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# RECORD OF PROCEEDINGS

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## Minutes of the Joint Special Meeting Of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 July 2, 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, July 2, 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
- David Coker – District No. 1 and No. 2

Also present were:

- Eric Weaver, Marchetti & Weaver, LLC
- Rick Gonzales, Marchetti & Weaver, LLC

In attendance via phone were:

- Clint Waldron, White Bear Ankele Tanaka & Waldron
- Heather Hartung, White Bear Ankele Tanaka & Waldron

### **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 July 2, 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**

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 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 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.

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**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 June 4, 2018 as presented.

**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.

Director Fugazzi then opened the public hearing regarding the Petition for Inclusion of Cornerstone Trail Right of Way and Welcome Center into Cornerstone Metropolitan District No. 1. There being no public in attendance there was no comment and Director Fugazzi closed the public hearing. Following discussion and upon motion duly made and seconded it was unanimously

**RESOLVED**, to approve the Petition for Inclusion of Cornerstone Trail Right of Way and Welcome Center into Cornerstone Metropolitan District No. 1, subject to confirmation of ownership status of the Welcome Center by legal counsel.

The Board then discussed the Notice from Cornerstone Owners Association regarding Assignment of Lease and Purchase Option Agreements. No assignment has occurred. The Board took no action.

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Mr. Waldron presented the Second Amendment to Potable Water Service Agreement with Tri-County Water Conservancy District. Upon motion duly made and seconded it was unanimously

**RESOLVED**, to approve the Second Amendment to Potable Water Service Agreement with Tri-County Water Conservancy District.

### **Operations**

Directors Fugazzi and Ache then updated the Board about their discussion with Ryan Bartashius regarding employment terms to manage the operations of the Waste Water Treatment and Potable Water Facilities. The Board expressed support for hiring Ryan and instructed Directors Bill Fugazzi and Warren Ache to proceed with an employment agreement for Ryan and necessary changes to the Independent Contractors Agreement with DB Waterworks for the Board's consideration at its next meeting.

Mr. Waldron left the meeting at this time.

Director Fugazzi gave a brief report on the status of the golf course renovation.

Director Fugazzi then updated the Board that potable water is now being provided to the community. Water being provided meets potable water standards but does not yet qualify as a Public Water System. Director Fugazzi informed the Board that providing potable water under the current system is a short-term solution during peak season use and since the District would be reverting back to a non-potable system this fall that State regulations require that water cannot be sold to consumers (water delivered for golf course non-potable use is excluded from this requirement). Director Fugazzi also recommended the Board consider hiring an engineer to help design a water line so that water can be flushed via the wastewater treatment plant and sent on to pond 4 at what would otherwise be a dead end of a line. If possible, the District would like to construct the line by the end of November 2018. Upon motion duly made and seconded it was unanimously

**RESOLVED**, to cease charging for water use for the 3<sup>rd</sup> and 4<sup>th</sup> Quarters of 2018 (July – December) and authorize Director Fugazzi to engage an engineer to design the connection line.

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Director Fugazzi informed the Board that approximately \$95,000 has been spent to date on repairs to water pumps and lines since the system has been sitting relatively dormant for a number of years and is now operating at near maximum capacity. The expense is largely because of previously deferred maintenance.

Director Fugazzi informed the Board that the gate box at the main entrance is broken and is being replaced.

### **Financials**

Mr. Weaver then presented the accounts receivable report. The board discussed the report and no action was taken.

Mr. Weaver then presented the Accounts Payable Report 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. Tuesday, July 31, 2018 at 700 Birdsong Lane, Montrose, CO., the Ache residence.

### **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