
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 September 8, 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. Tuesday, September 8, 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
- David Coker- District No. 2

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 Joint Special Meeting of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 was called to order by Chairman Fugazzi on September 8, 2015 at 10:05 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 August 24, 2015 with the addition of the Welcome Center as one of the properties owned by CSPE028 that could be conveyed to the District.

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)(b), Conferences with an attorney for the board of directors for the purposes of receiving legal advice on specific legal questions, and C.R.S. § 24-6-402(4)(e), for the purpose of determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators regarding foreclosure proceedings related to the Districts' lien and legal proceedings against CSPE028 and its related entities.

The board then returned to public session. After discussion, the Boards determined that it was in the best interests of the Districts and the property owners, taxpayers, and residents of the Districts to delay restarting the foreclosures, and upon motion duly made and seconded, it was unanimously

RESOLVED to advise Cornerstone Owners Group, LLC ("LLC") and Cornerstone Owners Association ("Association") that the District will delay restarting foreclosure against CSPE028 until September 15 unless at that time Chairman Fugazzi determines sufficient progress is being made in negotiations between the parties in which case the District will delay restarting foreclosure until September 21.

The Board then discussed the fee agreement with the LLC and Association and instructed Ms. Cotter to suspend work on the agreement until results of the negotiations with CSPE028 are known. Ms. Cotter acknowledged

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she will suspend her work on the agreement but recommended such an agreement be in place prior to the closing of any settlement with CSPE028 in which any property owned by CSPE028 is conveyed to another party.

Ms. Cotter left the meeting at this time.

After further discussion regarding ongoing negotiations between the LLC, Association, and CSPE028 and upon motion duly made and seconded, the board unanimously

RESOLVED, to appoint a committee with authority to authorize, on behalf of the District, a settlement agreement with CSPE028. Committee members are Bill Fugazzi and David Coker.

Next Meeting

The next meeting date for the boards will be the regularly scheduled meeting 10:00 a.m. September 21, 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 Tuesday, September 8, 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

Jamie Catter

Name and Title

Jamie Catter, Esq.

Date

9/22/15

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