
RECORD OF PROCEEDINGS

Minutes of the Joint Regular Meeting Of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 April 23, 2018

A Joint Regular 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 23, 2018 at 700 Birdsong Lane, Montrose, Ouray County, 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
- David Coker – District No. 1 and No. 2
- Bill Fugazzi - District No. 1 and No. 2
- Pam Fugazzi - District No. 1 and No. 2

Also in attendance were:

- Clint Waldron, White Bear Ankele Tanaka & Waldron (via phone)
- Heather Hartung, White Bear Ankele Tanka & Waldron (via phone)
- Rick Gonzales, Marchetti & Weaver, LLC (via phone)

Call to Order

The Joint Regular Meeting of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 was called to order by Director Fugazzi on April 23, 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.

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Public Comment No public comment was offered.

Agenda Consideration of the Agenda: Upon motion duly made and seconded it was unanimously

RESOLVED, to move the executive session under legal matters to immediately precede approval of the minutes in consideration of legal counsel's time.

Legal Matters Upon motion duly made and 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 and the conveyance of property and C.R.S. §24-6-402(4)(a) to discuss the transfer of real property.

Ms. Hartung left the meeting before the Board returned from executive session.

The Board then returned from executive session.

Minutes Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the minutes for the meeting held March 26, 2018 as presented.

Legal Matters The Board then considered the Resolution Establishing the 24 Hour Meeting Notice Location including discussion about simplifying compliance with statutes related to posting meeting notices. Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the Joint Resolution Designating the Districts' 24-Hour Posting Locations as presented.

Upon motion duly made and seconded it was unanimously

RESOLVED, to have legal counsel for the Districts make the changes necessary to make the Welcome Center a qualified meeting notice posting place for both Districts 1 & 2.

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Operations

Directors Fugazzi and Ache then informed the Board of the need to convert at least a portion of the existing non-potable water system to a potable water system and recommended getting an engineer's opinion of how to most efficiently accomplish the conversion. Mr. Waldron informed the Board he would reach out to the engineer who previously reported to the Board on this subject immediately following the meeting.

Mr. Waldron left the meeting at this time.

Directors Fugazzi and Ache informed the Board that the leak from the main water supply line on Government Springs Road has been fixed and there remains one leak to find and fix in the distribution line. DB Waterworks has been authorized to repair the spare motors in each vault so that there is a working 'back-up' pump in each vault. The estimated cost to replace seals and repair pumps is \$20-\$25,000.

Directors Fugazzi and Ache informed the Board that because of the increase in activity related to the revitalization of the golf course that additional manpower will be needed to operate the water system. DB Waterworks will make a proposal for a full-time water manager/operator employee position for the Board's consideration.

The Board discussed who was responsible for maintenance of the fire hydrants in the District and instructed Mr. Gonzales to determine who is responsible and report that information to Director Ache.

Financial

Mr. Gonzales then presented the preliminary financial statements for the quarter ended March 31, 2018. Upon motion duly made and seconded it was unanimously

RESOLVED, to accept the preliminary financial statements for the quarter ended March 31, 2018 as presented.

Mr. Gonzales then presented the Accounts Receivable Report. No action was taken by the Board.

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

RESOLVED, to ratify payments made pursuant to the Accounts Payable Report as presented.

Other Business Other Legal: Director Fugazzi informed the Board that Mike Henderson has expressed interest in serving on the Board. The Board discussed Mr. Henderson's interest especially as he is a civil engineer with experience that would benefit the Board. Director Fugazzi then asked if there were any existing Board members that would volunteer to step down to create a vacancy. There were none. The Board then instructed Mr. Gonzales to research the possible expansion of the Board from 5 to 7 Directors. Mr. Gonzales indicated he would contact legal counsel for the process to increase the size of the Board and the pros and cons of such an expansion.

Next Meeting Date The next regularly scheduled meeting is 10:00 a.m. May 28, 2018 and was cancelled because that is a holiday. The next meeting date was scheduled for 10:00 a.m. Monday, June 4, 2018 at 700 Birdsong 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