

RECORD OF PROCEEDINGS

MINUTES OF THE COORDINATED REGULAR MEETING OF THREE SPRINGS METROPOLITAN DISTRICT NO. 1 THREE SPRINGS METROPOLITAN DISTRICT NO. 2 THREE SPRINGS METROPOLITAN DISTRICT NO. 3 AND THREE SPRINGS METROPOLITAN DISTRICT NO. 4

HELD

MARCH 7, 2018

The Coordinated Regular Meeting of the Boards of Directors (“Board”) of the Three Springs Metropolitan District No. 1 (“District No. 1”), Three Springs Metropolitan District No. 2 (“District No. 2”), Three Springs Metropolitan District No. 3 (“District No. 3”) and Three Springs Metropolitan District No. 4 (“District No. 4”, and together with District No. 1, District No. 2 and District No. 3, the “Districts”) was held at 65 Mercado Street, Suite 250, Durango, Colorado, on March 7, 2018 at 3:00 p.m.

ATTENDANCE

Directors in Attendance Were:

Tim Zink

Gary Whalen

Patrick S. Vaughn *arrival where noted

Regina Dunn (District No. 1 Board)

Jon Penny (District Nos. 2, 3 and 4 Boards)

Absent (excused):

Patrick Morrissey

Also in Attendance:

Dan Brown, GF Properties

Suzanne Serianni, Community Manager

Paul R. Cockrel of Collins Cockrel & Cole, via telephone

Sarah H. Luetjen of Collins Cockrel & Cole, via telephone

NOTICE

It was noted that Notice had been properly posted in accordance with statutory requirements.

DISCLOSURE OF

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POTENTIAL CONFLICT OF INTEREST

Mr. Cockrel reported that general conflict of interest statements had been received from all directors and previously filed with the Secretary of State at least 72 hours in advance of the meeting, disclosing potential conflicts of interest as follows.

Chairman Morrissey, is the President of and employed by GF Properties Group, LLC (“GFP”), a Colorado limited liability company, which is affiliated with GRVP, LLC (“GRVP”), a Colorado limited liability company, which is the owner and master developer of all or a significant share of the developable real property within each of the Districts. Additionally, he is an authorized representative of Tierra Group, LLC (“Tierra”), which is the sole member of (i) GRVP and (ii) Tierra Vision Homes, LLC, Tierra Custom Homes, LLC, GFP Mercado, LLC, Confluence Durango, LLC and GFP 3S Apartments, LLC, related entities which own or will own and improve properties within the Districts. GFP, GRVP and Tierra (the “Companies”) are each directly or indirectly owned by the Southern Ute Indian Tribe (the “Tribe”). The Tribe is the sole member of GFMC, LLC (“GFMC”), which is the manager of each of the Companies. He is regularly authorized by GFMC to carry out various management activities of the Companies. Although he is an officer, employee and agent of the Companies, he is not an owner or creditor of the Companies, GFMC or the Tribe, nor does he have any other substantial financial interest in the Companies, GFMC or the Tribe.

Director Vaughn is the Growth Fund Director – Non-Energy and an employee of the Southern Ute Indian Tribe Growth Fund, a division of the Tribe. The Tribe is the sole owner of GFP, which is affiliated with GRVP, a Colorado limited liability company, which is the owner and master developer of all or a significant share of the developable real property within the District. Additionally, he is an authorized representative of Tierra, which is the sole member of (i) GRVP and (ii) Tierra Vision Homes, LLC, Tierra Custom Homes, LLC, GFP Mercado, LLC, Confluence Durango, LLC and GFP 3S Apartments, LLC, related entities which own or will own and improve properties within the District. GFP, GRVP and Tierra are each directly or indirectly owned by the Tribe. The Tribe is the sole

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member of GFMC, which is the manager of each of the Companies. He is an authorized representative of GFMC for various business purposes. Although he is an officer, employee and agent of the Companies, he is not an owner or creditor of the Companies, GFMC or the Tribe, nor does he have any other substantial financial interest in the Companies, GFMC or the Tribe.

Director Penny is employed by GFP. Additionally, he is an authorized representative of Tierra, which is the sole member of (i) GRVP and (ii) Tierra Vision Homes, LLC, Tierra Custom Homes, LLC, GFP Mercado, LLC, Confluence Durango, LLC and GFP 3S Apartments, LLC, related entities which own or will own and improve properties within the District. GFP, GRVP and Tierra are each directly or indirectly owned by the Tribe. The Tribe is the sole member of GFMC, which is the manager of each of the Companies. He is an authorized representative of GFMC for various business purposes. Although he is an officer, employee and agent of the Companies, he is not an owner or creditor of the Companies, GFMC or the Tribe, nor does he have any other substantial financial interest in the Companies, GFMC or the Tribe.

Directors Whalen and Zink are also employed by GFP. Additionally, Director Whalen is the Vice President of GFP.

All Directors present stated that the participation of at least three of them in the meeting was necessary to obtain a quorum of the Board or otherwise enable the Board to act; that written disclosures of such potential conflicts of interest of each Director had been filed with the Board and the Secretary of State in accordance with statutory requirements; and that the nature of each Director's private interests related to their employment and/or officership positions with the above-mentioned entities. After each Director had summarily stated for the record the fact and nature of his private interests and had further stated that the determination to participate in voting or take any other action on any contract or other matter in which he may have a private interest would be made in compliance with Section 24-18-201(1)(b)(V), C.R.S., on an ad hoc basis, the Board turned their attention to the agenda items.

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All Disclosure of Potential Conflict of Interest Statements previously filed are deemed continuing for all purposes and are incorporated into the record of the meeting

MINUTES

The Board reviewed the minutes of the December 20, 2017 Special Meeting. After discussion and upon motion duly made by Director Zink, seconded by Director Penny and unanimously carried, the minutes of the meeting were approved as revised.

FINANCIAL REPORT

Dan Brown presented a summary of invoices totaling \$74,693.57 for ratification and payment, which summary is attached hereto and incorporated herein by this reference. After discussion and upon motion duly made by Director Penny, seconded by Director Zink and unanimously carried, the Board ratified disbursements and payment of various District costs totaling \$74,693.57 as set forth on the summary.

*Director Vaughn then arrived at the meeting.

DEVELOPMENT REPORT

Jon Penny noted that there were no Change Orders for ratification and approval at this time.

Jon Penny then presented a contract for ratification and approval, a summary of which is attached hereto and incorporated herein by this reference:

Azteca Landscape, Inc.: \$15,000

After discussion and upon motion duly made by Director Vaughn, seconded by Director Zink and unanimously carried, the Board ratified the Contract as presented and appropriation of funds therefor.

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AUDIT EXEMPTIONS
FOR DISTRICT
NOS. 2 & 4

Paul Cockrel presented the Applications for Audit Exemption for District Nos. 2 and 4, which are attached hereto and incorporated herein by this reference. After discussion and upon motion duly made by Director Vaughn, seconded by Director Penny and unanimously carried, the boards ratified the Application for Audit Exemption for District No. 2 and District No. 4.

2017 AUDIT FOR
DISTRICT NOS. 1 & 3

Paul Cockrel recommended that the 2017 draft Audits be reviewed at the next regular meeting in June.

MAY 8, 2018
ELECTION UPDATE

Ms. Luetjen advised the Board that at the close of business on March 6, 2018, there were not more candidates for Directors than offices to be filled on the Boards of each District; therefore, as authorized by the Resolutions Calling for the Election, Sarah H. Luetjen, the Designated Election Official cancelled the elections.

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MEETING
ADJOURNED

There being no further business to come before the Board at this time, the meeting was adjourned.



