
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 October 29, 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 October 29, 2013 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

Also in attendance were:

- Eric Weaver, Robertson & Marchetti, PC (via phone)
- Clint Waldron, White, Bear & Ankele (via phone)
- Zachary White, 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 October 29, 2013 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.

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- Public Input** No public comment was offered.
- Agenda** A request was made to add discussion of matters related to a land exchange happening with an adjacent property to the District.
- Other Business** Mr. Waldron noted that water counsel had received a request for acknowledgement by the District of agreements between an adjacent property owner and outside parties involved in a land swap. The district is not a party to the agreements. The agreements are related to water and easement matters. Mr. Wallin reviewed background related to the request. Mr. Waldron stated that based on conversations with water counsel, the District could send a response that stated to the extent the District has rights it would not oppose enforcement of the agreements. Upon motion duly made and seconded, it was unanimously
- RESOLVED** by CMD No. 1 to direct counsel to acknowledge the existence of the water rights agreement and conveyance of easement agreement noting to the extent the District has rights it will not oppose the enforcement of the agreements.
- Discussion continued regarding the land exchange between the US Forest Service and the adjacent property owner. Mr. Wallin explained a special use permit exists with the US Forest Service for an easement to cross the property involved in the exchange. The original terms were \$600 for five years for an easement area of approximately 40 x 60 feet. The special use permit had required studies in the area and had taken some time to obtain. The adjacent property owner has commented that there may be changes in the terms related to the cost of the easement. He will keep the Board up to date on any developments. The matter was tabled.
- Minutes** Upon motion duly made and seconded it was unanimously
- RESOLVED** to approve the September 23, 2013 minutes.
- Operations** Director Fugazzi reported he was successful in negotiating a snowplow contract with Seaborn Farms LLC for the coming season. He briefly reviewed the terms that were negotiated. The fixed costs will be shared with a neighboring property which will provide some reduction in expenses to the District. Upon motion duly made and seconded, it was unanimously

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RESOLVED by CMD No. 1 to accept the snow plowing contract proposal as discussed and to authorize Director Fugazzi to execute the final agreement.

Accounts Receivable

Lien and Foreclosure Status: Mr. White reported six liens had been filed for unpaid general operations fees. Counsel was directed not to take any further action. The matter was tabled.

General Ops Fee: Director Ache reported Acct. #OB13L8 had notified him they were interested in accepting the offer the District had made to waive any interest but not collection fees. He noted it was beyond the 14 day deadline and requested the Board consider waiving the deadline. Upon motion duly made and seconded, it was unanimously

RESOLVED by CMD No. 1 to waive the 14 day deadline previously imposed related to the offer extended to Acct. #OB13L8 stating the District will accept payment of \$2,000 and collection fees while allowing a waiver of interest.

Overdue Water fees: Mr. Weaver reported on past due water accounts. He referred to the report included in the packet which described the status of the accounts. Mr. Weaver asked about delaying shut off of service to Flowers Cabin explaining the normal quarterly charges are incurred whether the water is on or off. After discussion it was determined for the time being the water will remain on.

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 Counties. He noted Ouray County has a deadline of December 1 for certification of the past due amounts for collection the following year. Montrose County's deadline is November 1 however none of the delinquent properties are located in Montrose County. The Board tabled the matter to the November meeting.

Executive Session No executive session was necessary.

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Financial Statements

Mr. Weaver presented the September 2013 preliminary financial statements including the 2014 preliminary budgets. Upon motion duly made and seconded, it was unanimously

RESOLVED to accept the September 2013 preliminary financial statements.

2014 Budget

Mr. Weaver began discussion on the 2014 budgets. Mr. Weaver explained the 2014 budgets are based on conservative assumptions and current conditions allowing for expected non-payment from Cobalt and Thompson.

He reported he had spoke with the County Assessors regarding expectations for the upcoming tax sales. CMD No. 2's 2014 budget reflects the expected shortfalls in property tax collections caused by unsold tax liens based on the discussions. He pointed out there was a significant decrease in assessed valuation. Due in part to the decreased AV, CMD No.2's mill levy is budgeted to increase to 80 mills for IGA Services and 40 mills for debt service. Even with the increase the debt service mill levy will only partially cover the debt service due on the 2010A bonds in 2014. He explained he is researching whether the shortfall can be covered with 2010B bond funds.

For CMD No. 1 the general operations fee has been included at a higher rate to provide funding for budgeted operations expenses. It was suggested the District could consider billing the operations fee in two halves next year. He reported the reduction in water consumption by both the residential and golf course properties has caused an increase in the per gallon cost of water. An increase in the use fees for both water and sewer has been included in the budget. The Board continued further discussion of the proposed increased fees to the November 25th meeting.

The Board expressed a desire to communicate with the property owners regarding the 2014 budgets and expected increases in fees. Mr. Weaver noted the District meetings are public and posted as such. It was suggested a review of District matters be presented at the Owners Association Annual Meeting to help educate the constituents on matters as they stand and to allow a forum for comment.

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Mr. Weaver stated the meeting had been published as the public hearing for the 2014 budgets. The public hearings for the 2014 budgets were opened. No public comment was offered and the hearings were continued to November 25th at 3:00 p.m.

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

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

**2013 Audit
RFP**

Mr. Weaver presented the proposal results for the 2013 Audit as included in the packet. Upon motion duly made and seconded, it was unanimously

RESOLVED to retain Chadwick, Steinkircher, Davis & Co., P.C. to perform the 2013 audits for both Districts.

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