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# RECORD OF PROCEEDINGS

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## Minutes of the Regular Meeting Of the Board of Directors of Cornerstone Metropolitan District Nos. 1 & 2 July 22, 2019

A Joint Regular 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, July 22, 2019 at 700 Birdsong 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
- Pam Fugazzi - District No. 1 and No. 2
- Jason Stroehlein – District No. 1
- Ross Hauck – District No. 2

Also present or in attendance via phone as indicated were:

- 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 Regular Meeting of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 was called to order by Director Fugazzi on July 22, 2019 at 10:02 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 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.

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

**Agenda** The agenda was approved as written.

**Minutes** Upon motion duly made and seconded it was unanimously

**RESOLVED** to approve the minutes for the meeting held June 24, 2019 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)(e), conference with an attorney for the board of directors for the purpose of developing strategy for negotiations, instructing negotiators, and determining positions relative to matters that may be subject to negotiations related to the Real Estate Purchase Contract between District No. 1 and Cornerstone Acquisition Group LLC (“CAG”) related to 499 and 599 Maverick Lane (“Purchase Contract”)

The Board adjourned from executive session.

Upon motion duly made and seconded it was unanimously<sup>(1)</sup>

**RESOLVED**, to direct legal counsel to 1) change the closing date in the Purchase Contract to be no later than December 31, 2019 and 2) respond to buyer’s legal counsel’s comments regarding the Purchase Contract as discussed in executive session.

<sup>(1)</sup>Director Stroehlein abstained from voting because of a conflict of interest.

Ms. Hartung informed the Board that if they wanted to post future meeting notices on the District’s website legal counsel would work with Marchetti & Weaver LLC to prepare a resolution for consideration at the next meeting. The Board responded to the affirmative instructed Ms. Hartung to proceed.

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Ms. Hartung presented the revised resolution regarding the use of roadways and informed the Board that the only revision is the increase in weight limit from 15,000 pounds to 20,000 pounds. Upon motion duly made and seconded it was unanimously

**RESOLVED**, to approve the revised resolution regarding the use of roadways as presented.

The Board directed Marchetti & Weaver to post the resolution regarding the use of roadways on the website and send an email blast to the community. The email blast should also include a reminder to the community that the District will resume quarterly water charges for residents.

### Operations

Front Gate: Director Stroehlein presented the bid from England Fence Company to replace the coded gate entry system with a wireless bar code system. The Board discussed the operations of the system including the future feature of residents being able to open the gate for visitors remotely from the resident's cell phone. Director Stroehlein informed the Board that once the new system is in place the existing clickers will no longer open the gate. Following discussion and upon a motion duly made and seconded it was unanimously

**RESOLVED**, to approve the bid from England Fence Company to install a new gate controller as amended to change the number of bar codes to be purchased from 50 to 150 and to set the charge for a bar code for residents to \$5 per bar code.

The Board also determined that the security person staffing the main entrance will administer bar code activation etc.

Director Stroehlein reported to the Board that no water was pumped while Ryan Bartashius, the Water Sewer System Operations Technician was on vacation. Director Stroehlein informed the Board that the golf course may require pumping for only one or two more weeks. The Board then discussed what would happen if 15 million gallons of water were not pumped as 15 million gallons is the minimum required to recover the District's costs. No action was taken by the Board.

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Mr. Weaver presented the reserve study proposal from DOWL Engineering. Consideration of the proposal was tabled to the next meeting in order to give the Board adequate time to review the proposal.

## Financials

Mr. Weaver presented the preliminary financial statements for the period ended June 30, 2019 and reported that property taxes yet uncollected are expected to be collected at the time of tax certificate sales by Ouray and Montrose Counties later in the year. The Board engaged in general discussion regarding expenses for the Welcome Center. Ms. Hartung informed the Board that she will speak with Mr. Waldron who has more history related to the issue of Welcome Center ownership and report back to the Board. Mr. Weaver asked the Board if expenses budgeted for weed control and culvert cleaning are still anticipated to be incurred. The Board responded that they do expect the budgeted expenses to be incurred for weed control but culvert cleaning may not be necessary. After further discussion and upon motion duly made and seconded it was unanimously

**RESOLVED**, to accept the preliminary financial statements for the period ended June 30, 2019 as presented.

Accounts Receivable: Mr. Weaver presented the accounts receivable report. Following discussion of the report no action was taken by the Board.

Accounts Payable: Mr. Weaver presented the accounts payable report. Upon a motion duly made and seconded it was unanimously

**RESOLVED**, to approve the Accounts Payable Report as presented.

## Next Meeting

The next regularly scheduled meeting is scheduled for 10:00AM, Monday, August 26, 2019 at 700 Birdsong Lane, the Ache residence.

## 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

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**Joint Special Meeting  
Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2  
July 22, 2019**

**Attorney Statement**

**REGARDING PRIVILEGED ATTORNEY-CLIENT COMMUNICATION**

Pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as general counsel to Cornerstone Metropolitan District No. 1 and Cornerstone Metropolitan District No. 2., I attended the executive session meeting convened on July 22, 2019, held pursuant to §24-6-402(4)(b) and (e), C.R.S., conference with an attorney for the purpose of receiving legal advice related to specific legal questions and to develop negotiating positions regarding the sale of two properties owned by the District. I further attest it is my opinion that all of the executive session discussion constituted a privileged attorney-client communication and, based on that opinion, no further record, written or electronic, was kept or required to be kept pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S.

Signature: Heather L. Hart  
Name and Title: attorney  
Date: 8/29/2019

As President of the Board of Directors of Cornerstone Metropolitan Districts Nos. 1 and 2, I attest that the portion of the executive session that was not recorded was confined to the topics authorized for discussion in executive session pursuant to §24-6-402(4), C.R.S.

Bill Luzzi  
President