
RECORD OF PROCEEDINGS

Minutes of the Joint Special Meeting Of the Boards of Directors Cornerstone Metropolitan District Nos. 1 & 2 August 26, 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 August 26, 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
- David Coker – 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)
- Harvey Williamson, Harvey J. Williamson, LLC (via phone)
- Rick Gonzales, Robertson & Marchetti, PC (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 August 26, 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 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 August 26, 2014 Meeting Minutes

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 7, 2014 minutes.

**Operations
Matters**

Non potable water system: Mr. Fugazzi reported the water system was converted to non-potable water system as of August 3rd. No one reported any feedback from the community related to the conversion.

Roadway crack fill/patching estimates: After review of year to date expenditures the board instructed Mr. Weaver to contact Brian Wallin to obtain crack filling estimates.

Legal Matters

Update on foreclosure status: Mr. Williamson reported on the status of the foreclosure process, noting that he is waiting on final reports from the title company before the process can proceed. After discussion, the Board instructed Mr. Williams to continue with foreclosure proceedings as expeditiously as possible.

Mr. Williams exited the meeting.

Engagement of Kutak Rock: Mr. Waldron reviewed the August 21, 2014 engagement letter from Kutak Rock to modify the Trust Indenture to conform to the revised Service Plan of the district as well as oversee the possible conversion of the Series 2010B bonds to developer bonds with the understanding that costs regarding the bond conversion will be borne by Hunt, the to be holder of the Bonds.

The board then discussed the notice from Wells Fargo Bank regarding the non-renewal of the letter of credit related to the Series 2010B bonds and ramifications of the non-renewal.

Upon motion duly made and seconded, the board unanimously authorized the execution of the engagement letter as presented.

RECORD OF PROCEEDINGS

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2 August 26, 2014 Meeting Minutes

Financial Matters Mr. Weaver presented the July 2014 preliminary financial statements. Mr. Weaver explained the process and timing of potential revenue from tax certificate sales and that the district's financial position will be much clearer once the current year's revenue is received. The amount received will likely be known by September 10. Upon motion duly made and seconded, it was unanimously

RESOLVED to accept the July 2014 preliminary financial statements.

Other Business Future meeting dates. The Board discussed the upcoming meeting dates and based on conflicts in September determined to move the September meeting to the 16th beginning at 9:00. The October meeting will remain on the 28th beginning at 10:00.

Adjournment Upon motion duly made and seconded, the board unanimously voted to adjourn the Joint Special meeting of Cornerstone Metropolitan District Nos. 1 & 2.

Respectfully Submitted
/S/Rick Gonzales

Rick Gonzales
Secretary to the meeting