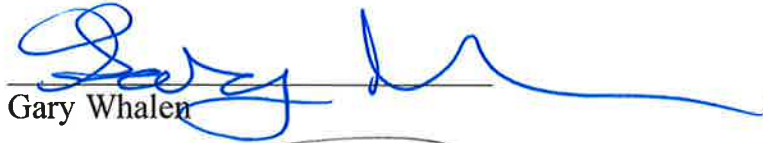
Sarah H. Luetjen, Secretary for the Meeting

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APPROVED



Tim Zink



Gary Whalen



Pat Vaughn



Jon Penny



Regina Dunn

00007293	LA PLATA ELECTRIC ASSOCIATION INC	0218 2012008401	2/1/2018	51.960	51.960	0.000	300.050	2-7245D	MD	001-SS-MET3	030	M0030	72112	Prospector PP 12/21-1/22	2012008401	2/13/2018	000647	2/15/2018
00007294	LA PLATA ELECTRIC ASSOCIATION INC	0218 2012008301	2/1/2018	29.290	29.290	0.000	300.050	2-7245D	MD	001-SS-MET3	030	M0030	72112	Prospector PP 12/27-1/26	2012008301	2/13/2018	000647	2/15/2018
00007311	HOME DEPOT CREDIT SERVICES	1173642	2/26/2018	19.390	19.390	0.000	15.110	2-5135D	MD	001-SS-MET3	030	M0030	72015	Metro trash bags	1173642	2/27/2018	000659	3/1/2018
00007336	COLLINS COCKREL & COLE	247-00M-0218	1/31/2018	1448.710	1448.710	0.000	1448.710						71112	General Leal Jan 18	ACCOUNT NO. 247-00M	2/27/2018	000658	3/1/2018
00007344	CITY OF DURANGO	0218_161601	2/20/2018	18.060	18.060	0.000	18.060						72114	455 PROSPECTOR AVE	161601	2/28/2018	000648	3/1/2018
00007345	CITY OF DURANGO	0218 6639801	2/20/2018	26.870	26.870	0.000	26.870	2-7245D	MD	001-SS-MET3	030	M0030	72114	257 SIERRA VISTA ST IRRIGATION	ACCOUNT NO. 6639801	2/28/2018	000649	3/1/2018
00007346	CITY OF DURANGO	0218 6900301	2/20/2018	26.870	26.870	0.000	26.870	2-7245D	MD	001-SS-MET3	030	M0030	72114	2 POCKET PARK CLEAR SPRING	ACCOUNT NO. 6900301	2/28/2018	000650	3/1/2018
00007347	CITY OF DURANGO	0218 6905801	2/20/2018	41.700	41.700	0.000	41.700	2-7245D	MD	001-SS-MET3	030	M0030	72114	4 GREEN COURT CLEAR SPRING	ACCOUNT NO. 6905801	2/28/2018	000651	3/1/2018
00007348	CITY OF DURANGO	0218 6920001	2/20/2018	18.060	18.060	0.000	18.060	2-7245D	MD	001-SS-MET3	030	M0030	72114	311 SIERRA VISTA STREET	ACCOUNT NO. 6920001	2/28/2018	000652	3/1/2018
00007349	CITY OF DURANGO	0218 6989901	2/20/2018	25.940	25.940	0.000	25.940	2-7245D	MD	001-SS-MET3	030	M0030	72114	10 POCKET PARK CONFLUENCE	ACCOUNT NO. 6989901	2/28/2018	000653	3/1/2018
00007350	CITY OF DURANGO	0218_770001	2/20/2018	41.700	41.700	0.000	41.700	2-7245D	MD	001-SS-MET3	030	M0030	72114	1 PLAZA PARK HERITAGE LN IRRG	ACCOUNT NO. 770001	2/28/2018	000654	3/1/2018
00007351	CITY OF DURANGO	0218_771001	2/20/2018	18.060	18.060	0.000	18.060	2-7245D	MD	001-SS-MET3	030	M0030	72114	248 SAGE VIEW STREET	ACCOUNT NO. 771001	2/28/2018	000655	3/1/2018
00007352	CITY OF DURANGO	0218_900601	2/20/2018	238.730	238.730	0.000	238.730	2-7245D	MD	001-SS-MET3	030	M0030	72114	THREE SPRINGS BOULEVARD	ACCOUNT NO. 900601	2/28/2018	000656	3/1/2018
00007353	CITY OF DURANGO	0218 9191493	2/20/2018	46.610	46.610	0.000	46.610	2-7245D	MD	001-SS-MET3	030	M0030	72114	PP20 V1F4 1/2-2/1	9191493	2/28/2018	000657	3/1/2018

MASTER CONSTRUCTION AGREEMENT

DATED: JANUARY 1ST, 2018

This Master Construction Agreement (together with all exhibits, the "Agreement"), is made effective as of January 1st, 2018, (the "Effective Date"), between **THREE SPRINGS METROPOLITAN DISTRICT #3** ("District"), a quasi-municipal corporation and political subdivision of the State of Colorado, and **AZTECA LANDSCAPE INC.**, a Colorado corporation ("Contractor"), the address of which is **PO Box 4300 Durango, Co. 81302**. For and in consideration of the terms of this Agreement, the adequacy of which is hereby acknowledged, the parties agree as follows:

1. Scope and Timing of Work

(a) This Agreement covers all work and services (collectively, "Work"), if any, Contractor is to perform for District pursuant to this Agreement and as described in any Contract Work Order executed by the parties. Any Work to which the parties agree will be described in a Contract Work Order or in an amendment to a Contract Work Order and be incorporated into this Agreement under Exhibit A. Modifications to Work described in a Contract Work Order will be governed by subsection (d) below. All Contract Work Orders will be substantially similar in form to the first Contract Work Order, Exhibit A attached hereto, and will provide for Compensation (hereinafter defined) and a time for completion of the applicable Work on a Fixed Price or Time and Material basis. Neither party has any obligation to enter into a Contract Work Order.

(b) Contractor is not entitled to do any Work unless the parties execute a Contract Work Order or amend a Contract Work Order. District has no obligation to use Contractor for any work or services.

(c) Communications as to Work will be administered by the District Representative and the Contractor Representative, as identified in the Contract Work Order. Neither party's representative is authorized to amend any part of this Agreement except for Contract Work Orders.

(d) District may modify the Work, or the parties may change the terms of this Agreement, in an amendment to a Contract Work Order or a new Contract Work Order executed by both parties. If modifications to Fixed Price Work result in additional or reduced costs (such as due to a change in the labor or materials needed to perform the Work), the Compensation shall be commensurately revised.

(e) Upon the execution of a Contract Work Order by both parties, the terms of the Contract Work Order shall supplement the terms of this Master Service Agreement. It is intended that the terms of this Master Service Agreement and those of any Contract Work Order be read together giving effect to all (as stated above, the term "Agreement" includes the Master Service Agreement and all Contract Work Orders). In the event, however, of an irreconcilable conflict between the terms of this Master Service Agreement and those of any Contract Work Order, then the following priority shall apply:

1. If the irreconcilable provisions of the Contract Work Order and this Master Service Agreement pertain to the price, scope of services, applicable specifications or matters of a technical nature, then the provisions of the Contract Work Order shall govern.
2. If the irreconcilable provisions of the Contract Work Order and this Master Service Agreement pertain to the rights, duties or obligations of the parties specifically stated in this Master Service Agreement, the provisions of this Master Service Agreement shall govern.

(f) **Under no circumstances will Contractor's terms and conditions on any proposal, bid, invoice or other documentation be binding on District unless incorporated by specific reference in a Contract Work Order.** Notice is hereby given that any such additional terms and conditions not addressed in a Contract Work Order are unacceptable and do not form part of this Agreement.

