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# RECORD OF PROCEEDINGS

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## Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 June 22, 2015

A Joint Special Meeting of the Boards of Directors of the Cornerstone Metropolitan District Nos. 1 & 2, Montrose and Ouray Counties, Colorado, was held 12:30 p.m. Monday, June 22, 2015 at the Ache Residence, 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. 2
- Pam Fugazzi- District No. 2

The following Director was absent and excused:

- David Coker- District No. 2

Also in attendance were:

- Clint Waldron, White Bear Ankele (via phone)
- Jamie Cotter, Spencer Fane (via phone)
- Eric Weaver, Marchetti & Weaver, LLC (via phone)
- Rick Gonzales, Marchetti & Weaver, LLC (via phone)

### Call to Order

The Special Joint Meeting of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 was called to order by Chairman Fugazzi on June 22, 2015 at 12:30 p.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

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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.

**Agenda** The proposed agenda was revised to add the following items: 1) an additional legal matter related to the Thompson Settlement Agreement and, 2) Set the next meeting date. Upon motion duly made and seconded it was unanimously

**RESOLVED** to approve the additions to the agenda.

**Executive Session** Upon motion duly made and seconded, it was unanimously

**RESOLVED**, to enter into executive session pursuant to Sections 24-6-402 (4) (b) C.R.S., “Conference with an attorney for Cornerstone Metropolitan Districts No. 1 and No. 2 for the purpose of receiving legal advice on specific legal questions related to foreclosure of the Districts’ lien and legal proceedings against CSPE028 and Section 24-6-402 (4) (e) C.R.S., “Determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators related to the same foreclosure and proceedings against CSPE028.

**Legal Matters** After adjournment from executive session the board discussed the pending closing of the Thompson Settlement Agreement with Cornerstone Owner’s Association and Cornerstone Lot Owners Group, LLC (“Settlement Agreement”). Upon motion duly made and seconded, it was unanimously

**RESOLVED** to authorize Board President Bill Fugazzi to execute the documents necessary for District No. 1 to accept property donated to District No. 1 as part of the Settlement Agreement including, but not limited to, an acquisition resolution and IRS Form 8283 related to the donated property if there are no substantive changes from the terms previously discussed.

**Audit Committee** Upon motion duly made and seconded it was unanimously

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**RESOLVED** to appoint Warren Ache and Eric Weaver to the Audit Committee with authority to accept and approve the annual audit report for 2014 when final.

**Next Meeting** Upon motion duly made and seconded it was unanimously

**RESOLVED** that the next meeting date for the boards will be 9:00 a.m. Tuesday, July 14, 2015 at 700 Birdsong Lane, Montrose, CO, Ouray County CO.

**Adjournment** Upon a motion duly made and seconded the board unanimously

**RESOLVED** to adjourn the meeting.

Respectfully Submitted

Rick Gonzales  
Secretary to the meeting

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## Attorney Statement

### REGARDING PRIVILEGED ATTORNEY-CLIENT COMMUNICATION

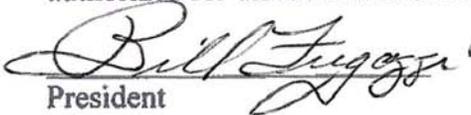
Pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as special counsel to Cornerstone Metropolitan District No. 1 and Cornerstone Metropolitan District No. 2, I attended the executive session meeting convened on June 22, 2015, held pursuant to §24-6-402(4)(b) and (e), C.R.S., conference with an attorney for the purpose of receiving legal advice related to specific legal questions and to develop negotiating positions, strategy, and instruct negotiators, regarding foreclosure proceedings related to the Districts' lien and legal proceedings against CSPE028 and its' related entities. I further attest it is my opinion that all of the executive session discussion constituted a privileged attorney-client communication and, based on that opinion, no further record, written or electronic, was kept or required to be kept, and no further record, written or electronic was kept or required to be kept pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S.

Signature

Name and Title

Date

As President of the Board of Directors of Cornerstone Metropolitan Districts No. 1 and No. 2, I attest that the portion of the executive session that was not recorded was confined to the topic(s) authorized for discussion in executive session pursuant to Section 24-6-402 (4), C.R.S.

  
President