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# RECORD OF PROCEEDINGS

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## Minutes of the Special Meeting Of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 April 26, 2021

A 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, April 26, 2021. 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- Joined at 10:30am

Also present or in attendance via teleconference were:

- Heather Hartung, White Bear Ankele Tanaka & Waldron
- Ryan Bartashius, Cornerstone Metro District
- Bob Aisner, Cornerstone Acquisition Group
- Eric Weaver, Marchetti & Weaver, LLC
- Erin McCauley, Marchetti & Weaver, LLC

### Call to Order

The Meeting of the Boards of Directors of Cornerstone Metropolitan Districts Nos. 1 & 2 was called to order by Director Ache on April 26, 2021 at 10:04 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 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

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# RECORD OF PROCEEDINGS

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## CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 April 26, 2021 Meeting Minutes

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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 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**      There was no public comment.

**Agenda**                      The Agenda was discussed and Ms. Hartung requested the removal of Legal agenda items 7(d). and 7(e)., regarding Appointment of Board Members and Election of Officers. Upon a motion duly made and seconded it was unanimously

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

**Minutes**                      The minutes of the February 22, 2021 special meeting were reviewed. Upon a motion duly made and seconded it was unanimously

**RESOLVED**, to approve the minutes of the February 22, 2021 special meeting as amended.

**Operations**                      Mr. Bartashius provided an update on the Variable Frequency Drive (VFD) project and the Programmable Logistics Controller (PLC) project, both are complete. Mr. Bartashius is working with Wright Water Engineers (WWE) on the design aspect of the water system enhancements. Mr. Bartashius and WWE have not been able to reach CU, however, WWE will continue to move forward. CDPHE understands the status of this situation and will work with WWE as necessary. Discussion was held regarding water flow from Tri-County Water and how this relates to the pond and overall water supply.

Director Stroehlein reported on several asphalt cracks which have widened during the winter. He will reach out to the contractor to review any warranty coverage and recommendations.

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# RECORD OF PROCEEDINGS

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CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2  
April 26, 2021 Meeting Minutes

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## Legal

### Amended Road Easement Agreement

Ms. Hartung provided an update on the First Amendment to the Road Easement Agreement. Bob Thomas communicated recently on the matter and stated they are not able to obtain insurance and are looking for the District to insure and is also looking to make this easement agreement a global matter. Mr. Aisner with Cornerstone Acquisition Group (CAG) noted that, relative to the Road Easement Agreement, CAG has had no involvement to date with the development of this agreement. Mr. Aisner stated it is critical that access to Dave Wood Road remains for the success of Cornerstone Club. Additionally, Mr. Aisner has been in discussion with Mr. Eldred regarding purchasing his water as a supplement to Metro District water for use on the golf course. A third party, Elk Mountain, has become involved in these discussions as well, including tying into the water and sewer from Cornerstone, for Elk Mountain, which would require going through Eldred property. Mr. Aisner informed Mr. Eldred that within the operating agreement for the Metro District, the District may only provide utilities within the boundaries of Cornerstone. Director Ache recommended Mr. Hartung contact Bob Thomas to request the Road Easement Agreement be kept separate from any discussions had with, or about, Elk Mountain, as the Metro District and CAG have no relationship with that entity.

### Road and Tap Fees/ 2021 Golf Course Water

Currently, CAG is delinquent on road, water and sewer tap fees and the details were reviewed. With regard to the road fees, initially, 50 road certificates were issued by Hunt, forty-seven were utilized and three remained unissued and expired. Mr. Aisner requested the Board consider granting three road certificates in place of the three which have expired. Director Ache noted previous requests to reinstate expired road certificates have been turned down to other parties and is not certain if the Board may extend the expired certificates.

Regarding water and sewer tap fees, Mr. Aisner stated that the District's water and sewer lines have not been tapped into at this time, and any water necessary for construction is being provided by connection to a hydrant. Mr. Aisner requested the water and sewer tap fee collection be delayed

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# RECORD OF PROCEEDINGS

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## CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 April 26, 2021 Meeting Minutes

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until these lines are tapped. It was noted that this pertains to four cabins currently under construction, the fifth cabin has not yet had a building permit issued.

Director Ache proposed that the District defer the due date of the road, water and sewer fees, on the four cabins currently under construction, until the earlier of the issuance of a Temporary Certificate of Occupancy, or the sale of a property. Interest and penalties will continue to accrue and payment must be made immediately.

Upon motion duly made and seconded, it was unanimously

**RESOLVED** to delay the collection of the road, water and sewer fees until the earlier of either a Temporary Certificate of Occupancy occurs, or the sale of a property occurs that, interest and penalties will continue to accrue, payment must be made immediately and in full at that time, and that the District may consider a reduction of interest and penalties at a later date.

Ms. Hartung will draft a payment plan which follows the above conditions and provide to Tom Kennedy for review, as the attorney for CAG.

Payment for golf course water in 2021 was discussed and a history of the golf course water usage and payment were reviewed. CAG has a history of late payments for water, as a result, in 2020, the District required prepayment for any golf course water usage. Mr. Aisner requested that the District charge CAG for water use as any other customer would be charged in 2021. Discussion was held and upon motion duly made and seconded, it was unanimously

**RESOLVED** to bill CAG monthly for golf course water usage, with payment due, in full, by the 10<sup>th</sup> of the month, and any usage subsequent to September 30<sup>th</sup> will require a prepayment for estimated water usage.

Mr. Aisner exited the meeting at this time.

### **Financials**

Mr. Weaver presented the March 31, 2021 financial statement. The majority of items are on track with budget with the exception of snowplowing due heavy snows and equipment repairs, a delay in

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# RECORD OF PROCEEDINGS

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## CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 April 26, 2021 Meeting Minutes

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collection of taxes, and collection of road and tap fees from CAG. Next year will be a revaluation year, and it is anticipated values will increase. It is expected the 2020 Audit will be presented for review in the May meeting. Mr. Weaver reviewed the Accounts Payable and Accounts Receivable reports. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the March 31, 2021 financials, Accounts Payable, and Accounts Receivable.

**Next Meeting**

The next meeting of the Boards is scheduled for May 24, 2021, 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 Boards and upon motion duly made and seconded it was unanimously

**RESOLVED,** to adjourn the meeting.

Respectfully Submitted

*Erin McCauley*

Erin McCauley  
Secretary to the meeting