
RECORD OF PROCEEDINGS

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

A Joint Special Meeting of the Boards of Directors of the Cornerstone Metropolitan Districts Nos. 1 & 2, Montrose and Ouray Counties, Colorado, was held at 10:00 a.m. Thursday, November 20, 2017 at 929 Courthouse Peak 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
- Pam Fugazzi - District No. 1 and No. 2
- Marijo Ache - 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 November 20, 2017 at 10:15 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 28, 2017.

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.

The Board considered the draft Option Agreement To Purchase Property and directed Mr. Waldron to amend the agreement to change the Option Termination Date from July 31, 2018 to December 31, 2018 and include a non-exclusive license for the COA to use the Property from the Effective Date to the Closing Date. The Board then agreed to continue this meeting to 9:00 a.m. Tuesday, November 28, 2017 at which time the amended agreement will be considered.

The Board considered the Annual Administrative Resolutions for 2018 and upon motion duly made and seconded unanimously

RESOLVED, to approve the Annual Administrative Resolutions for 2018 for Districts 1 and 2 as presented.

The Board considered the Public Records Request Policy and upon motion duly made and seconded unanimously

RESOLVED, to approve the Public Records Request Policy for Districts 1 and 2 as presented.

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The Board then considered the resolutions regarding the elections scheduled May 8, 2018 and upon motion duly made and seconded unanimously

RESOLVED, to approve the Resolution Of Board Of Directors Regarding May 8, 2018 Election for Districts 1 and 2 as presented.

Operations

Gate Control: Director Coker informed the Board that 15 clickers for the main gate have been purchased. The Board then discussed a policy regarding the management of clickers going forward and agreed that 1) there should be a \$50 fee charged to residents for the clickers; 2) no clickers will be issued to non-residents; 3) clickers will be issued to Employees at no charge; and 4) Director Coker will manage the administration of the policy. No further action was taken.

Road repairs: Director Fugazzi informed the Board that road repairs are done for the season.

Financials

Mr. Weaver then presented the preliminary financial statements for the period ended September 30, 2017 and proposed 2017 amended budget and 2018 budget. Higher than budgeted tax revenue collected by District 2 resulted in a higher than budgeted expenditure for transfer of funds to District 1 which requires an amendment to the 2017 Budget for District 2. Mr. Weaver then presented the 2018 proposed budget. The proposed budget is based on the assumption that the golf course will be active in 2018 which effects water usage and water and sewer used fees. No revenue from Operations Fees is budgeted.

At this time Director Fugazzi convened the public hearing to consider and adopt the proposed budget amendment to the 2017 budget. No public comment was offered and the hearing was closed. Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the Resolution To Amend the 2017 Budget for Cornerstone Metropolitan District No. 2.

Director Fugazzi then convened the public hearing to consider and adopt the proposed 2018 budget. No public comment was offered. Following discussion of the propose budget the Board voted to continue the public hearing to consider adopt the proposed 2018 budget until 9:00 a.m. Tuesday, November 28.

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Mr. Weaver then presented the Accounts Receivable report. There was discussion about outstanding balances for 3rd quarter water and sewer charges and the Board instructed Mr. Gonzales to delay shut-off notices until the next meeting. Mr. Waldron informed the Board that the process to foreclose on 3 properties with significant past due Operation Fee balances has been started.

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

RESOLVED, to approve the Accounts Payable report as presented.

Continuance

There being no further business to come before the Boards and upon motion duly made and seconded it was unanimously

RESOLVED, to continue the Public Hearing regarding the 2018 Budget and the Board of Directors meeting to 9:00 a.m. Tuesday, November 28, 2017.

Respectfully Submitted

Rick Gonzales
Secretary to the meeting