
RECORD OF PROCEEDINGS

Minutes of the Meeting Cornerstone Owners Association Board of Directors December 17, 2018

A Special meeting of the Board of Directors of the Cornerstone Owners Association, Montrose and Ouray Counties, Colorado, was held 2:00 p.m. Monday, December 17, 2018 via conference call 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 (via phone)
- Warren Ache (via phone)
- Jon Nelson (via phone)
- Scott Heape (via phone)

Also in attendance were:

- Candyce Cavanagh, Orten Cavanagh & Holmes (via phone)
- Tom Kennedy, The Law Offices of Thomas Kennedy (via phone)
- Eric Weaver, Marchetti & Weaver, LLC (via phone)
- Rick Gonzales (via phone)
- Kari & Tony Girard (via phone)

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

Agenda There were no changes to the Agenda.

Public Comment No comments were received.

Minutes Upon motion duly made and seconded, the board unanimously

RESOLVED, to approve the minutes of the August 20, 2018 meeting as presented.

Legal Director Aisner reported to the board that the closing of the transaction between Cornerstone Acquisition Group (“CAG”), Cornerstone Owners Association (“COA”) and Cornerstone Metropolitan District No. 1 (“CMD”) has been postponed pending development approvals from Ouray County.

Upon motion duly made and seconded, the board unanimously

RESOLVED, to enter into Executive Session for discussion of legal matters related to the proposed sale of property to Cornerstone Acquisition Group “CAG”.

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Kari & Tony Girard left the call and then re-joined at the conclusion of the executive session.

Director Aisner stated that in an effort to remove the COA from golf course operations, the closing will be split into two separate transactions. The first portion, which will transfer club personal property and improvements to Cornerstone Club, will close before the end of the year, thus removing the COA from club related operations. The second part of the transaction will be the conveyance of certain real property, primarily vacant lots and developable vacant land from the COA and CMD to CAG and will close next year after the development agreement with Ouray County is amended and extended.

Director Aisner, on behalf of Cornerstone Club, presented revised golf club membership details under consideration including: 1) members that made contributions towards the legal efforts of the owners group in prior years will have their contribution amounts amortized as credits against membership fees over a 5 year period; 2) Cornerstone golf members may have reciprocity with 3 other clubs. Clubs currently proposed are Congaree, Diamond Creek, and Frederica.

Director Aisner reminded the Board that golf club memberships do not transfer with the sale of property.

Director Aisner reported that 1) a newsletter was sent to members advising that 8 golf holes will be brought into play as weather permits and all holes are expected to be playable by July 15, 2019; 2) the Cornerstone Club website is now active and; 3) there are currently 8 miles of cross-country skiing open.

Financial

Mr. Weaver presented the preliminary financial statements for the period ended November 30, 2018 and the proposed 2019 budget.

Regarding 2018 expenditures the COA is waiting for a bill from Cornerstone Club, LLC (“CC”) for trail and fence maintenance work.

Regarding the proposed 2019 budget: 1) the proposed budget currently assumes 11 months of an annual \$1000 assessment from properties to be owned by CAG; 2) Director Nelson reported that the Southern/SW demarcation line needs to be clarified. Pursuant to a prior surveying

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estimate, \$7500 should be added to the budget; 3) the Board discussed the Wildlife Report requirement and Director Nelson said he'd look into the subject and report back to the Board; 4) \$100,000 in sales proceeds from CAG needs to be added to the revenue budget.

Tony and Kari Girard inquired about Vacation Rental By Owner ("VRBO") process at Cornerstone. Director Aisner responded that VRBO was not permitted.

Continuance

In order to allow legal counsel time to prepare documentation related to the first phase of the closing for personal property and improvements to Cornerstone Club, it was unanimously

RESOLVED, to continue the meeting to 12:00PM Thursday, December 20, 2018.

Respectfully submitted,

Rick Gonzales
Secretary for the meeting