
RECORD OF PROCEEDINGS

**Minutes of the Special Joint Meeting
Of the Boards of Directors
Cornerstone Metropolitan Districts No. 1 & No. 2
May 31, 2011**

A Special Meeting of the Boards of Directors of the Cornerstone Metropolitan Districts No. 1 & No. 2, Montrose and Ouray Counties, Colorado, was held May 31, 2011 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.
- Sonya Luna, Robertson & Marchetti, P.C.

Director

Qualification The Directors in attendance confirmed their qualification to serve.

**Call to
Order**

The Special Joint Meeting of the Boards of Directors of Cornerstone Metropolitan Districts No. 1 & No. 2 was called to order by Chairman Wallin on May 31, 2011 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.

Calendar

It was noted that the next Regular Board meeting is scheduled for August 23rd but may be canceled if not needed.

Minutes

The Board reviewed the meeting minutes from the February 22, 2011 Regular meeting. Upon motion duly made and seconded it was unanimously

RESOLVED to approve the meeting minutes of the February 22, 2011 Regular meeting as presented.

**District Flushing
Operations Agreement**

Mr. Weaver explained that the agreement allows the District to utilize two properties belonging to Cornerstone Colorado Club, LLC in order to perform periodic system flushing as required to maintain optimal chlorination levels in Cornerstone's domestic water supply. As this is not actual water use by these properties but rather a benefit to the District the properties are not charged for the water usage related to flushing activities. Upon motion duly made and seconded it was unanimously

RESOLVED to ratify the District Flushing Operations Agreement with Cornerstone Colorado Club, LLC, originally signed on January 19, 2011.

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2010

Audits

Mr. Weaver reviewed the draft of the 2010 audit reports for each District, explaining that both have received unqualified or “clean” opinions. Mr. Weaver noted and explained several revisions that still needed to be made before the reports are finalized. By motion duly made and seconded it was unanimously

RESOLVED to accept the 2010 audited financial reports, subject to final revisions and review.

Financial Report

Mr. Weaver reviewed the financial statements for each District and the Owners Association for the period ended April 30, 2011 and the preliminary 2012 budgets based upon preliminary assessed values received from the Montrose and Ouray County Treasurer. Due to a 33% decline in assessed valuation, the mill levy of District No. 2 will have to increase to generate sufficient funds to cover operating and debt service costs. More information will be presented in the coming meetings related to the 2012 budgets. Upon motion duly made and seconded it was unanimously

RESOLVED to approve the financial statements as presented.

Accounts Payable

The Board reviewed a listing of payables for January, February and March 2011 for both the Districts and the Owners Association. Upon motion duly made and seconded it was unanimously

RESOLVED to ratify the payables for February, March and April 2011 as presented.

Accounts Receivable

The Boards reviewed the aging report as of May 11, 2011 which includes the 1st Quarter billing and any assessed late fees and interest. Only one account remains delinquent. By motion duly made and seconded it was unanimously

RESOLVED to accept the aging report as of May 11, 2011, as presented.

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Adjournment

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

RESOLVED to adjourn the May 31, 2011 Special meeting.

Respectfully submitted,



Eric Weaver
Secretary for the meeting