
RECORD OF PROCEEDINGS

Minutes of the Meeting Cornerstone Owners Association Board of Directors July 24, 2017

A meeting of the Board of Directors of the Cornerstone Owners Association, Montrose and Ouray Counties, Colorado, was held 1:00 p.m. Monday, July 24, 2017 at 896 Birdsong Lane, Montrose, CO in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Bob Aisner (via phone)
- Bill Fugazzi
- Warren Ache (via phone)
- Scott Heape (via phone)
- Carol Lawler (via phone)

Also in attendance were:

- Candyce Cavanagh, Orten Cavanagh & Holmes, LLC (via phone)
- Eric Weaver, Marchetti & Weaver, LLC (via phone)
- Rick Gonzales, Marchetti & Weaver, LLC (via phone)

Call to Order The meeting of the Cornerstone Owners Association Board of Directors was called to order by Director Aisner.

Agenda The order of the Agenda was changed so that Item 6 - financial information was presented prior to Item 5 – legal items.

Public Comment There was no public in attendance either in person or by conference call.

Minutes Upon motion duly made and seconded, the board unanimously

RESOLVED, to approve the minutes of meeting for May 15, 2017.

Financial Mr. Weaver presented the preliminary financial statements for June 30, 2017 including the most current 2017 forecast. Director Fugazzi recapped the status of future loan proceeds and newly forecasted expenses. Director Fugazzi will send a copy of his projections to Marchetti & Weaver so that they can be incorporated into an updated 2017 forecast and distributed to the Board.

Mr. Weaver then presented the Accounts Receivable Report. After some discussion the Board will reach out to David Coker and The Durban Group regarding their outstanding balances.

RECORD OF PROCEEDINGS

CORNERSTONE OWNERS ASSOCIATION July 24, 2017 Board Meeting Minutes

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

RESOLVED, to approve the Accounts Payable Report as presented.

Legal

Director Aisner informed the Board that since the sale of property didn't close as planned/budgeted, additional funds are needed to fund ongoing expenses including expenses to re-start maintenance on the golf course. Additional proceeds may be available from the previously formed lenders group but in order to receive those funds the Association will need to have the ability to pledge golf course property it owns as collateral for the additional loan(s). It was noted that a large portion of the loan funds will be used to pay property taxes and other expense directly related to the golf course parcels needing to be pledged.

Since Directors Aisner, Fugazzi and Lawler are members of the lenders group and have a conflict of interest they recused themselves from voting on the issue. Directors Ache and Heape, upon motion duly made and seconded, unanimously

RESOLVED, to approve the pledge of gold course property as collateral for loans from the lenders group contingent on verification and confirmation from legal counsel that the golf course property being pledged is not Common Property as defined in the Charter.

Directors Lawler then presented to the Board her proposal regarding the cabin and vacant lots acquired in the settlement agreement with Mr. Thompson. Ms. Lawler's proposal is to take ownership of the remaining cabin (she has already purchased one of the two cabins) and relinquish the 4 vacant lots acquired as part of the settlement in exchange for forgiveness of the remaining balance of the loan made to the Association and a \$300,000 equity position in a new owner's group upon the sale of the property. Ms. Lawler then informed the Board of her short-term plans to perhaps lease the 2 cabins as a vacation rental by owner. After discussion and upon motion duly made and seconded it was unanimously (Ms. Lawler did not participate in the vote),

RESOLVED, to approve Ms. Lawler's proposal contingent on confirmation from legal counsel that there are no prohibitions and

RECORD OF PROCEEDINGS

CORNERSTONE OWNERS ASSOCIATION July 24, 2017 Board Meeting Minutes

/or restrictions to prohibit the lease of the 2 cabins contemplated by Ms. Lawler.

The Board then discussed use of Reserve Funds to pay current and future legal expenses if necessary. Upon motion duly made and seconded it was unanimously,

RESOLVED, to approve the use of Reserve Funds, if necessary, to pay legal expenses.

Mr. Aisner informed the Board that he has been approached by Rich Moses who would like to exchange a vacant lot he currently owns with another owned by the Association in order to protect the view corridor of another improved lot owned by him. Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the proposed lot exchange provided the value of the lots are equitable and no cash expenditure for the exchange is required by the Association.

The Board then discussed alternative plans and marketing activity for the Cornerstone community now that the Purchase and Sale Agreement has been terminated. No action related to the update was taken by the Board.

In consideration of re-marketing of the community, the Board discussed re-activation of the Design Review Committee (“DRC”). Following discussion of the matter, the Board appointed Pam Fugazzi, Patti Aisner, Marijo Ache and Johanna Nelson to act as the DRC on an interim basis.

Adjournment

There being no further business and upon motion duly made and seconded, it was unanimously

RESOLVED, to adjourn the meeting.

Respectfully submitted,

Rick Gonzales
Secretary for the meeting