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# RECORD OF PROCEEDINGS

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## **Minutes of the Annual Meeting Of the Members of Cornerstone Owners Association**

**April 17, 2019**

The annual meeting of the members of the Cornerstone Owners Association, Montrose and Ouray Counties, Colorado, was held Saturday, April 19, 2019 at 2:00 P.M. mountain time at 10 Gold Dust Lane, Montrose, Colorado, in accordance with the applicable statutes of the State of Colorado.

**Attendance** The following Members were in physical attendance (number of homestead votes in parenthesis):

- Warren Ache (1) and (22 proxys)
- Ross Hauck (1)
- David Coker (2)
- Toni Girard & Kari Wage (1)

The following members were in attendance via proxy (number of homestead votes in parenthesis):

- Loehr (1)
- Stein (1)
- Corson (2)
- Aisner (1)
- Fugazzi (1)
- Lawler (4)
- Spiegel (1)
- Weisel (1)
- Schwarz (1)
- Star (1)
- Nelson (1)
- Trivell (1)
- Almand (1)
- Heape (1)
- Perrino (1)
- Sweeney (1)
- Jaynes (1)
- Musselman (1)

Members in attendance via conference call were:

- Thelma Jefferson on behalf of Jeff Friedman
- Bob and Patti Aisner
- Bill Fugazzi
- David Jaynes

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- Gail Stein
- Jim Horowitz
- Tom Musselman
- Steve Lemmon

Guests in attendance:

- John McNeeley (via phone)
- Jason Stroehlein, Golf Course Superintendent (in person)
- Candyce Cavanagh, Orten Cavanagh & Holmes (via phone)
- Eric Weaver, Marchetti & Weaver, LLC (via phone)
- Rick Gonzales, Marchetti & Weaver, LLC (via phone)

#### **Call to Order**

The annual member meeting of the Cornerstone Owners Association was called to order on April 17, 2019 at 2:07 P.M. by Mr. Warren Ache.

Mr. Weaver reported that of the total 122 homesteads, 64 are delinquent in payment of dues (primarily the properties owned by the Association) and therefore ineligible to vote leaving 58 homesteads eligible to vote. Proxies were received for 27 homesteads which is 46% of the eligible votes; 25% is needed to establish a quorum so there are an adequate number of members in attendance either in person or via proxy to constitute a quorum.

#### **Minutes**

Minutes from meeting held April 7, 2018 were considered for approval. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the minutes for the meeting held April 7, 2018.

#### **Metropolitan District Update**

Mr. Fugazzi reported that 1) the State has notified Cornerstone Metropolitan District No. 1 that the water system is now a potable public water system; 2) the District spent approximately \$200,000 for deferred infrastructure maintenance in 2018; 3) the District is in solid financial shape but will need to start building reserves for major road maintenance; and 4) the District

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will consider a lower mill levy after the closing with Cornerstone Acquisition Group (“CAG”). A question was asked regarding the reason for the mill levy drop and Mr. Ache responded that assessed values are expected to rise because of development in the community.

#### **2019 Budget**

Mr. Aisner reported the 2019 budget was adopted at a previously held Board Of Directors meeting and annual assessments for 2019 were set at \$1,000 per homestead. The budget was distributed to the members with the notice of the annual meeting and was also available on the Association website at [www.cornerstoneowners.org](http://www.cornerstoneowners.org).

Mr. Weaver presented the following highlights of the 2019 Budget, 1) The annual assessment remains the same as last year but more revenue is budgeted because homesteads previously unassessed properties owned by the Association are expected to be sold to CAG during the year and CAG properties will be assessed; 2) professional fees for accounting and legal services are expected to increase as a result of the sale of property to CAG; 3) common area and trail maintenance will increase because of the increase in community activity related to the CAG acquisition. The Association plans to contract with Cornerstone Club LLC (“Club”) employees and use Club equipment for maintenance work; 4) the budgeted excess funds of approximately \$54,000 will be added to the capital reserve.

A member asked about the status of the fencing to keep cattle off of the property and Mr. Stroehlein reported that the Club has done a lot of repair and rebuild work on portions of the fence that has improved the barrier to cattle. Mr. Stroehlein also reported that he has engaged with the neighboring property owners in an attempt to get them to contribute to the effort to mitigate cattle coming on to the Cornerstone property. Mr. Stroehlein reported that additional fence work will continue in 2019. Mr. Aisner expressed his appreciation to Mr. Stroehlein for the great job he’s done to reduce the number of cattle infiltrating the property.

Mr. Aisner informed members that the budget could be rejected with a 75% vote of eligible voting members. There was no

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discussion or objection from members and the budget adopted by the Board of Directors remained unchanged.

#### **Elections**

Mr. Weaver reported that the two-year term had expired for Directors Warren Ache and Jon Nelson and they were up for re-election for an additional two-year term. Mr. Aisner informed members that both directors have expressed their willingness to continue serving. Mr. Aisner then asked the members if there were others who want to serve on the Board of Directors. No nominations were made. Upon motion duly made and seconded it was unanimously

**RESOLVED** via acclamation to approve Warren Ache and Jon Nelson to each serve a two-year term on the Board.

#### **Community Update**

Mr. Aisner informed the members that it was about one year ago CAG restarted golf and other amenity activity and there are eight individuals that are part of the funding effort. Closing on the purchase of property from the COA and District has been delayed because of the complexity of the transaction but is expected to close May 9.

Mr. Aisner then informed members of the following highlights related to the purchase and sale transaction: 1) Per Ouray County the golf club is to remain private; 2) CAG is planning on using Flowers Cabin as a small sundry facility for members only; 3) Cornerstone is exempted from the Ouray County ordinance controlling Vacation Rental By Owner (“VRBO”) activity but no short-term rentals at Cornerstone are permitted unless made through Club; and 4) all 18 holes of the course are expected to be open for play this summer.

Mr. Aisner then introduced Mr. McNeeley who will be in charge of the hospitality staff at the clubhouse. Mr. McNeeley informed members of the staffing expected for the summer and the various services to be provided related to golf lesson and play and hospitality services at the clubhouse.

Mr. Aisner informed the members of planned golf club activities for the year including anticipated membership levels, projected

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membership benefits, and estimated dues. Mr. Aisner then responded to several questions related to golf memberships.

Mr. Aisner informed members that the Association will re-activate an architectural review committee that will be responsible for covenant enforcement.

#### **Adjournment**

There being no further business to come before the Membership at this time, upon motion duly made and seconded, it was unanimously

**RESOLVED** to adjourn the annual member meeting of the Cornerstone Owners Association this 17<sup>th</sup> day of April 2019.

Respectfully submitted,

Rick Gonzales  
Secretary for the meeting