
RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors of Cornerstone Metropolitan District Nos. 1 March 10, 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, March 10, 2020 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 – via phone

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

Call to Order

The Special Meeting of the Board of Directors of Cornerstone Metropolitan Districts Nos. 1 & 2 was called to order by Director Warren Ache on March 10, 2020 at 10:09 a.m. noting a quorum was present for both districts.

The Board then discussed participation in Board meeting over the telephone considering recommendations by the federal government for telephonic meetings in consideration of the current Covid-19 pandemic. In consideration of government guidelines, and what is in the best interest of the community and Board of Directors, upon motion duly made and seconded it was unanimously,

RESOLVED, to recognize participation of Board members via telephone or other media in which all participants can be heard as official attendees of Board of Director meetings with all rights and privileges afforded physical participation.

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

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

Public Comment

No public was in attendance.

Agenda

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

RESOLVED, to approve the agenda as amended to add Consideration of Independent Contractor Agreement with Wright Water Engineers immediately after item 6A – Discuss status of water shut-off action.

Minutes

Upon a motion duly made and seconded it was unanimously

RESOLVED, to approve the minutes of the Cornerstone Metropolitan District 1 meeting held February 24, 2020 as presented and;

FURTHER RESOLVED, to approve the minutes of the Cornerstone Metropolitan District 2 meeting held February 3, 2020 as presented.

Legal

Director Fugazzi informed the Board of communication with Cornerstone Acquisition Group ("CAG") member Carol Lawler regarding delinquent water charges. Ms. Lawler expressed her concerns with the payment plan for delinquent charges previously presented by the Board and requested the Board consider a different payment plan proposal. Director Stroehlein

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informed the Board that payment for all water and sewer accounts in CAG's name have been paid with the exception of the treated water account for clubhouse landscape irrigation and water pumped into Pond 4 for golf course irrigation. The Board considered Ms. Lawler's request and proposal and upon a motion duly made and seconded it was unanimously*,

RESOLVED, to accept and approve a revised payment plan for delinquent water charges comprised of the following key points:

- CAG will make six monthly payments to pay the delinquent amount due for water pumped into Pond 4 for golf course irrigation commencing July 1, 2020 with the final payment on December 1, 2020 to
- The first five monthly payments will be in the amount of \$50,000 and the sixth payment will be for the remaining balance due.
- CAG will prepay for all water pumped into Pond 4 until further notice. No water will be pumped into Pond 4 without receipt of prepayment.
- All treated water accounts for CAG must be brought current and remain current in order for the accounts to avoid discontinuance of service pursuant to the District's collection policy.
- The treated water account for Clubhouse Irrigation will remain turned off until the account is paid in full. Once the account is brought current and water service is resumed the account is subject to the District's collection policy.
- Late charges, interest and other appropriate collection charges will continue to accrue and be charged to delinquent accounts during the prepayment period. The Board reserves the right to re-consider collection charge assessments at the conclusion of the prepayment period.

*Director Stroehlein abstained from voting because of a conflict of interest.

Mr. Gonzales reminded the Board that there is still a potential point of contention regarding charges for water flushed from the waste water treatment facility. This is water flushed through the potable water lines, not treated effluent. No action was taken by the Board.

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Ms. Hartung presented the proposed Intergovernmental Agreement (“IGA”) with Wright Water Engineers. Following discussion and upon motion duly made and seconded it was unanimously,

RESOLVED, to approve the proposed Intergovernmental Agreement with Wright Water Engineers and authorized any Board member to execute the agreement 1) subject to the removal of the personal guarantee and 2) subject to minor legal provisions.

Elections: Mr. Gonzales informed the Boards that the election for both Districts scheduled for May 5, 2020 are cancelled as there were not more candidates than open positions and candidates are therefore elected by acclimation. District 2 has one vacancy. Oaths of Office will be administered at the first Board of Directors meeting held after the scheduled election date.

Director Stroehlein informed the Board that the Pond 4 easement related to treated wastewater has been delayed because of the unavailability of legal counsel for CAG.

In response to a question from Director Warren Ache, Ms. Hartung informed the Board that quiet title action related to two vacant lots acquired by the District is proceeding. Ms. Hartung will update the Board at the next meeting.

Operations No report.

Financial No report.

Next Meeting The next regular meeting of the Board scheduled for March 23, 2020 is cancelled because of the lack of availability of Board members. Therefore the next meeting of the Boards is scheduled for 10:00 A.M. Monday, April 27, 2020 at 700 Birdsong Lane, Montrose, Colorado. The meeting may be a telephonic meeting depending on recommendations and/or 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.

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Respectfully Submitted
Rick Gonzales
Secretary to the meeting