2018 at 10:00 a.m. noting a quorum was present.

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 Matters

The Directors reviewed the agenda for the meeting, following which each Director confirmed the contents of any written disclosure previously made stating the fact and summary nature of any matters as required under Colorado law to permit official action to be taken at the meeting. Each director also confirmed that nothing appeared on the agenda for which disclosure certificates had not been filed. The Boards 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

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Boards determined that the participation of the Directors present was necessary to obtain a quorum or otherwise enable the Boards to act.

Legal Matters

Upon motion duly made and seconded it was unanimously

RESOLVED, to enter into executive session pursuant to C.R.S. §24-6-402(4)(b), Conferences with an attorney for the board of directors for the purposes of receiving legal advice on specific legal questions related to possible foreclosure actions and C.R.S. §24-6-402(4)(a) to discuss the transfer or sale of real property and C.R.S. §24-6-402(4)(b), conferences with an attorney for the board of directors for the purposes of receiving legal advice on specific legal questions related to the sale of real property owned by the District.

The Board then returned from executive session.

Ms. Hartung left the meeting at this time.

Public Comment

No public comment was offered.

Minutes

Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the minutes for the meeting held April 23, 2018 as presented.

Legal

Oath of office was administered by Board President Bill Fugazzi to re-elected directors Warren Ache and Pam Fugazzi. Director Fugazzi will forward signed documents to Mr. Gonzales following the meeting.

The Board directed Mr. Gonzales to follow-up with re-elected Director Coker to assure he takes the oath of office and submits the signed oath to Mr. Gonzales so that it may be filed with the proper entities within 30 days of the May 8, 2018 election.

Mr. Waldron updated the Board on recent legislative action and court rulings related to special districts.

Size of Board of Directors: correspondence from legal counsel regarding the pros and cons of increasing the size of the Board of Directors from 5 to 7 members was referenced briefly and then tabled. No action was taken by the Board.

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Inclusion: The Board then considered the petition for inclusion of Welcome Center Trail ROW into District No. 1. Following explanation from Mr. Waldron the Board instructed Mr. Waldron to prepare for a public hearing to consider the petition at the next meeting. Mr. Gonzales will send public notices for publication in the Montrose Daily Press and Ouray County Plaindealer prior to the next meeting.

The following individuals called in to join the meeting by phone at this time:

- Mr. Dan Bartashius, DB Waterworks
- Mr. Ryan Bartashius, DB Waterworks
- Mr. Brad Simons, MMI Water Engineers, LLC

Mr. Waldron left the meeting at this time.

Operations

Potable Water System: Mr. Simons outlined a plan to bring potable water to the Clubhouse in time for the planned festivities surrounding the partial opening of the clubhouse and the golf course driving range on or about July 4. Strategy for the longer term plan to provide potable water to the rest of the community, except for golf course irrigation, was also discussed. Mr. Simons advised the District to notify the State as soon as possible about the short and long-term plans for potable water. The Board then asked Mr. Simon to prepare the plan for converting to a potable water system and to notify the State of the short and long-term plans.

Mr. Simon left the meeting at this time.

Water Supply from Tri-County Water: Director Fugazzi informed the Board that Tri-County Water has increased capacity to Cornerstone up to 370 Gallons Per Minute (“GPM”) but with the backflow preventer currently in the Tri-County vault, Cornerstone can only pump to 90% of 370 GPM.

Water & Sewer System Update: Dan and Ryan Bartashius reported on the status of the water system. Currently, the system is missing pumping redundancy in 3 vaults. The Board directed Dan and Ryan to move forward to repair the inoperable pumps so that full pumping redundancy is restored.

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Dan and Ryan continue to search for and monitor leaks in the distribution line. Ryan will identify any fire hydrants that do not work properly so that they can be repaired.

Dan and Ryan left the meeting at this time.

The Board then discussed the full-time employment proposal from Ryan Bartashius for water and sewer system management. Mr. Weaver explained what other districts do and the Board asked Mr. Weaver to provide detailed information related to salary and benefits for similar districts. Upon motion duly made and seconded it was unanimously

RESOLVED, to authorize Directors Bill Fugazzi and Warren Ache to develop and negotiate an employment agreement for consideration at the next board meeting.

The Board then directed Mr. Weaver and Mr. Gonzales to start preparations for hiring a district employee.

Financials

Audit: Mr. Weaver then presented the draft independent audit report for fiscal year ended December 31, 2017. Following discussion and upon motion duly made and seconded it was unanimously

RESOLVED, to accept the 2017 audit report subject to minor adjustments resulting from further review by legal counsel and accountants, if any.

Mr. Weaver then presented the Accounts Receivable Report.

Mr. Weaver then presented the Accounts Payable Report. The Board discussed converting pumping meters to a demand rate structure for electricity and will re-consider changing rate structures at the next meeting. Following further discussion and upon motion duly made and seconded it was unanimously

RESOLVED, to ratify the payments made pursuant to the Accounts Payable Report.

Next Meeting Date The next meeting was scheduled for 10:00 a.m. July 2, 2018 at 700 Birdsong Lane, Montrose, CO., the Ache residence.

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Adjournment

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

RESOLVED, to adjourn the meeting.

Respectfully Submitted

Rick Gonzales
Secretary to the meeting