
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 August 3, 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 10:00 a.m. Monday, August 3, 2015 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. 2 (via phone)
- Pam Fugazzi- District No. 2
- David Coker- District No. 2 (via phone)

Also in attendance were:

- Clint Waldron, White Bear Ankele Tanaka & Waldron (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 August 3, 2015 at 10:00 a.m. noting a quorum was present by phone. Accordingly any action taken by the board, necessary because of the critical nature of the timing of negotiations, will be ratified at a subsequent meeting with a quorum 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

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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.

Agenda Approval of minutes was stricken from 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 a settlement offer made to the CSPE028 Defendants by Cornerstone Lot Owners Group, LLC, the Cornerstone Owners Association and Cornerstone Metropolitan District Nos. 1 and 2” 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.”

The Board returned to regular session.

Upon motion duly made and seconded, it was unanimously

RESOLVED, to accept the global settlement offer made to CSPE028 Defendants by Cornerstone Lot Owners Group, LLC, Cornerstone Metropolitan District Nos. 1 and 2, and Cornerstone Owner’s Association provided that all amounts due to the District from CSPE028 (including all costs, and fees) remain attached to the property and continue to be owed to the District by any new owner, and

FURTHER RESOLVED to authorize Director Fugazzi to negotiate the final terms of the settlement, subject to final legal and Board review and approval.

Ms. Cotter left the meeting at this time.

Legal Matters There were no other legal matters.

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Operations Matters Operations & maintenance of donated properties: There was discussion about damage to the Turf Maintenance facility incurred prior to the District's ownership. The estimated cost of repair to the damage is \$3,000 plus labor. No action was taken as the District is still waiting for documentation evidencing insurance coverage was assigned by Golf Club at Cornerstone, the former owner.

In the meantime, Mr. Gonzales reported that insurance coverage for the donated properties had been bound under the District's insurance policy.

Next Meeting The next meeting date for the boards will be the regularly scheduled meeting 10:00 a.m. August 24, 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 August 3, 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 made to CSPE028 by Cornerstone Lot Owners Group, LLC, Cornerstone Metropolitan District Nos. 1 and 2 and Cornerstone Owner's Association. 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

Jamie N. Cotter

Jamie Cotter, Esq.

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.

Bill Foy
President