2. Compensation and Payments

(a) The amount District is to pay Contractor for Work is herein referred to as "Compensation." For Time and Material Work, the Compensation's labor and equipment components will be billed and paid in accordance with the rates and/or pricing set forth in Exhibit B --Schedule of Rates and Fees. If Contractor's rates increase annually, Contractor shall submit an amended Exhibit B to District for before January 1 each year for District's approval. Any changes in Compensation, including such annual increases in Contractor's rates or prices, will not become effective as to District's payment obligations until a new or amended Exhibit B has been agreed to in writing and signed by both Parties. **District shall have the right to rely on any existing, approved Exhibit B and shall not be obligated to pay any rate or price other than those set forth in the existing and approved Exhibit B until such change or increase is approved and signed by both parties as described herein.**

(b) The Compensation constitutes the sole and all-inclusive payment by District for the Work. Consistent with the foregoing, Contractor shall have full responsibility and liability, and shall bear and pay at its sole expense without any reimbursement from District, for all costs of every nature it incurs in connection with the operation of its business, including: (i) labor costs, including salaries, unemployment and workmen's compensation insurance premiums, employee benefits, and all other payments or withholdings required by Law; (ii) materials and utilities; (iii) all taxes due and payable by Contractor by reason of the Work, including all taxes upon the sale, use, storage, consumption and/or fabrication of the materials, supplies, equipment and other things furnished by Contractor as herein provided; and (iv) if Work is performed after regular working hours or on holidays or weekends, it shall be at no additional expense to District unless the additional expense is specifically referenced in a Contract Work Order or Exhibit B.

(c) Contractor shall provide separate invoices for Work done under each Contract Work Order. The Contract Work Order number shall be clearly shown on all documentation. Invoices shall be submitted monthly or on such other basis as the parties may agree, and shall be paid within thirty (30) days unless District disputes an invoice, in which event, District shall pay the undisputed portion of the invoice in accordance with this Section and advise Contractor as to the disputed portions of the invoice.

(d) District has no obligation to accept any Work that does not comply with this Agreement. If District pays invoices before the Work is completed, no such payment shall constitute acceptance of any Work or obligate District to make other partial payments. No use or occupancy by District of any of the Work shall be deemed acceptance of any Work unless there is final written acceptance of the Work. Neither final written acceptance nor other acceptance of Work nor any payment to Contractor shall in any way prevent District from seeking recourse against Contractor for a breach of this Agreement. No payment, final or otherwise, shall release Contractor from any obligations or liabilities hereunder.

(e) Contractor's acceptance of final payment shall constitute a full and final release by Contractor of District from any and all Claims and Damages Contractor may have against District arising out of or otherwise relating to the Work, including all claims for amounts due.

(f) So long as District is in compliance with the terms of this Agreement, Contractor shall satisfy or discharge all third party liens, other claims, and damages arising out Contractor's performance of the Work within five (5) days after its receipt of a demand by District.

(g) District's liability under this Agreement shall not exceed the Compensation or the amount otherwise due hereunder, whichever is the lesser, after District has accepted or terminated the Work.

3. Term

(a) The term of this Agreement commences on the Effective Date and continues until terminated by either party upon thirty (30) days written notice or as otherwise provided in this Agreement or a Contract Work Order. Notwithstanding anything herein to the contrary, if Contractor provides thirty days written notice of termination to District, this Agreement shall not terminate until Contractor has completed or terminated and cleaned up all Work started during the term to District's satisfaction.

(b) If District believes Contractor has breached this Agreement, it may notify Contractor and, if Contractor fails to cure the breach within five (5) days after receiving such notice, District may terminate the Work and this Agreement immediately. If District exercises its right to terminate under this subsection, such right shall be in addition to all other rights District may have against Contractor as a result of the breach.

(c) If circumstances render Contractor's performance of the Work unnecessary or inappropriate for District's needs, then District may terminate the Work by notifying Contractor. In that event, District shall pay Contractor only for the reasonable value of performance, if any, to District of the Work through the date of termination.

4. Performance of Work

(a) Contractor shall perform all Work:

(i) With the quality expected of one who has the knowledge, training, experience, and skills necessary for skillfully performing the Work, free from defects in material or workmanship, including: (A) performing the Work in a diligent and efficient manner; (B) exercising precaution for the protection of persons and property and for the maintenance of protective facilities, including taking such safety and health measures, whether or not required by Law, as may be necessary or appropriate for the protection of persons and property; and (C) cleaning up all refuse, rubbish, scrap, and debris so the Work site at all times is safe, neat, and orderly;

(ii) In accordance with all drawings, plans, engineering and construction standards and specifications provided by District.

(iii) In compliance with all applicable federal, state, local, or tribal laws (statutory, judicial, or otherwise), rules, regulations, ordinances, Permits (hereinafter defined), and order (collectively, "Laws" including all rules or policies that District from time to time may promulgate.

(iv) Contractor shall timely obtain and maintain in good standing all permits, waivers, consents, authorizations, and licenses (collectively, "Permits") from any federal, state, local, or tribal department, commission, bureau, agency, or instrumentality (collectively, "Governmental Authority") necessary for Contractor's performance of the Work in compliance with all Laws (District shall be responsible for maintaining any Permits necessary for the performance of its regular business). At District's request, Contractor shall confirm to District that all required Permits have been obtained, provide a copy of any or all Permits to the District Representative, and assign any or all Permits to District.

(vi) To the extent that the Work and work site is subject to 29 CFR 1910.119 -OSHA Process Safety Management regulations, Contractor shall regularly consult with District regarding equipment, skills, and operating procedures to be used in the process of complying with such regulations.

(b) Consistent with the other provisions of this Agreement, Contractor shall be responsible, at its sole cost and expense, for defending against and paying any fines, penalties, or other assessments ("Penalties") imposed by any Governmental Authority to the extent such Penalties are based on a violation of any Laws by Contractor.

(c) Contractor warrants, represents, and covenants that it: (i) has the knowledge, training, skills, and experience necessary for performing the Work; (ii) is knowledgeable of all Laws applicable to the Work; and (iii) will promptly advise District of any actual or anticipated problems in performing the Work, and of any Claims or Damages that occur in connection with the Work.

(d) Warranty.

(i) Contractor warrants the Work (including all workmanship, equipment, labor and materials furnished by it or on its behalf and used in performing, or made a part of, the Work) for one (1) year from and after the date of: (A) final acceptance of the Work or, (B) termination of the Work if District terminates the Work prior to final acceptance ("Warranty Period")

(ii) Notwithstanding anything herein to the contrary, if Contractor is or reasonably should have been aware of any defect in the Work (including any of the workmanship, labor, equipment, or materials), then it shall promptly notify District, and the Warranty Period shall not begin to run until the latter of the date: (A) of final acceptance of the Work, (B) of termination of the Work, or (C) District learns of the defect.

(iii) If any defect in the Work arises within the Warranty Period, Contractor shall correct such defect without cost to District within seven (7) days after receipt of notice. If Contractor fails to so correct such defect, then District may have such defect corrected at Contractor's expense, and Contractor shall reimburse District for such expense within thirty (30) days following receipt of an invoice from District.

(e) Upon completion or termination of the Work, Contractor shall remove all surplus materials, temporary structures, and debris and put the Work site in a neat, orderly condition.

(f) Contractor shall safely protect its personnel, Work, and District's property from injury or loss in connection with the Work, including during periods of inclement weather or temporary suspension of Work.

(g) Contractor shall be wholly responsible for performing the Work and for all actions of subcontractors hired by Contractor in performance of the Work. Contractor shall employ such personnel or hire subcontractors as it deems necessary for performing the Work, and shall have sole control over the terms of their employment or subcontract. Contractor shall ensure that its employees recognize that they are not employees of District.

