
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 July 20, 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. Wednesday, July 20, 2017 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:

- 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

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 Special Meeting of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 was called to order by Director Fugazzi on July 20, 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 June 26, 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 potential sale of real property to a new developer 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.

Mr. Waldron left the meeting at this time.

Operations

The Board discussed the quarterly allocation of gallons of water included in the base fee. After reviewing historical use by quarter for the past three years and in recognition of the seasonality of water use, upon motion duly made and seconded it was unanimously

RESOLVED, to reallocate the gallons included in the quarterly base water fee to 6,000 gallons for Quarter 1, 23,000 gallons for Quarter 2, 35,000 gallons for Quarter 3 and 8,000 gallons for Quarter 4. The adjustment is effective beginning with the 2nd quarter 2017 billing and also applies to unbilled overages for the 3rd quarter of 2016.

The Boards also agreed to adjust the 2nd quarter 2017 billing for a leak at 36 Surveyor Court pursuant to the District's policy for water leaks. In addition, the Boards directed Marchetti & Weaver to draft a letter to residents from the Boards to communicate the quarterly allocation change and to include with the 2nd quarter 2017 bills.

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Director Ache informed the Boards that he had located and spoken with a contractor qualified to evaluate the geo-thermal system pumps at the clubhouse. The contractor will make a service call to further evaluate the pumps.

Director Ache informed the Boards that after further investigation into the high wastewater system BOD readings that an additional reading and test was warranted because such readings are known to fluctuate. If results from the additional reading confirm the same BOD levels then DB Waterworks will purchase and apply the necessary chemicals to treat.

Director Fugazzi informed the Boards that the condition of the interior of the Flowers cabin has deteriorated to the point that maintenance including pest control is required and that he will coordinate the maintenance.

Director Ache informed the Boards that the inventory of clickers that open the front gate needs to be replenished. After discussions regarding alternatives it was decided that considering technological improvements since the original gate control system was installed, Director Coker will research alternatives to the existing system and report to the board at a subsequent meeting.

Financials

Mr. Weaver presented the preliminary financial statements for the period ended June 30, 2017. Cost savings adjustments were discussed but no changes to the 2017 forecast were made. Mr. Weaver also reviewed the timing of potential sale of tax certificates which may generate additional tax collections that are included in the 2017 forecast.

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.

Mr. Weaver then presented the 2016 audit reports. After discussion of the report and upon motion duly made and seconded it was unanimously

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RESOLVED, to accept the 2016 audit reports for Districts 1 and 2, subject to final review and comment.

Next Meeting The next regular meeting of the Districts is scheduled for 10:00 am Mountain Time, Monday, August 28, 2017 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