
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan Districts Nos. 1 & 2 October 19, 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, October 19, 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:

- George Rowley, 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 October 19, 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 October 19, 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 21, 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 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; and 2) an operating agreement with Cornerstone Owners Association, Inc. ("Association") and Cornerstone Lot Owners, LLC ("LLC").

After returning to public session and after discussion, upon motion duly made and seconded it was unanimously

RESOLVED, that the Board has determined that it is in the best interests of the Districts and the property owners, taxpayers, and residents of the Districts to keep property in the community under single ownership to facilitate a sale of property to a new developer, the board will favorably entertain the subordination of District liens to a party or parties that have paid or caused to be paid certificates for delinquent property tax for Cornerstone community property.

Ms. Cotter then left the meeting.

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 October 19, 2015 Meeting Minutes

- Legal Matters** The Board then discussed the certification of certain delinquent water and sewer accounts receivable to the Montrose and/or Ouray County Assessors. Hearing no feedback from owners facing certification and upon motion duly made and seconded, it was unanimously
- RESOLVED** to adopt the Resolution certifying certain delinquent water and sewer fees to Montrose and Ouray County Treasurers for collection. Submittal to the counties is to be made just prior to the cutoff date for each county in order to allow time for payments that may yet be received.
- Budget Hearing** Public hearing to consider and adopt the 2016 Budget: The public hearing was convened to consider the 2016 Budget. No public comment was offered and the board determined to continue the public hearing until the next meeting date. No action was taken regarding the 2016 budget.
- Financial Matters** Mr. Weaver presented the September 30, 2015 financial statements and upon motion duly made and seconded it was unanimously
- RESOLVED** to approve the September 30, 2015 financial statements as presented.
- Mr. Weaver then presented the accounts payable and accounts receivable reports to the board. After some discussion and upon motion duly made and seconded the board unanimously,
- RESOLVED** to approve the accounts payable and accounts receivable report as presented.
- Next Meeting** The regularly scheduled meeting is scheduled for 10:00 a.m. Monday, November 16, 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

Rick Gonzales
Secretary to the meeting

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2
October 19, 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; and 2) an operating agreement with Cornerstone Owners Association, Inc. ("Association") and Cornerstone Lot Owners, LLC ("LLC") 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 Cotter

Name and Title

Jamie Cotter, Esq.

Date

11/23/15

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