(h) Time is of the essence in the performance of the Work.

(i) Contractor shall keep such full and detailed records as may be necessary to promptly respond to District's requests for documentation related to the Work and any Contractor invoice.

(j) Prior to commencing Work pursuant to a Contract Work Order, Contractor shall conduct such investigation or examination of the Work site or information related to the Work as Contractor shall, in the exercise of its discretion, deem necessary. By accepting any Contract Work Order, Contractor warrants that 1) it possesses all expertise and capability to perform the Work timely and properly as required herein, 2) it has taken reasonable efforts to identify all known hazards to persons, property and the environment associated with the Work, 3) it has taken into account all reasonable and foreseeable contingencies affecting the proper and timely completion of the Work (including adverse weather conditions), and 4) Contractor is duly licensed and permitted to perform the Work. Contractor shall contact the appropriate state "one-call system" or its equivalent prior to any excavation required by the Work.

5. No Assignment and Subcontracting

Contractor shall not assign this Agreement without District's express written consent, given in District's sole discretion.

6. Status of Contractor

Contractor is an independent contractor hereunder and neither Contractor nor any of its employees, agents, or subcontractors shall be considered employees of District. Contractor is engaged to provide the Work described herein only and shall have no authority to bind District to any obligation or agreement without prior written authorization. District may provide benchmarks and deadlines for Contractor's performance of the requested Work; however, Contractor will set its own hours and determine the methods used in completion of the Work. The parties acknowledge that Contractor provides services to other parties and may pursue and perform other work during the term of this Contract. As an independent contractor, Contractor is not entitled to any insurance, workers compensation benefits, or other benefits provided by the District.

7. Indemnification/Hold Harmless

TO THE FULLEST EXTENT PERMITTED BY LAW, CONTRACTOR SHALL INDEMNIFY AND HOLD HARMLESS DISTRICT AND DISTRICT'S OFFICERS, DIRECTORS, MEMBERS, PARTNERS, EMPLOYEES, AGENTS, CONSULTANTS AND SUBCONTRACTORS FROM AND AGAINST ALL CLAIMS (INCLUDING, BUT NOT LIMITED TO BODILY INJURY AND DEATH), COSTS, LOSSES, AND DAMAGES (INCLUDING BUT NOT LIMITED TO INTEREST AND ALL FEES AND CHARGES OF ENGINEERS, ARCHITECTS, ATTORNEYS, AND OTHER PROFESSIONALS AND ALL COURT OR ARBITRATION OR OTHER DISPUTE RESOLUTION COSTS), WHETHER BASED ON IN CONTRACT, TORT, OR ANY OTHER THEORY OF LIABILITY OR PURSUANT TO ANY STATUTE, RULE OR REGULATION, ARISING OUT OF OR RELATING TO CONTRACTOR'S PERFORMANCE OF THE WORK, BUT ONLY TO THE EXTENT CAUSED BY ANY NEGLIGENT ACT OR OMISSION OF CONTRACTOR OR ANY AFFILIATE, OFFICER, DIRECTOR, MEMBER, PARTNER, EMPLOYEE, AGENT, CONSULTANT, SUBCONTRACTOR OR SUPPLIER OF CONTRACTOR, OR ANY INDIVIDUAL OR ENTITY OPERATING AT THE DIRECTION OF ANY OF THEM, OR ANYONE FOR WHOSE ACTS ANY OF THEM MAY BE LIABLE.

8. Insurance

(a) Contractor and subcontractors of any tier shall maintain at their sole cost insurance coverage of at least the types and amounts: (i) specified in subsection (b), and (ii) required by Law to the extent they are of types or coverage in addition to or greater than those specified in subsection (b). A certificate evidencing the coverage required under this Agreement shall be promptly delivered to the District, upon execution of this Agreement and listed herein as Exhibit C. The absence of Exhibit C, for whatever reason, shall not affect District's rights or Contractor's obligations hereunder. Contractor shall promptly provide a new certificate of insurance upon the expiration of any previously provided certificate of insurance. All insurance coverage (and each certificate) shall provide that its cancellation, or any material reduction in coverage, shall not be valid with respect to District's rights against Contractor or the insurer under such policy until District receives at least thirty (30) days written notice of such cancellation or reduction (the words "endeavor to" and "but failure to mail such notice shall impose no obligation" shall be deleted from any cancellation/reduction provision). The insolvency, bankruptcy or failure of any insurance District carrying insurance of Contractor, or the failure of any insurance District to pay claims accruing, shall not be held to affect, negate or waive any of the provisions of this Agreement. All insurance coverage shall be written through insurance companies authorized to do business in the state where the Work is to be performed. The inclusion of the required minimum limits below shall not be construed as limiting the District's rights under any policy with higher limits; the minimum insurance limits below shall be deemed to be amended to any higher limits contained in Contractor's insurance policies.

(b) As provided in subsection (a), Contractor shall maintain at its sole cost insurance coverage of at least the types and amounts:

(i) Workers' Compensation/Employers Liability Insurance covering liability for Contractor's employment of workers and anyone for whom Contractor may be liable for workers' compensation claims, with coverage in accordance with statutory state benefits for Workers' Compensation or at least Five Hundred Thousand Dollars (\$500,000) Employers Liability coverage for each accident, each employee disease, and policy limit, whichever is greater.

(ii) Commercial General Liability Insurance including products/completed operations with liability limits of at least One Million Dollars (\$1,000,000) each occurrence; Two Million (\$2,000,000) general aggregate (per project/Contract Work Order); One Million Dollars (\$1,000,000) personal and advertising injury and Fifty Thousand Dollars (\$50,000) for fire damage (any one fire). This policy shall contain a "separation of insureds" policy provision, which cannot be amended, and shall cover, among other risks, the contractual liability assumed under the indemnification provisions set forth herein. The policy shall include a "per project" aggregate if commercially available, or if not available, the required Umbrella Liability limit below shall be increased by One Million Dollars (\$1,000,000). Contractor shall maintain such insurance in identical coverage, form and

amount, including required endorsements, for at least three (3) years following the date of substantial completion of the Work to be performed hereunder and certificates of insurance evidencing this continuing coverage shall be provided.

(iii) Commercial Automobile Liability Insurance including non-owned and hired vehicle coverage with liability limits of at least One Million Dollars (\$1,000,000) combined single limit for bodily injury and property damage.

(iv) Umbrella Liability Insurance providing excess coverage and following form coverage over liability limits in (i) Employers Liability, (ii) Commercial General Liability, and (iii) Commercial Automobile Liability and providing contractual liability coverage with liability limits of at least One Million Dollars (\$1,000,000) (coverage requirements may be increased as necessary within the terms of a Contract Work Order) per occurrence and in the aggregate for bodily injury or property damage or higher. Contractor shall maintain such insurance in identical coverage, form and amount, including required endorsements, for at least three (3) years following the date of substantial completion of the Work to be performed hereunder and certificates of insurance evidencing this continuing coverage shall be provided.

(v) Contractors Pollution Liability Insurance. If pollution exposure exists related to the Work, Contractor shall secure and maintain Contractors Pollution Liability Insurance with a minimum limit of One Million Dollars (\$1,000,000) each pollution incident and Two Million Dollars (\$2,000,000) policy aggregate limit. If this coverage is provided under a "claims made" policy form, Contractor agrees to renew this policy for a minimum of three (3) years following completion of the work. The policy must be endorsed to include Expanded Products Liability for any products installed as part of the covered operations and over-the-road pollution coverage for motor vehicles.

