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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 July 27, 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 3:00 p.m. Monday, July 27, 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 (via phone)
- Pam Fugazzi- District No. 2
- David Coker- District No. 2

Also in attendance were:

- Clint Waldron, White Bear Ankele Tanaka & Waldron (via phone)
- Jamie Cotter, Spencer Fane (via phone)
- Daniel Gregory, Gregory Golden & Landeryou, LLC (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 Fugazzi on July 27, 2015 at 3:00 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** No changes were made to the agenda.

**Minutes** Upon motion duly made and seconded it was unanimously

**RESOLVED**, to approve the minutes for meeting held July 14, 2015.

**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 a settlement offer from the CSPE028 Defendants" 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 settlement offer from CSPE028 Defendants."

The Board returned to regular session.

Upon motion duly made and seconded, it was unanimously

**RESOLVED**, to reject the settlement offer from the CSP028 Defendants.

Ms. Cotter left the meeting at this time.

**Legal Matters** There were no other legal matters.

**Operations Matters** Operations & maintenance of donated properties: Mr. Gonzales reported that property donated to the District in the Thompson Settlement Agreement has been submitted to the insurance agent for coverage.

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Director Fugazzi asked Mr. Waldron to take the lead in assuring that property taxes do not accrue to the District because the District is exempt from property tax.

Director Fugazzi reported he is doing a high level assessment of the donated properties to ascertain the condition of the properties. No major damages have yet been found but there is roof damage at the Turf Care facility that will be investigated further.

Director Fugazzi then informed the board of the status of the bid and contract with SealCo. Since Director Fugazzi was authorized to sign a contract based on SealCo's bid at a prior meeting so no action was required or taken at this meeting. However, Mr. Waldron did recommend the District attach its standard contract addendum to the SealCo contract and Director Fugazzi agreed to do so.

**Financial Matters**     Accounts Receivable: Mr. Weaver presented the accounts receivable report. After a brief discussion, no action was taken by the Board.

Accounts Payable: Upon motion duly made and seconded it was unanimously

**RESOLVED** to ratify the Accounts Payable Report.

Other Financial Matters: There were no other financial matters.

**Next Meeting**     The next meeting date for the boards will be the regularly scheduled meeting 10:00 a.m. Monday, July 27, 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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CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2  
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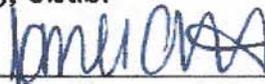
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## Attorney Statement

### 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 July 27, 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 the settlement offer from CSPE028 and 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

Jamie Cotter, Esq.

Date

8/27/15

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