
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 April 25, 2016

A Joint Special Meeting of the Boards of Directors of the Cornerstone Metropolitan District Nos. 1 & 2, Montrose and Ouray Counties, Colorado, was held 10:00 a.m. Monday, April 25, 2016 at the Fugazzi Residence, 896 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:

- Warren Ache - District No. 1 and No. 2
- Bill Fugazzi - District No. 1 and No. 2
- Marijo Ache - District No. 1 and No. 2
- Pam Fugazzi - District No. 1 and No. 2
- David Coker - District No. 1 and No. 2 (via phone)

Also in attendance were:

- Zachary P. White, Esq., White Bear Ankele Tanaka & 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 Chairman Fugazzi on April 25, 2016 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.

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 April 25, 2016 Meeting Minutes

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 28, 2016 as presented.

Legal Matters Director Fugazzi gave the Boards a brief update on the status of a potential sale to a new developer. No executive session was necessary or convened.

Mr. White then advised the Board of CMD No. 1 that the Acknowledgment Termination and Release Agreement has been presented to Cornerstone Montrose, LLC's legal counsel but no response have yet been received. After discussion and upon motion duly made and seconded it was unanimously

RESOLVED, to approve the Acknowledgment Termination and Release Agreement with Cornerstone Montrose, LLC provided the final Agreement is in substantially the form presented and authorize Director Fugazzi to sign the Agreement on behalf of CMD No. 1 if there are no material changes to the Agreement.

The Board of CMD No. 1 then considered the Modification of Potable Water Service Agreement with Tri-County Water Conservancy District. After discussion and upon motion duly made and seconded it was unanimously

RESOLVED, to approve the Modification of Potable Water Service Agreement and authorize Director Fugazzi to sign the Agreement on behalf of the CMD No. 1.

Mr. White then updated the board on the recent Colorado Court of Appeals Opinion in the Marin Landmark case.. After discussion, no action was taken by the board.

Operational Matters Director Fugazzi then reminded the Boards of prior discussions regarding the desire of Tim Harrell and Bob Lamm to retire as managers of the water and sewer systems respectively. The Boards discussed having Tim and Bob train someone to manage both systems. Director Fugazzi

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 April 25, 2016 Meeting Minutes

knows of an individual with the ability to do both and Directors Fugazzi and Ache will start negotiations with this person.

The Boards then discussed changing the gate code in a couple of months because of increased traffic in the community.

Financial Matters

Mr. Gonzales presented the preliminary March 31, 2016 financial statements. After some discussion and upon motion duly made and seconded it was unanimously

RESOLVED, to approve the preliminary March 31, 2016 financial statements as presented.

Mr. Gonzales then presented the Accounts Receivable report. Director Ache commented on the number of accounts with outstanding balances comprised of only late fees, collection fees and interest. The Boards agreed that it is their intent to collect those balances and not write them off. Mr. Gonzales then explained that there are some accounts that have historically been current and that, for some reason, a number of customers didn't receive their most recent invoices. Director Fugazzi then instructed Mr. Gonzales to reverse fees and interest assessed for those accounts. Mr. Gonzales then informed the Boards that several accounts were billed for first quarter water and sewer through Bill.com in order to learn whether or not Bill.com is suitable for the District. Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the Accounts Receivable Report as presented.

Mr. Gonzales then presented the Accounts Payable Report and informed the Boards that paying invoices through the Bill.com web based system has been implemented. Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the Accounts Payable Report as presented.

Next Meeting

The next regularly scheduled meeting of the Boards of Directors is 10:00 a.m. Monday, May 23, 2016 at 700 Birdsong Lane, Montrose, CO.

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2
April 25, 2016 Meeting Minutes

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