
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 December 12, 2014

A Joint Special Meeting of the Boards of Directors of the Cornerstone Metropolitan District Nos. 1 & 2, Montrose and Ouray Counties, Colorado, was held December 12, 2014 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

The following Directors attended via phone

- David Coker – District No. 2

Also in attendance were:

- Zachary White, White Bear Ankele Tanaka & Waldron (via phone)
- Eric Weaver, Marchetti & Weaver, LLC (via phone)
- Rick Gonzales, Marchetti & Weaver, LLC (via phone)

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 December 12, 2014 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

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 December 12, 2014 Meeting Minutes

Boards determined that the participation of the Directors present was necessary to obtain a quorum or otherwise enable the Boards to act.

- Public Input** No public comment was offered.
- Agenda** No changes were made to the Agenda.
- Minutes** No minutes were presented for approval.
- Operations Matters** No operational matters were discussed.
- Legal Matters:**
- A. Update on foreclosure status: Mr. White updated the board on the COBALT foreclosure status. The board then discussed possible outcomes of the foreclosure process.
 - B. Executive Session: There was no executive session.
 - C. Other Legal: None
- Financial Matters**
- A. Update on 2010B Bonds / Letter of Credit: Mr. Weaver reported that on November 24th the 2010B Bonds were converted to Developer Bonds pursuant to the terms of the indenture. The bonds were converted as a result of the developer not renewing the Letter of Credit. Mr. Weaver also reported that as part of the conversion a small portion of principal was paid and that the Developer Bonds will bear a fixed interest rate of 6%.
 - B. Public Hearing and Approval of Resolution to Amend 2014 Budget of Cornerstone Metropolitan District No. 2: Mr. Weaver reported that as a result of the conversion of the 2010B Series bonds to Developer Bonds, an amendment to the 2014 Budget is required. Mr. Weaver then stated the meeting had been published as the public hearing for the 2014 budget amendment and the public hearing for the 2014 budget amendment was opened. No public comment was offered and the hearing was closed. Upon motion duly made and seconded the board unanimously

RESOLVED to adopt the Amended 2014 Budget for Cornerstone Metropolitan District No. 2

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 December 12, 2014 Meeting Minutes

C. Other Financial Matters: None.

**Other
Business**

The next meeting date was scheduled for January 22, 2015 at 10:00 am.

Adjourn:

There being no further business to conduct, upon motion duly made and seconded the board unanimously voted to adjourn the meeting.

Respectfully Submitted
/S/Rick Gonzales

Rick Gonzales
Secretary to the meeting