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# RECORD OF PROCEEDINGS

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## **Minutes of the Special Meeting Of the Board of Directors of Cornerstone Metropolitan District Nos. 1 & 2 July 27, 2020**

A Special Meeting of the Board of Directors of the Cornerstone Metropolitan Districts Nos. 1 & 2 Montrose and Ouray Counties, Colorado, was held at 10:00 A.M. Monday, July 27, 2020. The meeting was held as a teleconference meeting in accordance with the applicable statutes of the State of Colorado, Public Health Order 20-23, and the state of emergency declared by the Governor of Colorado March 10, 2020.

### **Attendance**

The following Directors were present and acting via teleconference:

- 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 teleconference were:

- Heather Hartung, White Bear Ankele Tanaka & Waldron
- Bob Aisner, CAG Member and Resident
- Tom Kennedy, Attorney Representing CAG
- Eric Weaver, Marchetti & Weaver, LLC
- Erin McCauley, Marchetti & Weaver, LLC
- Rick Gonzales, Marchetti & Weaver, LLC

### **Call to Order**

The Special Meeting of the Board of Directors of Cornerstone Metropolitan Districts Nos. 1 & 2 was called to order by Director Bill Fugazzi on July 27, 2020 at 10:05 A.M. noting a quorum was present for both districts.

### **Combined Meetings**

The Boards of Directors of the Districts Nos. 1 & 2 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 Board at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Board. Ms. Hartung inquired into whether members of the Board had any additional disclosures of potential or existing conflicts of interest with

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regard to any matters scheduled for discussion at the meeting. No additional disclosures were noted. The Board 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 Board determined that the participation of the Directors present was necessary to obtain a quorum or otherwise enable the Board to act.

## **Public Comment**

Mr. Kennedy stated that the remedy section of the Purchase and Sale agreement is acceptable, and all parties would like to see closing happen as soon as possible. Mr. Kennedy estimates title companies are behind two to three weeks due to Covid, however, he will contact the title company to establish a closing date as soon as possible.

Mr. Kennedy stated a notary would be required for the Easement Agreement and Mr. Aisner will be arranging for this. Mr. Kennedy will record the document and send the recorded copy to Ms. Hartung. Ms. Hartung could provide remote notary services as well if needed.

Director Ache noted that on page 21 of the board packet, on the signing page of the Easement Agreement, the signature blocks don't match up to the required signatures, and the notary expiration date is incorrect. Ms. Hartung stated this was merely an issue of merging documents and will have her team update and recirculate the document with the signatures and notary information showing correctly. The document has not been recorded yet so all parties will receive the corrected document with appropriate signature blocks.

Mr. Aisner reviewed with the Board a call he and Mr. Kennedy had with Clint Waldron of White Bear Ankele Tanaka & Waldron, regarding how the Metro District boards had been originally established. Mr. Kennedy informed the Board that the Cornerstone Acquisition Group ("CAG") would like to have a more meaningful role within the District as was originally intended. No proposal or specifics were provided by Mr. Kennedy at this time. Mr. Aisner noted that Mr. Waldron indicated during this discussion that there will not be any elections until 2022 and Mr. Aisner feels this is a long time to wait for CAG to have additional representation. Mr. Kennedy mentioned if any members of the Board were inclined to resign their seat on the Board that the remaining Directors could appoint qualified individuals. Director Fugazzi inquired as to what CAG is looking for, such as control, or input. Mr. Aisner stated that they would desire additional seats on the Board. Director Fugazzi noted that

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the District does not have funding for the expansion of the waste water treatment facility once it reaches capacity and does not have sufficient reserves for road overlays so funding needs will arise for which CAG may have an important role. Mr. Aisner recalled that 57 homes could be completed before the existing wastewater treatment plant would need to be expanded.

A discussion was held regarding the qualifications to be eligible as a director Ms. Hartung stated that for all Colorado districts, to be eligible you must be a registered voter in the State of Colorado and either be a resident of the District or the owner (or spouse or civil union partner of the owner) of taxable property within the boundaries of the District, or own property in the District, which could be a piece of the control lot. Mr. Director Stroehlein's position on the Board and qualifications were reviewed. Mr. Aisner informed the Board that he has individuals in mind who would qualify. Director Fugazzi prefers that not all Board members were part of CAG, perhaps a mix of homeowners as well so that all parties are represented. Mr. Kennedy and Mr. Aisner will discuss the topic and present a plan to the Board at a future meeting.

