
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan Districts Nos. 1 & 2 September 21, 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, September 21, 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 21, 2015 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.

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 September 21, 2015 Meeting Minutes

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 September 8, 2015.

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 regarding 1) the Districts' lien and legal proceedings against CSPE028 and its related entities; 2) an operating agreement with Cornerstone Owners Association, Inc. ("Association") and Cornerstone Lot Owners, LLC ("LLC") and; 3) the proposed listing agreement with CBRE, 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 1) the Districts' lien and legal proceedings against CSPE028 and its related entities; 2) an operating agreement with Cornerstone Owners Association, Inc. ("Association") and Cornerstone Lot Owners, LLC ("LLC") and; 3) the proposed listing agreement with CBRE.

After returning to public session and after discussion, the Boards determined that because the Boards have been informed that agreement has been reached in principle between Hunt, CSPE028, the Association, and the LLC and it is in the best interests of the Districts and the property owners, taxpayers, and residents of the Districts to extend the stay of foreclosure in order to allow time for the above parties to finalize their agreement, upon motion duly made and seconded it was unanimously

RESOLVED to stay the foreclosure until the anticipated closing with CSPE028 and ultimate removal of the Hunt lien upon the sale of the properties to a new developer.

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 September 21, 2015 Meeting Minutes

The board then discussed the listing agreement and upon motion duly made and seconded, it was unanimously

RESOLVED, to grant authority to board member Warren Ache to execute the listing agreement with CBRE on behalf of the District after the proper corrections are made.

Ms. Cotter then left the meeting.

The board then discussed the Revocable License Agreement with Tom Musselman and upon motion duly made and seconded, it was unanimously

RESOLVED, to ratify the Revocable License Agreement between Tom Musselman and the District.

Mr. Weaver then presented the preliminary financial statements for August 31, 2015, the accounts receivable report and accounts payable check registers. After brief discussion and upon motion duly made and seconded, it was unanimously

RESOLVED, to approve the preliminary financial statement for August 31, 2015, the accounts receivable report and the accounts payable check registers as presented.

Other Matters

It was noted that community volunteers have stepped up to clean the facilities recently obtained by the District and the Board thanked everyone who has helped with this and all of the other matters currently being addressed.

Next Meeting

The regularly scheduled meeting for September 28, 2015 was cancelled for lack of a quorum and a special meeting was scheduled for 10:00 a.m. Monday, October 19, 2015 at 700 Birdsong Lane, Montrose, CO.

Adjournment

Upon a motion duly made and seconded the board unanimously

RESOLVED, to adjourn the meeting.

Respectfully Submitted

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2
September 21, 2015 Meeting Minutes

Rick Gonzales
Secretary to the meeting

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2
September 21, 2015 Meeting Minutes

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 21, 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 1) foreclosure proceedings related to the Districts' lien and legal proceedings against CSPE028 and its related entities; 2) an operating agreement with Cornerstone Owners Association, Inc. ("Association") and Cornerstone Lot Owners, LLC ("LLC") and; 3) the proposed listing agreement with CBRE. 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 Cotter
JAMIE COTTER, Esq.
10/20/15

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 Aygazi
President