

CORNERSTONE METROPOLITAN DISTRICT NOS. 1 & 2
2023 CONSOLIDATED ANNUAL REPORT

Pursuant to §32-1-207(3)(c), C.R.S. and the Consolidated Service Plan for Cornerstone Metropolitan District Nos. 1 & 2 (collectively the “**Districts**”), the Districts are required to provide an annual report to the with regard to the following matters:

For the year ending December 31, 2023, the Districts make the following report:

§32-1-207(3)(c), C.R.S. Statutory Requirements

1. Boundary changes made.

*There were no changes made or proposed to the boundaries in 2023. A map for the boundaries of both Districts is attached as **Exhibit C**.*

2. Intergovernmental Agreements entered into or terminated with other governmental entities.

There were no intergovernmental agreements with other governmental entities that were entered into or terminated in 2023.

3. Access information to obtain a copy of rules and regulations adopted by the boards.

Copies of the Districts’ rules and regulations can be found at <https://cornerstoneowners.org>.

4. A summary of litigation involving public improvements owned by the Districts.

To our actual knowledge, based on review of the court records in Ouray County and Montrose County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts’ public improvements as of December 31, 2023.

5. The status of the construction of public improvements by the Districts.

The Districts had no Public Improvement construction activity in 2023.

6. A list of facilities or improvements constructed by the Districts that were conveyed or dedicated to the county or municipality.

The list of facilities and improvements constructed by the Districts and accepted by Montrose and Ouray Counties did not change in 2023.

7. The final assessed valuation of the Districts as of December 31st of the reporting year.

Cornerstone Metropolitan District No.1 - \$770 (Montrose County)

Cornerstone Metropolitan District No.2 - \$12,714,320 (Montrose County - \$1,835,210; Ouray County - \$10,879,110).

8. A copy of the current year’s budget.

*Copies of the 2024 Budgets are attached hereto as **Exhibit A***

9. A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.

Copies of the 2023 Audited financial statements are not yet finalized and will be provided separately once completed.

10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the Districts.

To our knowledge, there are no uncured events of default by the Districts under any Debt instrument, which continue beyond a ninety (90) day period.

11. Any inability of the Districts to pay their obligations as they come due under any obligation which continues beyond a ninety (90) day period.

District 2 had sufficient funds to cover the June 1, 2023 interest payment, but had a shortfall of \$164,712 in available funds to make the December 1, 2023 interest payment and \$0 funds available to pay current and prior years principal for the Series 2010A Bonds. Additionally, the District was not able to make any payments on the Series 2010B Bonds. Debt service shortfalls are anticipated to continue into future years, however because the District continues to levy the required mill levy this shortfall is not an event of default.

Service Plan Requirements

1. Changes made or proposed to the Districts’ boundaries as of December 31, 2023.

*There were no changes made or proposed to the boundaries in 2023. A map for the boundaries of both Districts is attached as **Exhibit C**.*

2. Intergovernmental agreements with other governmental entities, either entered into or proposed, as of December 31, 2023.

No intergovernmental agreements with other governmental entities were entered into or proposed in 2023.

- 3. Copies of and/or changes to the Districts' rules and regulations, if any, as of December 31, 2023.**

There were no changes.

- 4. A summary of any litigation which involves the Districts' Public Improvements as of December 31, 2023.**

To our actual knowledge, based on review of the court records in Ouray County, Colorado and Montrose County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts' public improvements.

- 5. Status of the Districts' construction of the Public Improvements as of December 31, 2023.**

The Districts had no Public Improvement construction activity in 2023.

- 6. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by Montrose County and Ouray County as of December 31, 2023.**

The list of facilities and improvements constructed by the Districts and accepted by Montrose and Ouray Counties did not change in 2023.

- 7. The current assessed valuation of the Districts (2023 Assessed Value for 2024 Collection Year)**

Cornerstone Metropolitan District No.1 - \$770 (Montrose County)

Cornerstone Metropolitan District No.2 - \$12,714,320 (Montrose County - \$1,835,210; Ouray County - \$10,879,110).

- 8. A budget from the current year, including a description of the Public Improvements to be constructed in such year.**

*Copies of the current year (2024) budgets are attached as **Exhibit A**. The only budgeted capital improvement is the construction of a chloramine booster station and related facilities as required by CDPHE.*

9. **An audit of the Districts' financial statements, for the year ending December 31, 2023, prepared in accordance with generally accepted accounting principles.**

Copies of the 2023 Audited financial statements are not yet finalized and will be provided separately once completed.

10. **Notice of any uncured events of default by the Districts under any Debt instrument, which continue beyond a thirty (30) day period.**

To our knowledge, there are no uncured events of default by the Districts under any Debt instrument, which continue beyond a thirty (30) day period.

11. **Any inability of the Districts to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a thirty (30) day period.**

District 2 had sufficient funds to cover the June 1, 2023 interest payment, but had a shortfall of \$164,712 in available funds to make the December 1, 2023 interest payment and \$0 funds available to pay current and prior years principal for the Series 2010A Bonds. Additionally, the District was not able to make any payments on the Series 2010B Bonds. Debt service shortfalls are anticipated to continue into future years, however because the District continues to levy the required mill levy this shortfall is not an event of default.

12. **Any other defaults of any kind of the Districts' obligations, agreements, contracts, intergovernmental agreements, or duties.**

To our knowledge, there are no other defaults of the Districts' obligations, agreements, contracts, intergovernmental agreements, or duties.

Respectfully submitted,

MARCHETTI & WEAVER, LLC

Accountants and Administrators for Cornerstone
Metropolitan District Nos. 1 and 2

EXHIBIT A
2024 Adopted Budgets

EXHIBIT B
2023 Audit Reports

EXHIBIT C
Boundary Map for Districts 1 and 2