
RECORD OF PROCEEDINGS

Minutes of the Joint Regular Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 June 26, 2017

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, June 26, 2017 at 700 Birdsong 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
- Marijo Ache - District No. 1 and No. 2
- Pam Fugazzi - District No. 1 and No. 2

Director David Coker - District No. 1 and No. 2 was absent and excused.

Also in attendance were:

- Clint Waldron, White Bear Tanaka & Waldron (via phone)
- Eric Weaver, Marchetti & Weaver, LLC (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 June 26, 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.

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Public Comment No public comment was offered.

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 May 10, 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.

24 Hour Posting Location

Upon motion duly made and seconded, it was unanimously

RESOLVED, to approve the resolution designating the district's 24-hour posting locations.

Operations

The Board discussed the excess water use that occurred during the 3rd calendar quarter of 2016 and decided that the investigation into the excess use could not be completed until readings from the 3rd calendar quarter of 2017 were determined. No further action was taken by the board.

Director Fugazzi informed the Boards that Dan Bartashius had expressed concern about the trend of wastewater BOD readings. After discussion, the Boards asked Director Ache to work with Dan to monitor the situation.

Director Fugazzi informed the Boards that through the process of monitoring the Clubhouse, Brian Wallin discovered unusual noises made by the geo-thermal system pumps and turned the pumps off in abundance

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of caution. The Boards then discussed action alternatives and asked Director Ache to work with Brian to monitor the situation.

Financials

Mr. Weaver presented the 2017 forecast in a no sale of the project scenario and a preliminary 2018 budget assuming no sale of the project in 2018. The budgets show the Districts have sufficient funding to operate through 2018 under two major assumptions: 1) certificates for unpaid property taxes continue to be purchased and 2) no large unforeseen expenditures for capital repairs, maintenance or replacements are incurred.

Mr. Weaver informed the Boards that the 2016 audit is underway and draft financial statements should be available for review in July.

The Boards then reviewed and discussed the Accounts Receivable report. No action was taken.

The Boards then reviewed the Accounts Payable report and upon motion duly made and seconded unanimously

RESOLVED, to approve the Accounts Payable report as presented.

Next Meeting

The next meeting was scheduled for 10:00 am Mountain Time, Wednesday, July 19 at 700 Birdsong Lane, Montrose, Colorado.

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