
RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors of Cornerstone Metropolitan District Nos. 1 & 2 March 25, 2019

A Joint Special Meeting of the Boards of Directors of the Cornerstone Metropolitan District Nos. 1 & 2 Montrose and Ouray Counties, Colorado, was held at 10:00 a.m. Monday, March 25, 2019 at 969 Courthouse Peak Lane, Montrose, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance

The following Directors were present and acting:

- Marijo Ache - District No. 1 and No. 2
- 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)
- Jason Stroehlein – District No. 1
- Ross Hauck – District No. 2

Also present or in attendance via phone as indicated were:

- Toni Girard - resident
- Clint Waldron, White Bear Ankele 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 March 25, 2019 at 10:05 a.m. noting a quorum was present for District Nos. 1 & 2.

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

Mr. Waldron 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. Mr. Waldron inquired into whether members of the Boards had 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

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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 Mr. Girard informed the Board that he and Kari Girard have purchased the vacant lot from Patricia Sullivan prior to the lot being sold at public auction by the county sheriff. Subsequent to the purchase the Girard's were contacted by Carol Lawler who has offered to have Cornerstone Acquisition Group ("CAG") purchase the lot formerly owned by Patricia Sullivan. Mr. Girard informed the Board that the Girards would sell the lot formerly owned by Patricia Sullivan to CAG with only a small addition for costs incurred to purchase the lot.

Agenda Upon motion duly made and seconded it was unanimously

RESOLVED to add discussion of an estoppel request from a title company regarding the lots acquired by the District from CS Follies and Marcus Scroggins via deed in lieu of foreclosure.

Minutes Upon motion duly made and seconded it was unanimously

RESOLVED by District No. 2 to approve the minutes for the meeting held December 3, 2018 and the continued meeting held December 20, 2018 as presented and further,

RESOLVED by District 1 to approve the minutes for the meeting held February 1, 2019 as presented.

Legal Matters Director Fugazzi informed the Board that there are still issues being worked on by Cornerstone Acquisition Group ("CAG") that will likely delay the closing currently scheduled for the end of March. One of the outstanding issues is that the title company will not issue title insurance for the two lots acquired by the District via deed in lieu of foreclosure without an indemnification from the District. Mr. Waldron advised the Board that Districts, by law cannot indemnify any party but can create an estoppel that may be accepted by the title insurance company to clear the way for title insurance to be obtained. Upon motion duly made and seconded it was unanimously

RESOLVED, to authorize Director Fugazzi or Director Ache to sign and estoppel prepared by legal counsel related to the two lots

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acquired by District 1 via deed in lieu of foreclosure on behalf of District No. 1. The estoppel will recap the due diligence exercised and affirm there was no coercion in obtaining the deeds in lieu of foreclosure. The intent is that the title company will issue title insurance for the two lots based on the estoppels.

Mr. Waldron informed the Board that Districts are allowed to prohibit and regulate the use of vehicles on District roads to prevent damage to roadways and/or harm to residents. The Board discussed various considerations to establish regulations that legal counsel will incorporate into a resolution for consideration at the next meeting.

Operations

The Board recognized Director Stroehlein and the Cornerstone Club staff for outstanding professional snow removal services. The residents are extremely satisfied.

Director Stroehlein informed the Board that chains cannot be used on the existing loader used for snow removal when needed because of the depth of snow. Director Stroehlein is working on an agreement for the District to rent a tractor instead of a loader and purchase a snow blower and a blade to compensate for the loss of the loader. A tractor can be rented for the same cost of a loader and will reduce wear and tear on the roads because a tractor is one-half the weight of a loader.

The Board considered whether or not restrictions for use of chains on District roads are needed. Following discussion the Board took no action pending more information to be gathered and presented by Director Stroehlein.

Financials

Mr. Weaver presented the Accounts Receivable Report. The Board discussed the report but no action was taken.

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

RESOVLED, to approve the Accounts Payable Report as presented.

Next Meeting

The next regularly scheduled meeting is 10:00AM, Monday, April 22, 2019.

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Adjournment

There being no further business to come before the Board and upon motion duly made and seconded it was unanimously

RESOLVED, to adjourn the meeting.

Respectfully Submitted

Rick Gonzales
Secretary to the meeting