
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 December 5, 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, December 5, 2016 at the Coker Residence, 2342 Stone Bridge Dr., 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 (via phone)
- Marijo Ache - District No. 1 and No. 2
- Pam Fugazzi - District No. 1 and No. 2 (via phone)
- David Coker - District No. 1 and No. 2

Also in attendance were:

- Colleen Henderson, homeowner
- Tony Girard, representing homeowner Kari Wage, arrived after executive session.
- Clint Waldron, White Bear Ankele Tanaka & Waldron (via phone)
- Eric Weaver, 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 Ache on December 5, 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.

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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 October 24, 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.

Colleen Henderson exited the meeting during the Executive Session.

The Board then returned from executive session. Colleen Henderson returned to the meeting and Tony Girard joined the meeting.

The Board then discussed the proposed Independent Contractor Agreement (“ICA”) for water and sewer services and determined further work was needed on the document. The Attorney will make the modifications discussed and a modified ICA will be considered for approval at the next board meeting.

Director Fugazzi then gave the Board background information on the need for a lease agreement with a new developer related to the donated Thompson properties. The Board then reviewed and discussed the proposed agreement and instructed Mr. Waldron to work with attorney Daniel Gregory, to further understand the terms of the Thompson Settlement Agreement as it pertains to the donated property and continue to work on the lease agreement. No further action was taken by the Board related to the proposed lease agreement.

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Mr. Waldron then presented the 2017 Annual Administrative Resolutions for both District Nos. 1 and 2. Following discussion and upon motion duly made and seconded it was unanimously

RESOLVED to approve the 2017 Annual Administrative Resolutions as amended to make Directors Pam Fugazzi, Marijo Ache, and David Coker Assistant Secretary / Treasurers for both Districts 1 and 2.

Operations

Director Ache explained the computer used to monitor water operations needs to be updated and Tim Harrell is working to implement a backup computer.

Director Ache also reported that the District is out of remote gate openers and that the chain on the back gate has been cut and a lock was put on to re-secure the gate as a temporary measure.

Mr. Waldron then presented options available to the Districts for Excess Liability Insurance Coverage. After discussion and upon motion duly made and seconded it was unanimously

RESOLVED to approve the purchase of \$5 million of Excess Liability Insurance for District 1 and \$3 million of Excess Liability Insurance for District 2.

Financial

The public hearing to consider and adopt the proposed 2017 budgets for Districts 1 and 2 and the amendment to the 2016 budget for District 2 was convened. No public comment was offered and the hearing was closed.

Mr. Weaver then presented the 2017 budget. After discussions pertaining to the budget and mill levy for 2017 tax collections and upon motion duly made and seconded it was unanimously

RESOLVED to approve the Resolutions to Adopt Budget, Appropriate Funds and Set Mill Levies for Tax Collection in 2017, amended for modification to the audit fee expense to match the proposed audit engagement letters, increased insurance premium expenses related to the purchase of excess liability insurance previously approved, and with a mill levy set at 70 unless a commitment or strong assurance to close on the purchase of the property is communicated from the prospective new developer

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prior to December 13 in which case the mill levy will be reduced to 60 mills.

Mr. Weaver then presented the 2016 Amended Budget for District 2. The amendment is necessitated by tax revenue collected in excess of budget that resulted in a corresponding excess in expenditure to transfer operations tax revenue to District 1. Upon motion duly made and seconded it was unanimously

RESOLVED, to approve the 2016 Budget Amendment as presented.

Mr. Weaver then presented the 2017 Preliminary Fee Schedule and after discussion and upon motion duly made and seconded it was unanimously

RESOLVED to approve the 2017 Fee Schedule as presented and to review the 2017 Fee Schedule subsequent to the closing of a sale of property to a new developer.

Mr. Weaver then presented the Accounts Receivable report. No action was taken by the Board.

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

RESOLVED to approve the Accounts Payable Report as presented.

Mr. Weaver then presented the audit engagement letters from Chadwick, Steinkirchner, Davis & Co., P.C. for the 2016 independent audits for Districts 1 and 2. Upon motion duly made and seconded it was unanimously

RESOLVED to approve the audit engagement letters from Chadwick, Steinkirchner, Davis & Co., P.C. for the 2016 independent audits for Districts 1 and 2 as presented.

Next Meeting

The next meeting of the Boards of Directors is scheduled for 10:00 a.m. Monday January 23, 2017 at 929 Courthouse Peak Lane, Montrose, CO 81403, the Ache residence.

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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

Eric Weaver
Secretary to the meeting