
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 February 16, 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. Friday, February 16, 2018 at 929 Courthouse Peak Lane, 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

Director David Coker was absent and excused.

Also in attendance were:

- Clint Waldron, White Bear Tanaka & Waldron (via phone)
- Heather Hartung, White Bear Tanka & Waldron (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 Fugazzi on February 16, 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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Legal Matters

Upon motion duly made, seconded it was unanimously

RESOLVED, to enter into executive session pursuant to C.R.S. §24-6-402(4)(b), Conferences with an attorney for the board of directors for the purposes of receiving legal advice on specific legal questions related to possible foreclosure actions.

The Board then returned from executive session.

Upon motion duly made and seconded it was unanimously

RESOLVED, to authorize acceptance of a deed in lieu of foreclosure for current and future properties in the foreclosure process.

Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the form of Agreement For Deed In Lieu Of Foreclosure presented by legal counsel subject to comments from the Board and/or legal counsel.

Ms. Hartung then informed the Board that if owners currently in the foreclosure process to not agree to a deed in lieu of foreclosure that the next step is to proceed with the foreclosure process.

Ms. Hartung left the meeting at this time.

Minutes

Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the minutes for the meeting held January 22, 2018 as presented.

Operations

Water Line Leak: Director Ache advised the Board that using helium to detect the location of the leak in the main water line along Government Springs Road failed and the location of the leak remains unknown. The Board discussed other means of detection. Dan Bartashius will contact Tri-County Water and other resources to determine the next steps in detecting and repairing the leak and will send a weekly status update to the Board.

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Director Ache also updated the Board on the communication failure between the last pump and the water storage tank which prohibits filling of the water tank. The tower that relays the radio signal will be inspected. One of the issues with communication may be that the signals for the water system are radio and not through the internet.

Entry Gate Damage: Director Fugazzi informed the district will not recover the approximate \$600 difference between insurance proceeds received and the cost to replace the gate and will absorb that expense.

Financial

Mr. Gonzales 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.

Next Meeting Date The next meeting is scheduled for 10:00 a.m. March 26, 2018 and will be held 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

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**Joint Special Meeting
Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2
February 16, 2018**

Attorney Statement

REGARDING PRIVILEGED ATTORNEY-CLIENT COMMUNICATION

Pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as general counsel to Cornerstone Metropolitan District No. 1 and Cornerstone Metropolitan District No. 2., I attended the executive session meeting convened on February 16, 2018, held pursuant to §24-6-402(4)(b) and (e), C.R.S., conference with an attorney for the purpose of receiving legal advice related to specific legal questions and to develop negotiating positions, settlement offers and strategies regarding foreclosure proceedings related to the Districts' liens. I further attest it is my opinion that all of the executive session discussion constituted a privileged attorney-client communication and, based on that opinion, no further record, written or electronic, was kept or required to be kept pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S.

Signature: Heather L. Hartung
Name and Title: Heather L. Hartung, Attorney
Date: March 2, 2018

As President of the Board of Directors of Cornerstone Metropolitan Districts Nos. 1 and 2, I attest that the portion of the executive session that was not recorded was confined to the topics authorized for discussion in executive session pursuant to §24-6-402(4), C.R.S.

Paul Foyagge
President