
RECORD OF PROCEEDINGS

**Minutes of the Regular Joint Meeting
Of the Boards of Directors
Cornerstone Metropolitan Districts No. 1 & No. 2
March 23, 2010**

A Regular Meeting of the Boards of Directors of the Cornerstone Metropolitan Districts No. 1 & No. 2, Montrose and Ouray Counties, Colorado, was held March 23, 2010 at the Cornerstone Colorado Club, 1000 Cornerstone Trail, Montrose, Ouray County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Brian Wallin
- Susan McIntosh
- Thomas Huesgen

The following Directors were absent and excused:

- Jill Huesgen
- Stephanie Wallin

Also in attendance via conference call were:

- Diane Hornquist, Hunt Realty Investments, Inc.
- Clint Waldron, White Bear & Ankele
- Jamieson Merrill, Hunt Realty Investments, Inc.
- Eric Weaver, Robertson & Marchetti, P.C.
- Cheri Curtis, Secretary to the Meeting

Director

Qualification The Directors in attendance confirmed their qualification to serve.

**Call to
Order**

The Regular Joint Meeting of the Boards of Directors of Cornerstone Metropolitan Districts No. 1 & No. 2 was called to order by Chairman Wallin on March 23, 2010 at 12:00 p.m. noting a quorum was present.

**Combined
Meetings**

The Districts are meeting in a combined board meeting. Unless otherwise noted below, the matters set forth below shall be deemed to be the action of Cornerstone Metropolitan District No. 1, with concurrence by Cornerstone Metropolitan District No. 2.

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**Disclosure
Matters**

The Directors reviewed the agenda for the meeting, following which each Director confirming 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 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 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 made.

**Approval of
Agenda**

By motion duly made and seconded it was unanimously

RESOLVED to approve the agenda as presented.

Minutes

The Board reviewed the meeting minutes from the January 26, 2010 meeting. Upon motion duly made and seconded it was unanimously

RESOLVED to approve the Meeting minutes of January 26, 2010 as presented.

**Wildfire
Agreement**

The draft agreement is still with the County attorney. However, Directors McIntosh and Wallin attended a meeting with representatives from Horsefly Fire Protection Association related to Horsefly's desire to form a fire protection district to provide funding for fire protection in the area.

**Wildfire Annual
Operating
Plan**

Director McIntosh reported she has reviewed the Ouray County Wildfire Annual Operating Plan and recommends the District execute the agreement. The Operating Plan addresses operations during a fire, reimbursement of firefighting costs, and integrating the District into the plan. There is no obligation on behalf of the District and the agreement would simply set the groundwork for joining efforts in the event of a fire requiring support from surrounding and federal

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agencies. The agreement is budget neutral and only relates to 2010. By motion duly made and seconded it was unanimously

RESOLVED to approve execution of the Ouray County Wildfire annual Operating Plan.

Legislative

Amendments Mr. Waldron reported on the November ballot initiatives for the State of Colorado which will include Amendment 60 and Amendment 61 along with proposition 101. The Board discussed specific implications if the Amendments and Proposition do pass.

Mr. Merrill joined the meeting at 12:20 p.m.

Mr. Waldron will provide information to Board members on the Amendments and Proposition.

Financial Report

Mr. Weaver reviewed the financial statements for Cornerstone Metropolitan District Nos. 1 & 2 for the period ended February 28, 2010. The District is experiencing positive variances with expenses anticipated to come in under budget and the lack of snow has reduced the snow plowing costs. Mr. Weaver reported the District can anticipate needing a developer advance within the next month to cover cash flow until the property taxes are received. Upon motion duly made and seconded it was unanimously

RESOLVED to approve the financial statements for Cornerstone Metropolitan District Nos. 1 & 2 for the period ended February 28, 2010.

District #2

Audit

Exemption Mr. Weaver reviewed the audit exemption of District No. 2 with the Board. Upon motion duly made and seconded it was unanimously

RESOLVED to approve the 2009 audit exemption for Cornerstone Metropolitan District #2.

District #1

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Audit Mr. Weaver reviewed the draft of the 2009 audit report for District No. 1, explaining that the District has once again received an unqualified, or "clean" opinion. By motion duly made and seconded it was unanimously

RESOLVED to accept the 2009 audited financial report, subject to final review by the Board and staff.

**2010 Fee
Schedule**

Mr. Weaver reviewed the proposed 2010 fee schedule for the District. The schedule proposes increasing the water second tier usage amount from 36,000 to 50,000 gallons with a modest increase in water base rates for residential usage.

The per 1,000 gallon rate to obtain the water is estimated to be \$5.54 which consists of \$3.10 for the purchase of water from Tri-County and an additional \$2.44 in electrical costs to pump the water up the hill from Highway 550. The commercial rate will be \$6.09 per 1,000 gallons, which is a marked up 10% above cost.

Due to the slowdown in the economy and the desire to promote construction, all other fees will remain the same, with water and tap fees at \$7,500 each, the Development Fee at \$7,345, and the Road Fee at \$5,500. By motion duly made and seconded it was unanimously

RESOLVED to approve the 2010 fee schedule as presented and

FURTHER RESOLVED to not increase the tap and road fees as outlined in the Amended and Restated Joint Resolution Concerning the Imposition of Road Fees, Water Fees, and Sewer Fees.

**Investment
Of District
Funds**

Mr. Weaver reported CSAFE has been taken off the S&P watch list. Although the rates earned are currently very low, CSAFE is rated AAAM by S&P and due to the restrictions imposed by the bond documents is one of the few permitted investments.

**Accounts
Payable**

The Board reviewed a listing of payables for January, February and March 2010 for both the Districts and the Owners Association. Upon motion duly made and seconded it was unanimously

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RESOLVED to ratify the payables for January, February and March 2010 as presented.

Accounts

Receivable The Boards reviewed the aging report as of March 18, 2010 which includes the 4th Quarter billing. Only 4 accounts remain delinquent, and several balances owed have been paid, except for the accrued interest and late fees. There was a recommendation to write-off interest and late fees for two properties as the charges for water were paid. By motion duly made and seconded it was unanimously

RESOLVED to waive interest and late fees on properties Ouray Block 10, Lot 13 and Ouray Block 13, Lot 9 due to their payment in full of the significant water charges owed.

Next

Meeting The Board agreed to cancel the April 27, 2010 meeting and next meet on May 25, 2010 at 12:00 p.m. unless a meeting is otherwise required.

Adjournment There being no further business to discuss, on motion duly made and seconded it was unanimously

RESOLVED to adjourn the March 23, 2010 Regular meeting.

Respectfully submitted,



Cheri Curtis

Secretary for the meeting