
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 October 24, 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 at 10:00 a.m. Monday, October 24, 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 (via phone)
- Bill Fugazzi - District No. 1 and No. 2
- Marijo Ache - District No. 1 and No. 2 (via phone)
- Pam Fugazzi - District No. 1 and No. 2
- David Coker - District No. 1 and No. 2

Also in attendance were:

- George Rowley Esq., White Bear Ankele 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 Chairman Bill Fugazzi on October 24, 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.

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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 September 6, 2016 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.

**Collections
Resolution**

Mr. Rowley explained the proposed Resolution for the Collections of Delinquent Fees and Charges and after discussion and upon motion duly made and seconded it was unanimously

RESOLVED, to approve the Resolution for the Collection of Delinquent Fees and Charges as presented.

Operations

Director Ache explained the proposed parameters for an Independent Contractor Agreement for Water and Sewer Operations. In working with Tim Harrell and Robert Lamm, Director Ache is proposing a fixed monthly rate based on 70 to 90 hours required per month to maintain both systems. There was discussion about Dan Bartashius' availability should more time be required and Director Ache informed the board that Dan's son will likely cover for Dan if necessary and that Dan will be responsible for compensating his son. The District will have an independent contractor agreement with only Dan.

The Board then discussed the demands of the position when the water system is converted back to a potable system. System management for a potable water system may require from 2 to 4 times more time to manage.

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Director Ache explained that if there were occasional excess time demands, then Dan would be compensated at an hourly rate. The Board will re-visit the agreement when the water system conversion occurs.

Following discussion regarding the complexity of previously proposed independent contractor agreements for Tim Harrell and upon motion duly made and seconded it was unanimously

RESOLVED, to authorize Director Ache to complete a less complex independent contractor agreement for the management of the water and sewer system.

Director Fugazzi informed the Board that SealCo had missed some areas when sealing cracks in the road earlier this year and will return to finish the job later this month.

Director Fugazzi then informed the Board about suspicious water meter readings for the 3rd quarter resulting in what appear to be excessive and inaccurate water use by some residences. Director Fugazzi proposed that those excessive use accounts be billed only the base rate for water until investigation of the use amount is completed, probably next spring. Upon motion duly made and seconded it was unanimously

RESOLVED, to bill only the base water fee for accounts that appear to have excessive water use for the 3rd Quarter pending a final determination of actual water use.

Director Fugazzi then informed the Board that interest has been expressed by a resident to serve as a Board of Director member of the District. With the desire to keep the number of board members at 5, Director Fugazzi asked the current member to consider whether or not they want to relinquish their position and to let him know if they did.

Financial

Mr. Weaver then presented the preliminary financial statements for the quarter ended September 30, 2016. Based on greater than expected prior year property tax collections District No. 2 may have sufficient funds to meet its' December debt service payment obligation for the 2010A bonds.

After some discussion and explanation regarding the financials and upon motion duly made and seconded it was unanimously

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RESOLVED, to accept the preliminary financial statements for the quarter ended September 30, 2016 as presented.

Mr. Weaver then presented two preliminary 2017 budget scenarios. There was discussion regarding the budget assumptions and the Board requested budget scenarios with varying mill levies to be considered at the public budget hearings.

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

RESOLVED, to approve the Accounts Receivable and Accounts Payable reports as presented.

Next Meeting

The next meeting of the Boards of Directors and the Public Hearing of the 2017 Budget was scheduled for 10:00 a.m. Monday December 5, 2016 at 2342 Stone Bridge Dr., Montrose, CO 81401, the Coker 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