(vi) Builder's Risk Insurance providing coverage upon the Work on a completed value basis, in the amount of the full insurable replacement cost thereof written on a builder's risk "all risk" policy form that shall at least include insurance for physical loss or damage to the Work, temporary buildings, falsework, and materials and equipment in transit.

(c) Each policy shall be endorsed to provide, in District's favor, a waiver of subrogation rights, and each policy, except Worker's Compensation, shall be endorsed to name District as an additional insured with respect to the Work, and such policies shall be primary, and as respects Commercial General Liability, primary and non-contributory to insurance carried by District.

(d) Failure to obtain and maintain the insurance required herein shall constitute a material breach of and default under this Agreement and, in such event, District has the right to terminate the Agreement or to purchase the required insurance at Contractor's expense, provided that District has not obligation to do so and if District elects to purchase such insurance, Contractor shall not be relieved of or excused from the obligation to obtain and maintain such insurance amounts and coverages.

(e) The limits of liability may be provided by a single policy of insurance or by a combination of primary and excess policies, but in no event shall the total limits of liability available for any one occurrence or accident be less than the amount required herein.

(f) Insurance similar to that required of Contractor shall be provided by all sub-subcontractors (or provided by Contractor on behalf of sub-subcontractors) to cover operations performed under any subcontract agreement. Contractor shall be held responsible for any modification in these insurance requirements as they apply to sub-subcontractors.

(g) Nothing herein relating to insurance shall in any manner operate as a limitation of liability to District.

9. Confidentiality

(a) Contractor shall treat as confidential and shall not disclose to others, any information (including any technical information, experience or data) regarding District's plans, programs, plants, processes, products, costs, equipment, files, reports, data, permits, certificates, operations or customers ("Confidential Information") which may come within the knowledge of Contractor, its officers or employees, agents or subcontractors in the performance of this Agreement, including any data gathered and reports prepared by Contractor. Contractor shall, upon completion of the Work, return to District, or destroy, if District so directs, all documents provided by District to Contractor, which District, in its sole discretion, considers Confidential Information, together with all documents generated by Contractor containing, referring or derived from Confidential Information. Contractor shall provide a certificate of the destruction of any documents containing or consisting of Confidential Information, which District directs be destroyed rather than returned to District. Contractor retains the right to keep one copy of Confidential Information for archival purposes for one (1) year after the expiration of the warranty period.

(b) Nothing contained in this Article shall prevent Contractor from disclosing to others or using in any manner documents, data or information which it can prove:

I. has been published and has become part of the public domain other than by acts, omissions or fault of Contractor, its employees, agents or subcontractors; or

2. has been furnished or made known to Contractor by third parties (other than those acting directly or indirectly for or on behalf of Contractor or District) as a matter of legal right without restrictions on its disclosure; or
3. was in Contractor's possession, and not under any restriction against disclosure, prior to the disclosure thereof by District to Contractor; or
4. was independently developed by Contractor without use of the Confidential Information.

(c) Contractor shall not release, cause or allow the release of, information to the communications media, except as required by law and after reasonable prior written notice to District of the proposed disclosure, concerning the existence or terms of this Agreement, or any Contract Work Order.

(d) Contractor may disclose Confidential Information to the extent it is required to do so by law, regulation, rule, order or subpoena of any court, governmental agency or governmental or regulatory authority having or claiming jurisdiction over Contractor. Before making such a disclosure, however, Contractor shall provide District with reasonable prior written notice of the intended disclosure so that District may seek a protective order or other appropriate remedy.

(e) The provisions of this Section 9 shall survive the termination of this Agreement for a period of two (2) years from the date of such termination.

10. Remedies

(a) Contractor agrees that if Contractor refuses or for any reason fails at any time to prosecute the Work in a diligent, efficient, timely, workmanlike, skillful, cooperative, safe, and careful manner, or if Contractor fails to supply sufficient, adequate and competent supervision, or if Contractor fails to furnish a sufficient number of properly skilled workmen, or if Contractor fails to have at the Work site sufficient equipment of the proper quality and quantity, or if Contractor fails to promptly correct defective Work, or if Contractor fails to pay its bills and discharge its obligations with District whether on the Work or otherwise, or if Contractor fails to perform any material term or condition of any part of the Agreement, or if Contractor otherwise delays the work of District, other contractors or other subcontractors, then District shall have the option, upon written notice to Contractor (except in an emergency, in which case, no notice is required), to provide any such labor, equipment and services and to deduct the cost thereof, together with all loss or damage occasioned thereby, from any money then due or thereafter to become due to Contractor under this Agreement or any other contract. District shall further have the option, but not the obligation, to use funds otherwise earned by Contractor under this Agreement to pay Contractor's past due bills and obligations, including back charges owed to District. If there is a default or a performance failure of any nature, including Contractor's failure to pay bills or discharge obligations as they become due on any other project involving District, District may use funds otherwise owed to Contractor under this Agreement to pay bills and discharge obligations.

(b) Contractor agrees that if Contractor does not prosecute or complete the Work, or any part thereof, in accordance with District's schedule or with other requirements of the Agreement, or if Contractor does not perform any term or condition of this Agreement, or if Contractor fails generally to pay its bills or discharge its obligations as they become due, if Contractor should be adjudged bankrupt, or if Contractor should make a general assignment for the benefit of its creditors, or if a receiver should be appointed on account of Contractor's insolvency, or if Contractor should become insolvent or should fail to make prompt payment for material or labor used in performance of the Work, or if Contractor fails to operate in the ordinary course of business, then District may, upon written notice and without prejudice to any other right or remedy, terminate all or part of this Agreement. District has the right, but not the obligation, to assume control of the Work, take possession of all property necessary to continue performance of the Work (including but not limited to tools, equipment, scaffolding, and supplies located at the Work site or which are in transit to the site or which have been or are in the process of being specially manufactured for the Work), contract the remaining Work to others or perform all or any part of the Work with District's own forces, and use all funds otherwise owed to Contractor in connection with this Agreement, or left in the Agreement, toward prosecution and completion of the Work. Contractor hereby grants District a lien and a security interest in all of Contractor's supplies, equipment, and contract rights to secure the performance and completion of the Work.

(c) Upon termination of this Agreement in whole or part by District, Contractor shall not be entitled to receive any further payments under this Agreement until the Work has been completed and accepted by District. Contractor shall be liable for all expenses of completing the Work, including all performance costs of whatever nature plus reasonable allowances for overhead and profit and including all other damages, losses, expenses, and costs, including attorneys' fees, incurred by District as a result of any termination of this Contract and performance of Work and discharge of Agreement obligations by any entity other than Contractor. In no event shall Contractor be entitled to be paid or to recover from District more than the amount due as Compensation under this Agreement for the Work completed at the date of termination of the Agreement.

(d) Notwithstanding anything to the contrary in this Agreement, and in addition to District's rights to terminate this Agreement for breach or default, District may terminate all or any part of this Agreement when the District determines, and regardless of fault, that such termination is in the interest of the Work. Upon such no-fault termination, Contractor shall be entitled to the reasonable, actual direct cost of all Work satisfactorily performed and materials purchased prior to notice of termination.

plus provable net lost profit on completed Work, less (a) any amounts paid by District, (b) costs incurred by District, and (c) back charges due to District with respect to the Work. Contractor shall not receive any Compensation for Work not performed or for materials not purchased. Notwithstanding the foregoing, the total sum to which Contractor may be entitled in the event of a no-fault termination, including all prior payments made to or on behalf of Contractor, shall not exceed the Compensation specified in this Agreement.

(e) If, after termination of this Agreement in whole or in part by District, it is determined for any reason that Contractor was not in default under this Agreement or that Contractor was not properly terminated for default, Contractor, as its sole and exclusive remedy, shall be entitled only to the amount due under this Agreement in the event of a no-fault termination.