Mr. Aisner and Mr. Kennedy exited the meeting at this time.

Director Fugazzi inquired as to whether the Preservation Fee charged on transfers of property by the COA applies in this case of the sale of the lots. Mr. Weaver and Director Ache recalled it was decided this does not apply in this case.

## **Agenda**

The Agenda was discussed and upon a motion duly made and seconded it was unanimously

**RESOLVED**, to approve the agenda as presented.

## **Minutes**

Upon a motion duly made and seconded it was unanimously

**RESOLVED**, to approve the meeting minutes as written for  
June 22, 2020,  
July 9, 2020, and  
July 16, 2020.

## **Legal**

Ms. Hartung provided a review of the agreements included in the meeting packet and indicated ratification is now needed for the signatures on the

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Pond 4 Easement and the Bargain and Sale Deed. Also included is the Resolution which indicates who may sign the documents at the closing for the properties located at 499 and 599 Maverick Lane. This was initially a specific individual but has been modified to be any available Officer.

Ms. Hartung will send the word version of the Resolution and the Purchase and Sale Agreement to Ms. McCauley to route to necessary signers via DocuSign.

Upon a motion duly made and seconded it was unanimously

**RESOLVED**, to ratify the Pond 4 easement and Bargain and Sale Deed, and to approve the signatures on the Purchase and Sale Agreement and the Resolution. \*

\*Director Stroehlein abstained due to a conflict of interest.

### Operations

A discussion was held regarding the need for crack sealing. Director Stroehlein has performed an examination of the roads; from a general standpoint the crack sealing is looking good, however, the large cracks have become larger so he feels the focus should be on those. Director Fugazzi will reach out to his contact at SealCoat and keep Director Stroehlein informed. Mr. Weaver noted the budget includes \$25k for asphalt repairs.

### Financial

Mr. Weaver reviewed the 2019 audits for both Districts noting that both received a clean or unqualified opinion. Director Ache inquired if there are any ongoing concerns with the outstanding long-term receivable, Mr. Weaver responded that there are no concerns as long as the receivable is collected and that we are in an acceptable cash position operationally.

Upon a motion duly made and seconded it was unanimously

**RESOLVED** to accept the 2019 audits for Cornerstone Metro District Nos. 1 & 2, subject to final review by Mr. Weaver.

Mr. Weaver presented the preliminary financial statements for the quarter ended June 30, 2020, for both Districts No. 1 & 2. Mr. Weaver reiterated that there is no financing ability for these districts and any costs related to infrastructure improvements or expansion will need to be funded by the

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developer. The impact of the appeal of the assessed values was discussed, an abatement check was received, payable to Cornerstone Owners Association (COA), and COA will now need to transfer the funds back to Cornerstone Acquisition Group. The abatement is expected to result in a \$40,000 shortfall in operation funding to District No. 1. Mr. Weaver indicated it is likely the valuation should return next year though with the completion of the golf course last year. The District received the first of six installment payments of \$50k from CAG in early July. Director Fugazzi inquired about weed control, Director Stroehlein will arrange for spot spraying to take place as time permits, including addressing the thistle. Mr. Weaver noted the Capital Reserve will be rebuilt if CAG repays the receivable of \$300k for water and is currently forecasted that approximately \$500k will be set aside at year end. Mr. Weaver reviewed the forecast for estimated gallons to be pumped through the season, Director Stroehlein estimates pumping may be needed into mid to late August.

Director Stroehlein exited the meeting at this time.

Mr. Weaver presented the accounts payable report and upon a motion duly made and seconded it was unanimously

**RESOLVED**, to approve the accounts payable as presented.

Mr. Weaver reviewed the accounts receivable report; no action was taken by the Board.


### **Next Meeting**

The next regular meeting of the Board is scheduled for August 24, 2020, and is anticipated to be a telephonic meeting because of the conditions and restrictions related to the Covid-19 pandemic.

### **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,  
  
Erin McCauley  
Secretary to the meeting