
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 June 13, 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 June 13, 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
- David Coker – District No. 2

The following Director was absent and excused

- 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)
- Brian Wallin, Land Consultants Inc (via phone)
- Tim Harrell, Water operator (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 June 13, 2014 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,

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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.

- 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 May 9, 2014 minutes.

**Water System
Operations
Alternatives**

The Boards discussed potential scenarios for future water system operations including converting to a non-potable system. Mr. Weaver explained that the District can expect to save approximately \$45,000 annually by converting to a non-potable system from savings in water purchases, flushing, electrical pumping costs, decreased operator hours, and other expenses. Mr. Waldron will research the requirements but it is anticipated there will need to be at least a 30 day notification. The Board discussed the quarterly fees related to water service and agreed after the system becomes non potable the quarterly base fees should be reduced from \$600 per quarter to \$400 per quarter. It was explained the water system can be reverted back to potable in less than 30 days and at relatively minimal cost if circumstances change. Upon motion duly made and seconded, it was unanimously

RESOLVED by CMD No. 1 to convert the water system to non potable as soon as practicable but in compliance with state health regulations and not less than 30 days after providing notice to all users of the upcoming conversion, and

FURTHER RESOLVED by CMD No. 1 to adjust the quarterly base rate from \$600 per quarter to \$400 per quarter after the conversion to non potable for the remainder of 2014.

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Legal

Road Easement Agreement: Mr. Waldron noted final copies of the Road Easement Agreement and the Relinquishment of the Special Use Permit had been included in the packet. These had been approved for execution at the May 9th meeting.

Settlement Agreement – Water Pond 1 & 4: Mr. Waldron requested the Board ratify the final agreement which had been included in the packet. Upon motion duly made and seconded, it was unanimously

RESOLVED by **CMD No. 1** to ratify the Settlement Agreement.

Accounts Receivable

Mr. Weaver reviewed the reports that were included in the packet. The Board requested cost information concerning foreclosures on the past due balances. Mr. White explained the process and related fees. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Joint Resolution Authorizing Foreclosure on Delinquent Accounts, and

FURTHER RESOLVED to specifically proceed with foreclosure on all properties owned by CSPE028 LLC, for all balances owed subject to receipt of a reasonable cost estimate for litigation guarantees to be approved by Director Fugazzi.

Executive Session

No executive session was necessary.

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/ Eric Weaver

Eric Weaver
Secretary to the meeting