
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 September 23, 2013

A Joint Special Meeting of the Boards of Directors of the Cornerstone Metropolitan District Nos. 1 & 2, Montrose and Ouray Counties, Colorado, was held September 23, 2013 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
- Bill Fugazzi- District No. 1 and No. 2
- Marijo Ache- District No. 2
- Pam Fugazzi- District No. 2

Also in attendance were:

- Eric Weaver, Robertson & Marchetti, PC (via phone)
- Clint Waldron, White, Bear & Ankele (via phone)
- Kathy Lewensten, Robertson & Marchetti, PC (via phone)
- Brian Wallin, Land Mgmt & Metro Dist Consulting, LLC

Call to Order The Joint Meeting of the Boards of Directors of Cornerstone Metropolitan District Nos. 1 & 2 was called to order by Chairman Fugazzi on September 23, 2013 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 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 Input 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 July 12, 2013 minutes.

Other Business It was reported the Telluride Watch and the Ouray Plaindealer newspapers had recently published an article concerning the Districts. Unfortunately the article contained inaccurate information regarding the service plan amendment and a potential increase in the mill levy. The article stated the Districts would need to have a special election to increase the mill levy when in fact the Districts have the necessary authorization in place so no election is necessary.

Operations
Accounts
Receivable

Lien and Foreclosure Status: Mr. Waldron updated the Boards on the status of collections. He explained the Districts automatically have a perpetual lien for any amounts due on properties without filing any additional paperwork; however the formal lien process leaves a better paper trail for title companies to locate and collect any past due amounts if a property sells. There was general discussion concerning the filing of foreclosures, and counsel was directed to stay any filings until further notice. The matter was tabled.

Overdue Water fees: Mr. Weaver discussed the A/R listing included in the packet with the Boards. He noted this report contains the overdue balances for the general operations fees, the water fees and the association fees to allow a more comprehensive look at the past due accounts. He reported on the status of the past due water accounts and which ones are turned off. He explained that although water service has been turned off at Mr. Thompson's properties the Disconnect Agreement that was provided to him has not been returned. Until the agreement is executed and the terms met, the properties will continue to incur the full amount of the quarterly fees. The discussion continued with steps for collection being reviewed by property. Each property will be handled as necessary depending on the collection methods available to the Districts. It was pointed out the third quarter billings will be added to the past due amounts at the end of September.

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Mr. Waldron explained the process of certifying past due water/sewer balances that are over \$150 and at least 6 months past due to the County. He noted this is usually preferable to the District as opposed to using a lien/foreclosure process for these collections. Mr. Wallin stated Ouray County has a deadline of December 1 for certification of the past due amounts for collection the following year. After certification of the past due amounts to the County the amounts become part of the tax bill and are collected by the County and then remitted to the District. The process requires a notice be provided to the property owners regarding the potential for certification of the past due water/sewer balance to the County. The notice also must offer delinquent property owners the opportunity to attend a public meeting prior to the certification. Mr. Waldron will draft a resolution for consideration at the October meeting.

Mr. Weaver explained the past due amounts related to the golf course irrigation and water overhead would need to be allocated to a number of golf course properties based on a percentage. He will prepare a worksheet to show the method of allocation.

After further discussion the Board directed notices be sent to past due accounts of over \$150 and 6 months past due informing the property owners of the potential certification to the County noting the next scheduled board meeting on October 29th as their opportunity to come and discuss any concerns and for Shut Off notices to be sent to those properties as discussed. Upon motion duly made and seconded, it was unanimously

RESOLVED by CMD No. 1 to proceed with sending notices as follows:

Ouray 13 Lot 13 – courtesy notice of shut off within 5 days
and a separate notice regarding certification to County
Golf Cabins 6 & 7 – shut off notices
Others – notice regarding certification to County

General Ops fee: It was reported an email had been received from Acct. #OB13L8 offering to pay the \$2,000 general ops fee but no additional charges. The Board discussed the matter. One alternative would be to waive any interest but not collection fees. Upon motion duly made and seconded, it was unanimously

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RESOLVED by CMD No. 1 to extend an offer to Acct. # OB13L8_stating the District will accept payment of \$2,000 and collection fees while allowing a waiver of interest subject to payment being received within 14 days.

Legal

Service Plan Amendments: Mr. Waldron reported a packet and letter was provided to Ouray County in anticipation of the BOCC public hearing to be held tomorrow regarding the service plan amendment. The amendment being proposed would remove the operations mill levy cap to help cover operational and maintenance costs. The Districts currently have appropriate voter authorization to seek this amendment. A legal notice was published and sent to each owner of record. An October 7th hearing date is set for Montrose County. The same procedures will be followed.

Executive Session No executive session was necessary.

Financial Statements

Mr. Weaver presented the August 2013 preliminary financial statements. He explained the 2014 budget was preliminary at this point. The need for a reserve funds for future road, water, and sewer infrastructure as well as for operations will be reviewed as part of the budget process. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the August 2013 preliminary financial statements.

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

RESOLVED to approve and ratify the accounts payable listing as presented.

Adjournment Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Joint Special meeting of Cornerstone Metropolitan District Nos. 1 & 2.

Respectfully Submitted
/s/ Kathy Lewensten

Kathy Lewensten
Secretary to the meeting