
RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors of Cornerstone Metropolitan District Nos. 1 & 2 December 16, 2019

A Joint Special 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, December 16, 2019 at 929 Courthouse Peak 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 – via phone
- Pam Fugazzi - District No. 1 and No. 2 – via phone
- 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
- Bob Aisner, Cornerstone Acquisition Group, 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 Warren Ache on December 16, 2019 at 10:05 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

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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.

Public Comment No public was in attendance.

Agenda The Agenda was approved as presented.

Minutes Upon motion duly made and seconded it was unanimously

RESOLVED to approve the minutes for the meeting held November 18, 2019 as presented.

Ms. Hartung informed the Board that minutes of meeting are required for work-session held December 9. Mr. Weaver will prepare the minutes for consideration at the next Board meeting.

Legal Matters Ms. Hartung informed the Board that the Pond 4 easement agreement has been sent to legal counsel for Cornerstone Acquisition Group (“CAG”) and that there is a question yet to be resolved regarding who will be testing and or monitoring the water in the pond. Director Stroehlein informed the Board that currently the District tests water pumped into the Pond 4 from the wastewater treatment facility (“WWTF”) but does not test water in the pond. Water in the pond is tested bi-annually by the Division Of Water Resources. Director Stroehlein informed the Board he will verify these facts with the District’s Water and Sewer Operations Manager, Ryan Bartashius. Ms. Hartung will convey this information to legal counsel for CAG.

Ms. Hartung informed the Board that there have been no further responses from the former owners of 499 and 599 Maverick Lane and that quiet title action is proceeding.

Mr. Bob Aisner joined the meeting at this time.

Mr. Aisner raised concerns about the water billing to CAG. Mr. Aisner is concerned that water flushed into the pond from the WWTF has been double billed. The Board explained that both treated water and flushing water is pumped into the pond, treated water is provided free to CAG because other owners already paid to purchase that water but flushed water is billed like other water delivered to the pond as it has not been

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purchased.

Mr. Aisner also feels like there is a double billing of a portion of the raw water flushed into Pond 4. Mr. Gonzales will review the water bills and discuss them with Mr. Aisner and Director Stroehlein on a future conference call.

Mr. Aisner posed the question to the Board of what if CAG doesn't want the flushed water. The Board responded that the District can flush the water somewhere else but then that water would not be available to CAG to water the golf course. There was no further discussion of this particular matter.

Mr. Aisner then requested a payment plan for the past due water bills and briefly updated CAG's operational status and plans for the next year. The Board expressed the requirement for all past due water bills to be paid prior to the resumption of pumping to fill Pond 4 for future golf course irrigation and payment within 30 days for future billings. The parties discussed a payment plan consisting of the following two key points: 1) 4 equal payments at the end of the months of December 2019 and January through March of 2020 so that all delinquent bills are paid prior to the resumption golf course irrigation demand; 2) as long as CAG is in compliance with the payment plan, late fees and interest assessed on the delinquent balance beginning as of December 1, 2020 will be waived. Mr. Aisner stated that he cannot agree to the terms of the payment plan without the consent from other CAG representatives but will get back to the District shortly. The Board instructed Ms. Hartung to draft the payment plan agreement and deliver it to legal counsel for CAG.

Mr. Aisner left the meeting at this time.

In anticipation of questions from CAG Ms. Hartung asked the Board if they would consider an extension to the agreed payment period to which the Board responded no.

Following further discussion of the payment plan and upon motion duly made and seconded it was unanimously

RESOLVED, to offer CAG a payment plan for past due water bills of 4 equal monthly payments from December 2019 through March 31, 2020 so that all past due bills are paid prior to the resumption of

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pumping for golf course irrigation demands. As long as the 4 equal monthly payments are received the Board agree to waive late fees and interest charges on the past due balances. However, if payments are not received pursuant to the plan then interest will be charged commencing December 1, 2019 based on the balance due. In addition, all water billed during the period of the payment plan must be paid on-time and all balances must be paid in full before additional water will be pumped into the pond.

The Board then discussed the proposed amendment to the road easement agreement with Reheboth Land Partners LLC (“Reheboth”). The Board is in agreement with amending the agreement so that the District need only be informed of construction instead of giving permission for construction. The grantor has also requested a change in the termination date of the easement agreement so that it terminates in 4 years. The Board is not agreeable to this change. The grantor has also requested a copy of the District’s Certificate Of Insurance (“COI”). Mr. Gonzales will send a copy to Ms. Hartung.

Mr. Gonzales left the meeting at this time.

Ms. Hartung then informed the Board that she and Mr. Waldron will be contacting the attorney who submitted the CORA request, subsequently withdrawn, regarding the road rules and regulations in order to clarify any unanswered questions and/or outstanding issues. The Board discussed the rules and regulations but no action was taken.

Operations

Mr. Weaver informed the Board that he will summarize comments and questions from the work – session regarding the reserve study and send to the Board to review before sending to the engineer who prepared the report.

It was reported that the radio to the tank is working. Repairs and replacements required total about \$3,000. Director Fugazzi informed the Board that Ryan would like to have one of the 75 HP pumps rebuilt so that there will be a backup pump available. The \$2,300 estimated cost of the rebuild was approved by the Board.

Director Stroehlein reported that the newly purchased tractor should be delivered next week and operators will be trained by the dealer. The blade for the tractor is expected to be delivered before year end.

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Financial

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

RESOLVED to approve the Accounts Payable Report for claims paid from November 16, 2019 through December 15, 2019 in the amount of \$69,865.07.

Next Meeting

Director Stroehlein informed the Board he has a conflict with the next regularly scheduled meeting of January 27, 2020. The Board determined the next meeting date to be January 20, 2020. Directors Warren and Marijo Ache informed the Board that they may have a conflict developing that would keep them from attending a meeting on the 20th but they will keep the Board informed.

The next meeting of the Board will be at 10:00 A.M. Monday, January 20, 2020 at 929 Courthouse Peak Lane, Montrose, Colorado.

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 and Eric Weaver
Secretary to the meeting