
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 January 22, 2018

A Joint 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. Wednesday, January 22, 2018 at 2342 Stone Bridge Drive, Montrose, Montrose County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance

The following Directors were present and acting:

- 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)
- Marijo Ache - District No. 1 and No. 2
- David Coker - District No. 1 and No. 2

Also in attendance were:

- Clint Waldron, White Bear Tanaka & Waldron (via phone)
- Eric Weaver, Marchetti & Weaver, LLC (via phone)
- Rick Gonzales, Marchetti & Weaver, LLC (via phone)

Call to Order

The Joint Special Meeting of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 was called to order by Director Ache on January 22, 2018 at 10:00 a.m. noting a quorum was present.

Combined Meetings

The Boards of Directors of the Districts 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 Matters

The Directors reviewed the agenda for the meeting, following which each Director confirmed the contents of any written disclosure previously made stating the fact and summary nature of any matters as required under Colorado law to permit official action to be taken at the meeting. Each director also confirmed that nothing appeared on the agenda for which disclosure certificates had not been filed. 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

No public comment was offered.

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Agenda No changes.

Minutes Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the minutes for the meeting held December 06, 2017 as presented.

Legal Matters

Executive Session Upon motion duly made and seconded, it was unanimously

RESOLVED, to enter into Executive Session pursuant to C.R.S. §24-6-402(4)(a), for the purposes of discussing the potential sale and or lease of real property to a new developer and C.R.S. § 24-6-402(4)(e), for the purpose of determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators regarding the same, with respect to the Option Agreement to Purchase Property and Lease Agreement.

The Board then returned from executive session.

Upon motion duly made and seconded it was

RESOLVED, to approve the Resolution Authorizing The Execution Of An Option Agreement And Lease Agreement with Cornerstone Owners Association, Inc.

Those voting in favor of above resolution were Directors Marijo Ache and Warren Ache. Director Coker opposed the resolution. Directors Pam Fugazzi and Bill Fugazzi were not eligible to vote as they were not physically in attendance. The motion carried.

Operations

Water Line Leak: Director Bill Fugazzi advised the Board that there is a water leak in the main water line on Government Springs Road between pumps 2 and 3. A company has been engaged to try to determine the location of the leak so that it can be repaired. It was the Boards' consensus to find and repair the leak as soon as possible.

Entry Gate Damage: Director Fugazzi informed the Board that the entry gate was damaged by an individual entering the community. The

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individual acknowledged responsibility for the damage caused and submitted a claim to his insurance company. The insurance company has agreed to pay the District \$3,810 for the depreciated value of the gate. The total cost to repair the gate is approximately \$4,400. Director Fugazzi will ask Jason Stroehlein, the golf course superintendent who has been in communication with the individual to pursue reimbursement of the remaining cost to the district.

Gate Clickers: Director Coker confirmed receipt of the new gate clickers and informed the Board that two have already been disbursed according to the policy previously adopted.

Snow Removal: Director Fugazzi informed the Board that since they are on site, Cornerstone Owners Association employees will do snow removal for light accumulations. Seaborn Farms will remain under contract on an 'on call' basis for heavy snow removal.

Financial

Mr. Weaver presented the preliminary financial statements for Districts Nos. 1 & 2 for the period ended December 31, 2017. No action was taken by the Board.

Mr. Weaver then informed the Board that the public notice for the public hearing to consider the 2018 budgets and 2017 budget amendment was published in Montrose County but was not published in Ouray County. A second request for publication of a notice of Public Hearing was submitted to the Ouray Plaindealer and published prior to this meeting.

Director Ache then opened the public hearing for consideration of the 2018 Budgets for Districts Nos. 1 & 2 and 2017 Budget Amendment for District No. 2. No public was in attendance and the public hearing was closed.

Upon motion duly made and seconded it was unanimously

RESOLVED, to ratify the Resolution to Adopt the 2018 Budgets, Set Mill Levies, and Appropriate Sums of Money for Districts Nos. 1 & 2, the proposed 2018 Fee Schedule and the Resolution to Amend the 2017 Budget for District 2.

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Mr. Weaver then presented the Accounts Receivable and Accounts Payable Report. Upon motion duly made and seconded it was unanimously

RESOLVED, to accept the Accounts Receivable Report and ratify the payments made pursuant to the Accounts Payable Report.

Mr. Weaver then presented audit engagement letters from Chadwick, Steinkirchner, Davis & Co., P.C. for audit services for fiscal year 2017 for Districts 1 & 2. Mr. Weaver noted that the price quote for the audits increased 2.6%, the first increase in a number of years. Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the audit engagement letters from Chadwick, Steinkirchner, Davis & Co., P.C. for audit services for fiscal year 2017 for Districts 1 & 2.

Next Meeting Date The next meeting is scheduled for 10:00 a.m. February 16, 2018 at 929 Courthouse Peak Lane, Montrose, CO., the Ache residence.

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

Rick Gonzales
Secretary to the meeting