(f) If Contractor fails to correct work which is not in accordance with the requirements for the Work or fails to carry out work in accordance with the Contract Work Order, District may issue a written order to Contractor to stop the Work, or any portion thereof, at no cost to District, until the cause for such order has been eliminated; however, the right of District to stop the Work shall not give rise to a duty on the part of the District to exercise this right for the benefit of Contractor or any other person or entity.

(g) District may, without cause, order Contractor in writing to suspend, delay or interrupt the Work of this Agreement for District's convenience, in whole or in part, for such period of time as District may determine. In the event of the issuance of such a suspension order by District, Contractor shall be entitled to an equitable adjustment in time for completion of the Work or Compensation.

(h) No termination pursuant to this Section 10 shall relieve either District or Contractor of any obligations under Section 7 of this Agreement that arise from or relate to any occurrence prior to the effective date of termination.

11. Miscellaneous Provisions

(a) OFAC Compliance. Contractor represents and warrants that it is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended. Contractor, nor to Contractor's actual knowledge any individual or entity who owns a direct or indirect interest in Contractor, is not now, nor shall be at any time during the term of this Agreement a person or entity with whom a U.S. citizen or entity, including a United States Financial Institution as defined in 31 U.S.C. 5312, as amended, is prohibited from transacting business of the type contemplated by this Agreement, whether such prohibition arises out of any U.S. law, any promulgation by the Office of Foreign Assets Control, Department of the Treasury ("OFAC"), or otherwise. Neither Contractor nor, to Contractor's knowledge, any person or entity that owns a direct or indirect interest Contractor (i) is being investigated or has been investigated or charged with any crimes which in the United States would be predicate crimes to violations of money laundering laws, (ii) has been assessed any penalties under any anti-money laundering or anti-corruption laws, or (iii) has had any of its funds seized or forfeited under any anti-money laundering or anti-corruption laws. Anti-money laundering and anti-corruption laws include, but are not limited to, the U.S. Foreign Corrupt Practices Act, the USA Patriot Act of 2001, the Bank Secrecy Act, the Trading with the Enemy Act, the Money Laundering Control Act of 1986 and the sanction regulations promulgated by OFAC. If at any time the representations set forth in this Section become false, Contractor shall be deemed to be in default and Contractor shall have the right to exercise all remedies set forth in this Agreement, including termination of this Agreement, and collecting damages as a result of such default. Notwithstanding anything to the contrary in this Agreement, Contractor hereby agrees to defend, indemnify, and hold harmless District, its officers, members, managers, partners, directors, agents, employees, and counsel from and against any and all claims, damages, losses, risks, liabilities and expenses (including attorney's fees and costs) arising from or related to any breach of the representations set forth in this Section. The indemnity obligation of Contractor under this Section shall survive the expiration or earlier termination of this Agreement.

(b) Notices, Consents, Demands, and Other Communications. All notices, approvals, demands, and other communications hereunder ("Notices") shall be in writing and shall be given by (i) personal delivery, (ii) electronic communication, provided the transmitting party has written confirmation of completion of the transmission, or (iii) certified mail return receipt requested, postage prepaid. Notices shall be effective and deemed received: (i) on the date of delivery, if by personal delivery, or electronic communication and delivered on or before 3:00 p.m. on such day; otherwise it shall be deemed to have been delivered on the next business day following delivery, or (ii) on the third business day following the date of posting (as evidenced by the postal receipt) if delivered solely by mail. A party may change its address by Notice to the other party. Notices to the parties shall be sent to:

If to

DISTRICT:

THREE SPRINGS METROPOLITAN DISTRICT #3
65 Mercado Street Suite 250
Durango, Co. 81301
Attn: Patrick Morrissey
Ph: 970 764-6474
Fax: 970 385-4227
Email: pmorrissey@sugf.com

If to

CONTRACTOR:

AZTECA LANDSCAPE, INC.
PO Box 4300
Durango, Co. 81302
Attn: David J. Schultz
Ph: 970 382-0267
Fax:
Email: azteca@gobrainstorm.net

(b) Construction of Agreement. The section and other headings contained in this Agreement are for reference only. The terms "party" and "parties" refer only to District and Contractor. The terms "include," "including," "consistent with the foregoing", or similar terminology shall be construed as meaning without limitation as to the nature or scope of the referenced matters, whether similar or dissimilar to the items described in the text following such terms. The terms "herein" or "hereof," or similar terminology, shall be construed as referring to this Agreement rather than only the section in which such term appears. References to subsections shall refer to the section or subsection in which they appear, unless otherwise noted.

(c) Entire Agreement. This Agreement (which includes any Contract Work Order executed by the parties, and any Exhibits or other attachments hereto or thereto) constitutes the parties' sole understanding and agreement with respect to the subject matter hereof and supersedes all prior negotiations, understandings and agreements, written or oral, between the parties.

(d) Amendments and Waivers. No amendments, modifications, alterations or waivers of the terms of this Agreement shall be binding unless in writing and executed by the parties; provided however, modifications to Contract Work Orders will be binding as herein provided.

(e) Survival. The parties' warranties, representations, and covenants (including indemnification obligations) that may be applicable following the completion or termination of Work, acceptance of Work, or termination of this Agreement shall survive the completion or termination of Work, acceptance of Work, or termination of this Agreement. Consistent with the foregoing, completion, acceptance, or termination of any Work or termination of this Agreement shall not relieve either party from any liability or obligation hereunder, whether in the nature of indemnification or otherwise, resulting from acts, omissions, or events occurring prior to such completion, acceptance, or termination.

(f) Right of Offset. If a party breaches this Agreement, the other party may offset against any amounts owed to such breaching party an amount equal to the Damages suffered as a result of such breach. In the event a breach is found not to have existed, then the amount offset shall be promptly paid to the party.

(g) Governing Law. This Agreement, including the Supplementary Conditions, attached hereto and incorporated herein as Exhibit D, is made in and shall be governed and interpreted in accordance with the laws of the State of Colorado, and venue shall be proper in the County of La Plata, State of Colorado.

(h) Attorney's Fees. Should any litigation be commenced between the parties to this Agreement, the party prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its attorney's fees in such litigation, including cost and out-of-pocket expenses, which shall be determined by the court in such litigation or in a separate action brought for that purpose.

(i) Additional Documents. The parties hereto agree to execute and deliver any additional document that may be reasonably required to complete and execute the responsibilities of the parties as set forth herein.

(j) Counterparts. This Agreement may be executed in several counterparts, including exhibits, and all documents so executed shall constitute one agreement which shall be binding on all the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date first above written.

[Signatures Found on Following Page]

DISTRICT:

THREE SPRINGS METROPOLITAN DISTRICT #3

By: 
Patrick Morrissey

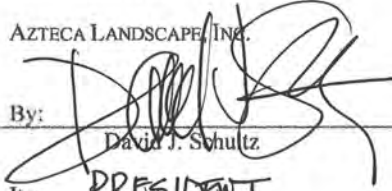
Its: Authorized Representative

Date: 1/10/18

bob SP

CONTRACTOR:

AZTECA LANDSCAPE, INC.

