
RECORD OF PROCEEDINGS

Minutes of the Joint Regular Meeting Of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 October 22, 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, October 22, 2018 at 700 Birdsong Lane, Montrose, 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
- Bill Fugazzi - District No. 1 and No. 2
- Pam Fugazzi - District No. 1 and No. 2
- Jason Stroehlein – District No. 1

In attendance via phone were:

- Heather Hartung, White Bear Ankele Tanaka & Waldron
- Megan Murphy, White Bear Ankele Tanaka & Waldron
- Eric Weaver, Marchetti & Weaver, LLC
- Rick Gonzales, Marchetti & Weaver, LLC

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 October 22, 2018 at 10:02 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

Ms. Murphy reported that disclosures for those directors with potential or existing conflicts of interest were filed with the Secretary of State's Office and the Boards at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Boards. Ms. Murphy inquired into whether members of the Boards had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. No additional disclosures were noted. 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 There were no changes to the Agenda

Minutes Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the minutes for the meeting held September 24, 2018 as presented.

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 foreclosure actions.

The Board then returned from executive session.

Ms. Hartung left the meeting at this time.

Director Fugazzi then opened the public hearing regarding the Petition for Inclusion of Cornerstone Trail Right of Way. No public comment was received and Director Fugazzi then closed the public hearing.

Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the Resolution And Order For Inclusion By The Board Of Directors of the Cornerstone Metropolitan District No. 1.

Director Fugazzi then advised the Boards that Cornerstone Acquisition Group is evaluating the possible impact of Montrose County's designation as an opportunity zone but intends to close on the purchase transaction on or before December 31, 2018.

Ms. Murphy then presented the draft of a lease of the Welcome Center and Cornerstone Owners Association ("COA"). During discussion of the lease Ms. Murphy informed the Boards that the Welcome Center and adjacent entrance roads were not funded with bond proceeds so the District has the option to deed both to the COA. Because there are several issues related

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to the ultimate ownership of the facility and potential activities related to the facility the Board tabled the proposed lease pending resolution of the issues however the Board did determine that a final lease will need to include a provision for the District's ability to occupy part of the Welcome Center for water and sewer operations.

Ms. Murphy then explained to the Board that the water system for the District is classified as a transient non-community water system and qualifies for exemption from certain testing and reporting requirements because 1) water is obtained from a public water system and 2) the District doesn't sell water to any person.

Ms. Murphy left the meeting at this time.

Operations

Director Stroehlein informed the Board that there is a major water leak and work is progressing to repair the leak. Golf course irrigation is still running but will be stopped soon. Pumping to Pond 4 has stopped and will likely not be resumed until next February.

Director Fugazzi informed the Board that a chlorinator is being installed in the vault near the tank to maintain potability during the winter months.

Financial

Mr. Weaver presented the unaudited financial statements for the period ended September 30, 2018. Upon motion duly made and seconded it was unanimously

RESOLVED, to accept the unaudited financial statements for the period ended September 30, 2018 as presented.

Mr. Weaver then previewed the 2019 budget and the Board had several recommended modifications and asked Mr. Weaver to provide a list of comparable water and sewer tap fees at the next meeting. The modifications will be made and the public hearing for the 2019 and 2018 budget amendment, if necessary, will be scheduled for the next meeting.

Mr. Weaver then presented the Accounts Receivable Report. No action was taken.

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

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RESOLVED, to ratify the payments listed on the Accounts Payable Report as presented.

Next Meeting Date The next meeting was scheduled for 10:00 a.m. Monday, December 3, 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