
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 August 27, 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, August 27, 2018 at 929 Courthouse Peak 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

The following Director was absent and excused:

- Pam Fugazzi - District No. 1 and No. 2

In attendance via phone were:

- Dan Quigley, DOWL Engineers
- Eric Weaver, Marchetti & Weaver, LLC
- Rick Gonzales, Marchetti & Weaver, LLC
- Clint Waldron, 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 August 27, 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

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 August 27, 2018 Meeting Minutes

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

Agenda

The Board then considered the Agenda and upon motion duly made and seconded it was unanimously

RESOLVED, to approve the agenda with the addition of two items, 1) consideration of obtaining a credit card from Alpine Bank and 2) consideration of enrolling in e-banking and a wire transfer agreement with Alpine Bank.

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 July 2, as amended to more accurately describe potable water service and the cessation of quarterly water fees.

Water Report

Mr. Quigley updated the Board on the status of the water system and discussed plans for keeping the water potable during the winter. No action was taken by the Board.

Mr. Quigley left the meeting at this time.

Legal Matters

The Board then considered the Standard Agreement For Professional Services with DOWL. Mr. Waldron recommended the addition of an addendum so that the Agreement complies with Colorado law regarding special districts. The Board instructed Mr. Waldron to draft the addendum for consideration at the next meeting. The Agreement will also be modified to add Bill Fugazzi as a client representative. The Board then agreed that services from DOWL/Dan Quigley will continue at the rate of \$145 per hour until the Agreement is signed or services are otherwise terminated.

The Board then considered ratification of the following 1) First Amendment to Independent Contractor Agreement with DB Waterworks, 2) Pension Plan Adoption Agreement; 3) Resolution to Establish a Money Purchase Retirement Plan and; 4) Employment Participation Agreement with CEBT. Upon motion duly made and seconded it was unanimously

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 August 27, 2018 Meeting Minutes

RESOLVED, to ratify the following 1) First Amendment to Independent Contractor Agreement with DB Waterworks, 2) Pension Plan Adoption Agreement; 3) Resolution to Establish a Money Purchase Retirement Plan and; 4) Employment Participation Agreement with CEBT.

Director Fugazzi informed the Board that Jason Stroehlein has requested appointment to the Board of District 1. Mr. Waldron informed the Board that the a notice of vacancy and a request for people interested in serving on the District 1 Board must be published, and that a new Board member cannot be qualified unless within 10 days of the publication of notice of such vacancy, no otherwise qualified eligible elector files a letter of interest in filling such vacancy on the board. Mr. Gonzales was instructed by the Board to publish the notice of vacancy and request for interested qualified electors to serve on the Board of District 1.

Mr. Gonzales informed the Board that former director David Coker has not yet signed the deed granting his interest in the District 1 control lot back to Mr. Fugazzi and Mr. Ache. The Board instructed Mr. Gonzales to contact Mr. Coker to determine whether or not the deed will be signed. Mr. Gonzales was then instructed to have the Law Offices of Tom Kennedy to draft a deed whereby an interest in the control lot is granted to a third person to qualify that third person to serve on the District 1 Board.

Operations

Director Fugazzi informed the Board that the eight holes on the golf course will be opened for play on September 13 and 17.

Director Fugazzi informed the Board that an air release valve in the water line between pump stations 1 and 2 failed resulting in lost water and no pumping for a 3 day period.

Director Fugazzi then informed the Board that the backup pump at station 2 is now being replaced.

Director Fugazzi then informed the Board that Cornerstone Acquisition Group LLC has submitted a proposal for snow removal services. Following discussion of the proposal and comparison to the existing snow removal contract there were questions regarding some of the rates in the proposal. Upon motion duly made and seconded it was unanimously

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 August 27, 2018 Meeting Minutes

RESOLVED, to accept the proposal for snow removal services from Cornerstone Acquisition Group conditioned upon confirmation if certain economic provisions result in the proposal being more favorable to the District than the existing snow removal contract and to authorize Director Fugazzi to notify the existing snow removal contractor that the existing snow removal contract will be terminated.

The Board then discussed ownership and planned use of the Welcome Center which is currently owned by the District. The Board determined that the Welcome Center should remain as a District owned facility but leased to Cornerstone Acquisition Group as they will be the primary users. The Board authorized Director Fugazzi to contact Cornerstone Acquisition Group and negotiate a lease for use of the facility.

Director Fugazzi informed the Board that the District has an opportunity to buy a new track vehicle for use by the Water Sewer Operations Manager for \$18,000 and that Cornerstone Acquisition Group has offered to purchase the District's snow mobile for \$5,000. Upon motion duly made and seconded it was unanimously

RESOLVED, to authorize the purchase of the new track vehicle for \$18,000 and sale of the snowmobile to Cornerstone Acquisition Group for \$5,000.

Financials

Mr. Weaver presented the preliminary financial statements for the second quarter ending June 30, 2018. There was discussion of the financial statements by the Board at which time it was determined that the forecast should be updated to 1) include proceeds from the anticipated sale of certain property to Cornerstone Acquisition Group before the end of the year and 2) to reflect that there will be no water use charges in the 3rd and 4th quarter of the year. The District will continue to charge for golf course water use. There was also discussion of road repairs and crack sealing at which time it was determined to leave those expenses in the budget as the work will probably be done in the fall to mitigate damage through the winter.

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

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 August 27, 2018 Meeting Minutes

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

Mr. Gonzales informed the Board that a credit card has been requested by the Water Sewer System Operations Manager in order to have the ability to make job related purchases needed on an urgent or emergency basis. Upon motion made and seconded it was unanimously

RESOLVED, to authorize Director Fugazzi to sign the documents necessary to obtain a credit card for Cornerstone Metropolitan District No. 1 with a credit limit of \$15,000 from Alpine Bank.

Mr. Gonzales then informed the Board that because of increased operational activity of the District the District should enroll for electronic banking functionality with Alpine Bank including the ability to send wire through the bank's electronic banking website. Upon motion duly made and seconded it was unanimously

RESOLVED, to authorize Directors Bill Fugazzi and Warren Ache as the current authorized signers on the bank account at Alpine Bank to execute any and all documents required to implement electronic banking and wire transfer services with Alpine Bank

Director Marijo Ache left the meeting at this time.

Mr. Weaver then presented the Accounts Receivable Report. Mr. Waldron updated the Board on foreclosure proceedings regarding Ouray County Block 13 Lot 02 and the difficulty experienced in serving notice to the owner. Mr. Waldron informed the Board that the District could surveil the owner in an attempt to serve the foreclosure notice but there would be additional expense to the District. Directors Bill Fugazzi and Warren Ache instructed Mr. Waldron to commence the surveillance process. No further action was taken regarding the Accounts Receivable Report.

Next Meeting Date The next regular meeting is scheduled for 10:00 a.m. Monday, September 24, 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

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2
August 27, 2018 Meeting Minutes

RESOLVED, to adjourn the meeting.

Respectfully Submitted

Rick Gonzales
Secretary to the meeting