By: 
David J. Schultz

Its: PRESIDENT

Date: JAN 8, 2018

EXHIBIT A

CONTRACT WORK ORDER NO. 1

Date: January 1st, 2018
Location: Three Springs

Date to Commence Work: January 1st, 2018

Contractor: Azteca Landscape, Inc
Contractor Rep: David J. Schultz
Contractor Contact Information:
970 382-0267

District Rep: Patrick Morrissey
District Contact Information:
970 764- 6474

SCOPE OF WORK:

Work is performed pursuant to the Master Construction Agreement, MSA # MD-AZT-0118 between Contractor and Three Springs Metropolitan District #3 dated January 1st, 2018 and all terms found in the Master Construction Agreement apply to the performance of this Contract Work Order. This Contract Work Order is incorporated into the Master Construction Agreement and together with the Master Construction Agreement and any other properly executed Contract Work Order is the "Agreement." Defined terms in this Contract Work Order shall have the meaning specified in the Master Construction Agreement.

(SELECT OPTION A OR OPTION B):

- OPTION A: The Work is described in the bid documents titled EnterDocTitle and dated EnterDate attached hereto and incorporated herein by reference.
- OPTION B: Contractor will perform the following Work under this Contract Work Order: Exhibit A1 from January 1st, 2018 through December 31st, 2018.

District has the right to make adjustments to the quantities and scope of Work to be performed, and other rights, as set forth in the Master Construction Agreement.

COMPENSATION:

- OPTION A: **FIXED PRICE WORK:** The total compensation for this Work shall not exceed: EnterAmount
- OPTION B: **TIME AND MATERIAL WORK:** Schedule of Rates is attached to the Master Construction Agreement as Exhibit B, Schedule of Rates and Fees, not to exceed \$15,000.00

District represents that it has appropriated money equal to or in excess of the Compensation for the Work authorized by this Contract Work Order.

TIME FOR COMPLETION:

SUBSTANTIAL COMPLETION: The Work under this Contract Work Order shall be substantially completed by: December 31st, 2018

MILESTONE DATE(S): *Include Milestone dates, if applicable.*

APPROVAL: Each party represents that the person executing this Contract Work Order has full authority to do so.

DISTRICT:

CONTRACTOR:

By: 

By: 

Its: President

Its: PRESIDENT

Date: 1/1/18

Date: JAN. 9, 2018

MSA # MD-AZT-0118



THREE SPRINGS METROPOLITAN DISTRICT

SNOW REMOVAL PERFORMANCE STANDARDS

GOAL: To provide a safe surface on sidewalks.

NOTE: Snow removal work for residential sidewalks is necessarily considered a high priority service.

1. Residential sidewalks -

Work should begin when snow accumulation reaches 2 inches. During a prolonged snow event, snow depth should not be allowed to re-accumulate to a depth greater than 4 inches. Owner, reserves the right at discretion to request more or less snow removal operations as deems necessary.

Snow blowers and shovels may be used to clear the snow from the Green Court sidewalks. Snow may be blown or shoveled onto the grass areas, ideally where it will melt and drain into the swales. In residential Green Courts, snow removal will be to the property owner's front porch steps.

2. Icy conditions: Service provider will monitor location once initial snow removal operations are complete.

When freezing or re-freezing conditions warrant, provider will spread sand, chips or CDOT mix per owner's direction, on Areas as necessary. Walkways may receive applications of an approved ice melt product such as "Safe Step", at owner's direction. Snow should be removed in a manner that it will not melt and refreeze onto sidewalks.

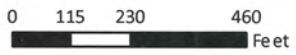
3. Storage and hauling: Snow storage areas will be designated by Owner when and if they become necessary. Avoid stockpiling snow in areas (i.e. parking spaces, perimeter beds, and islands) where sheet flow of melting snow is likely to run across walks and drives, as it often re-freezes and creates an icy surface

4. Time considerations: Monday - Friday: vehicular and pedestrian traffic is more concentrated during morning times when people are either leaving for school and work or arriving for work, or at the end of the day when people are leaving work to go home or arriving home from school and work. At times this vehicle and foot traffic continues on throughout the day. Although fewer businesses are open and schools are closed on the weekends, vehicle and foot traffic continues to occur. The service provider must be prepared to prioritize their scheduling around these times as well as any other times snow conditions warrant. Saturdays and Sundays are opportunities to catch up with additional plowing, sanding or hauling. Other than catching up with moving and/or hauling snow, basic snow removal would be low priority or even unnecessary during the hours between 9:00pm and 5:00 am.

5. Damages: Damage caused by the snow removal process to readily visible items such as signs, bollards, fire hydrants, large landscape boulders, trees, bushes, vehicles, railings, walls, buildings etc., will be at the expense of the service provider.

EXHIBIT A1

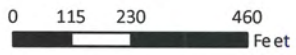
Snow Removal



Date: 1/4/2018

Service Layer Credits:

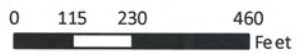
Snow Removal



Date: 1/4/2018

Service Layer Credits:

Snow Removal

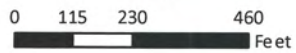


Date: 1/4/2018

Service Layer Credits:

DAVIDSON CREEK ROAD

Snow Removal



Date: 1/4/2018

Service Layer Credits:

EXHIBIT B

**SCHEDULE OF RATES AND FEES
EFFECTIVE AS OF 1/1/2018**

Date: 1/1/2018
Location: Three Springs
Contractor: Azteca Landscape
Contractor Rep: David J. Schultz
Contractor Contact Information: 970
382-0267

District Rep: Patrick Morrissey
District Contact Information:
970 764-6474

This Exhibit B is executed pursuant to the Master Construction Agreement, MSA # MD-AZT-0118 between Contractor and District dated January 1ST, 2018. Defined terms in this Exhibit B shall have the meaning specified in the Master Construction Agreement.

RATES AND FEES:

OPTION A: The Rates and Fees effective as of the date this Exhibit B is executed (and effective until a revised Exhibit B is properly executed by both parties) are as follows:

OPTION B: The Rates and Fees effective as of the date this Exhibit B is executed (and effective until a revised Exhibit B is properly executed by both parties) is attached hereto.

APPROVAL: Each party represents that the person executing this Exhibit has full authority to do so.

DISTRICT:

CONTRACTOR:

By: Patrick Morrissey

By: [Signature]

Its: President

Its: PRESIDENT

Date: 1/11/18

Date: JAN. 8, 2018

Sub SP

THREE SPRINGS METROPOLITAN
DISTRICT 2018 SNOW REMOVAL

EXHIBIT B

Company: Azteca Landscape, Inc.

Date: 1/1/2018

Labor Rates for Snow Removal:

1. Superintendent	\$75.00	per hour
2. Foreman	\$60.00	per hour
3. Laborer & SHOVEL	\$45.00	per hour

Equipment Rates for Snow Removal: (INCLUDES MACHINE AND OPERATOR)

1. Pickup truck	\$55.00	per hour
2. Pickup with plow or bucket	\$95.00	per hour
3. Skid-steer with plow	\$100.00	per hour
4. Skid-steer with snow blower	\$175.00	per hour
5. Mule with snow plow	\$NA	per hour
6. 24" Snow blower	\$55.00	per hour
7. 28" Snow blower	\$NA	per hour
8. 36" Snow blower	\$65.00	per hour
9. Mini Track Loader w/ Plow	\$75.00	per hour

Contractor may add any additional labor and equipment with rates they feel may be necessary for the successful and timely removal of snow. The contractor should discuss anticipated additional labor or equipment rates with THREE SPRINGS METROPOLITAN DISTRICT to ensure approval of the work. The contractor MAY NOT BILL THREE SPRINGS METROPOLITAN DISTRICT for travel time to or from the site, or time on site waiting for snow accumulations to reach the specified levels.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
8/2/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Kysar Millennium Leavitt Insurance Agency, Inc. 72 Suttle Street Suite L Durango CO 81303 INSURED Azteca Landscape, Inc. P. O. Box 4300 Durango CO 81302-4300		CONTACT NAME: Wendy Mosiman PHONE (A/C, No, Ext): (970) 259-7966 E-MAIL ADDRESS: wendy-mosiman@leavitt.com FAX (A/C, No): (970) 259-4915	
		INSURER(S) AFFORDING COVERAGE INSURER A: Westfield Companies INSURER B: Pinnacol Assurance INSURER C: INSURER D: INSURER E: INSURER F:	NAIC # 24112 41190

