
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 April 24, 2017

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, April 24, 2017 at the Ache Residence, 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)
- Marijo Ache - District No. 1 and No. 2
- Pam Fugazzi - District No. 1 and No. 2 (via phone)
- David Coker - District No. 1 and No. 2

Also in attendance were:

- 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 April 24, 2017 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 were made to the agenda.

Minutes Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the minutes for the meeting held March 27, 2017, the minutes for the Continued Meeting held March 29, and the minutes for the Continued Meeting held March 31, 2017 as submitted.

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 purchase and sale agreement for real property and C.R.S. § 24-6-402(4)(e)(I), 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.

The Board then returned from executive session.

There was no update to the status of the Lease Agreement for Donated Properties.

Other Legal Matters: Director Ache raised the question about the District's obligation to disclose that the District currently has a non-potable water system. Mr. Waldron advised that the District has advised current owners of the non-potable water system and should advise prospective owners as well. After some discussion the Board instructed Mr. Weaver and Mr. Gonzales to furnish a form to the title company for a buyer to sign acknowledging the buyer is aware of the non-potable water system.

Operations Mr. Ache reported operations seems to be going well with water and sewer operations and that cracks in the road are reappearing but the shoulder of the roads seem to be holding up well.

Mr. Ache advised the Board that the Horsefly Fire Protection District will be doing training exercises on the property requiring they open fire

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hydrants. Mr. Ache put them in touch with Dan Bartashius for coordination so that the hydrants are not opened while water is being pumped.

Financial

Mr. Weaver presented the preliminary financial statements for the quarter ended March 31, 2017 noting that except for snow removal, most expenditures are at or below budget. Mr. Weaver also noted there are likely to be overages in some categories going forward as a sale to a new developer expected to close March 31 did not occur and the District will incur expenses for certain properties longer than anticipated.

Director's Bill and Pam Fugazzi left the meeting at this time.

Mr. Weaver then presented the Accounts Receivable Report.

The Board then considered the Accounts Payable Report and upon motion duly made and seconded unanimously

RESOLVED, to approve the Accounts Payable Report as presented.

Mr. Weaver advised that the start of the audit has been delayed to the first week in June with expectation of knowing more regarding the potential sale at that time.

Continuance

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

RESOLVED, to continue the meeting to 5:00 pm MDT, Wednesday April 26, 2017 at 929 Courthouse Peak Lane, Montrose, CO.

Respectfully Submitted

Rick Gonzales
Secretary to the meeting