
RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors of Cornerstone Metropolitan District Nos. 1 & 2 September 28, 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, September 28, 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
- Jason Stroehlein – District No. 1
- Ross Hauck – District No. 2
- Bill Fugazzi - District No. 1 and No. 2
- Pam Fugazzi - District No. 1 and No. 2

Also present or in attendance via teleconference were:

- Heather Hartung, White Bear Ankele Tanaka & Waldron
- Eric Weaver, Marchetti & Weaver, LLC
- Erin McCauley, Marchetti & Weaver, LLC

Call to Order

The Meeting of the Board of Directors of Cornerstone Metropolitan Districts Nos. 1 & 2 was called to order by Director Fugazzi on September 28, 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 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

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

Public Comment

There was no public comment.

Agenda

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

RESOLVED, to approve the agenda as presented.

Minutes

The minutes of the August 24, 2020 special meeting were reviewed. Director Ache noted one minor change. Upon a motion duly made and seconded it was unanimously

RESOLVED, to approve the minutes of the August 24, 2020 special meeting as amended.

Legal

Ms. Hartung led a discussion regarding a request to provide water services outside of the District's service area. Research will be needed to determine if this is a possibility, and engineers may be needed to review how many taps the District may service. Ms. Hartung will conduct the necessary research.

Ms. Hartung provided an update on the First Amendment to the Road Easement Agreement. Revisions to the Agreement and Exhibits were received and are under review.

Ms. Hartung gave a review of the Independent Contractor Agreement with SealCo and indicated ratification is now needed.

Upon a motion duly made and seconded it was unanimously

RESOLVED to ratify the Independent Contractor Agreement with J. Scales Enterprises, Inc. d/b/a/ SealCo Incorporated (Asphalt Repair Services).

Discussion was held regarding Cornerstone Acquisition Group's ("CAG") request for additional Board representation. The requirements for qualifications were reviewed as well as the process for appointment of Board members.

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Operations

Director Bill Fugazzi informed the Board that nothing has been received from the State or from the design engineers regarding the requirements to change the water system. Director Stroehlein noted that ground breaking on several cabins and homes is near, which may change the necessary requirements. The Board feels the District should continue to wait for direction from the State on how to proceed.

Director Bill Fugazzi reported the exhaust fan in vault 3 burned out and is in need of repair. No other significant repairs or expenses to report.

Director Fugazzi discussed the required water level in the pond to avoid freezing of the pumps; nine feet of water will be sufficient and will leave three feet of coverage above the top of the pumps. Director Stroehlein feels nine to ten feet would be the optimal level of water. Water needs will be minimal in October.

Director Fugazzi confirmed the next installment payment of \$50,000 is due from CAG October 1, 2020.

Director Fugazzi informed the Board no progress has been made on the Kuijvenhoven matter.

Accounts Payable

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.

Financials

Mr. Weaver provided a review of the Gallagher Repeal Resolution and the potential effects of this. Upon a motion duly made and seconded it was unanimously

RESOLVED for the Board to support the Gallagher Repeal Resolution.

Mr. Weaver will distribute a preliminary 2021 budget for review prior to the next Board meeting and provide the required thirty-day notice for increasing fees.

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Next Meeting The special regular meeting of the Board is scheduled for November 2, 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