COVERAGES **CERTIFICATE NUMBER:** 17/18 GL AL UL WC **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO. JECT <input type="checkbox"/> LOC OTHER:	<input checked="" type="checkbox"/>	CWP6660658	8/1/2017	8/1/2018	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	<input checked="" type="checkbox"/>	CWP6660658	8/1/2017	8/1/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ Medical payments \$ 5,000
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB CLAIMS-MADE DED RETENTION \$	<input checked="" type="checkbox"/>	CWP6660658	8/1/2017	8/1/2018	EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	4029889	6/1/2017	6/1/2018	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
See attached corresponding policy documents

CERTIFICATE HOLDER Three Springs, MD #3 175 Mercado Street, Ste 240 Durango, CO 81301	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Wendy Mosiman/WEMOSI <i>Wendy Mosiman</i>
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EXHIBIT C

**CERTIFICATE OF INSURANCE
(ATTACHED)**

Contractor must promptly submit a new Certificate of Insurance upon the expiration of the certificate attached here.

EXHIBIT D

SUPPLEMENTARY CONDITIONS TO MASTER CONSTRUCTION AGREEMENT

The following supplements modify the Master Construction Agreement between Contractor and Three Springs Metropolitan District. In the event any provision of the Agreement or subsequent Contract Work Order approved thereunder conflicts or creates an ambiguity with a provision of these Supplementary Conditions, then the provision of these Supplementary Conditions shall govern and control such conflicting or ambiguous provision, subject to any subsequent written modification. Defined terms in the Master Construction Agreement shall have the same meaning hereunder.

1. Commencement and Completion of Performance.

a. Contractor shall commence performance of Work authorized by a valid Contract Work Order upon execution thereof, and shall diligently prosecute all work through completion. Unless an extension of time is granted by District as hereinafter set forth, Contractor shall substantially complete the Work as specified in the appropriate Contract Work Order. For purposes of this Agreement, (i) "Substantial Completion" shall be the time at which the Work (or a specified part thereof) has progressed to the point where, in the opinion of District, the Work (or a specified part thereof) is sufficiently complete in accordance with the Agreement, so that the Work (or a specified part thereof) can be utilized by District for the purposes for which it is intended.

c. No extension of time to complete performance shall be granted under normal circumstances. Extensions of time to complete performance may be authorized by District in its sole discretion for any actual period of delay on an occurrence basis for: (i) adverse weather or climatic conditions not reasonably anticipated; (ii) major labor disputes; (iii) acts of God; (iv) detrimental acts of District; (v) acts of another contractor in the performance of related work under a separate contract with District; (vi) delays resulting from the intervention of governmental agencies in the performance of the Work, if not caused by Contractor or its subcontractors; or (vii) other extraordinary circumstances beyond Contractor's reasonable control. Foreseeable weather delays and delays or failures in delivery of equipment or materials shall not constitute cause for an extension of time to complete performance or for an adjustment to the Compensation. Any request for an extension of time to complete performance shall be submitted in writing to the District for its approval within ten (10) days after such occurrence and shall be accompanied and supported by a schedule analysis based on the critical path method, which shows how and where the delay occurred on the then-critical path and its effect on any milestone date or the date of Substantial Completion. The decision of District shall be conclusive and binding upon Contractor.

2. Final Payment. Upon completion of the Work authorized pursuant to a valid Contract Work Order, the District shall inspect the Work and reject any portion of performance not in conformity with the Agreement. Defective materials, equipment or work shall be remedied immediately by Contractor before final payment. District shall make final payment to Contractor within thirty (30) days after final acceptance of performance by District. Final payment shall not, however, be due until Contractor has delivered to District a complete release of all claims or liens against the Work and has produced satisfactory receipts, waivers or lien releases indicating final and total payment to all subcontractors and persons who have furnished materials, labor and equipment on which a lien or claim might potentially be filed in form acceptable to District. District shall, no later than ten (10) days before final payment is made, publish a notice of final payment at least twice in a legal newspaper of general circulation in any county where the Work was contracted for or performed pursuant to Section 38-26-107, C.R.S.

3. Taxes, Licenses, Permits, Regulations and Illegal Aliens.

a. In all operations connected with any Work authorized pursuant to the Agreement, Contractor shall pay all fees, charges and taxes imposed by law, except for sales and use taxes from which District or the Work are exempt, and shall obtain all licenses and permits necessary for completion of the Work, including payment of all fees, unless otherwise specified by the Agreement or a Contract Work Order. Contractor shall comply with all laws, ordinances, codes, rules and regulations of all governmental authorities, whether local, State or federal, relating to the performance of the Work and particularly for compliance with those laws concerning the environment, stormwater management permits, workmen's compensation, safety and health, labor, immigration and equal employment opportunity. District shall, upon request, furnish Contractor with a copy of its certificate of sales and use tax exemption. District shall not reimburse Contractor for any sales or use taxes paid to the State or any county or municipality from which District or the Work are exempt.

b. Contractor certifies that Contractor shall comply with the provisions of Section 8-17.5-101 et seq., C.R.S. Contractor shall not knowingly employ or contract with an illegal alien to perform work under this Agreement or enter into an agreement with a subcontractor that knowingly employs or contracts with an illegal alien. Contractor represents, warrants and agrees that it (i) has confirmed the employment eligibility of all employees who are newly hired for employment to perform work under this Agreement through participation in either the E-Verify Program or the Department Program described in Section 8-17.5-101, C.R.S. Contractor shall not use either the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while the public contract for services is being performed. If Contractor obtains actual knowledge that a subcontractor performing work under this Agreement knowingly employs or contracts with an illegal alien,

Contractor shall: (i) notify the subcontractor and District within three (3) days that Contractor has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and (ii) terminate the subcontract with the subcontractor if within three (3) days of receiving such notice, the subcontractor does not stop employing or contracting with the illegal alien, unless the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien. Contractor shall comply with all reasonable requests made in the course of an investigation by the Colorado Department of Labor and Employment. If Contractor fails to comply with any requirement of Section 8-17.5-102(2), C.R.S., District may terminate this Agreement for breach, and Contractor shall be liable for actual and consequential damages to District. If Contractor participates in the Department Program, Contractor shall provide the affirmation required under Section 8-17.5-102(5)(c)(II), C.R.S., to District.

c. Contractor, if operating as a sole proprietor, hereby swears or affirms under penalty of perjury that Contractor (i) is a citizen of the United States or legal permanent resident or otherwise lawfully present in the United States pursuant to federal law, (ii) shall comply with the provisions of Section 24-76.5-101 et seq., C.R.S., and (iii) shall produce one of the forms of identification required by Section 24-76.5-103, C.R.S., prior to the performance of any of its other obligations hereunder.

4. Waiver of Consequential Damages. The Contractor and District waive consequential damages for claims, disputes or other matters in question arising out of or relating to the Agreement. This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination of this Agreement, except as specifically provided in Paragraph 3 herein, Illegal Aliens.

5. Performance, Payment and Warranty Bond. Prior to commencement of performance under any Contract Work Order with a total Compensation of more than fifty-thousand dollars (\$50,000), or as required by the District in the District's sole discretion, Contractor shall provide to District a general performance and payment bonds executed by Contractor and an acceptable corporate surety, or collateral approved by District, in the full amount of the Compensation for such Contract Work Order, including provisions for any adjustment of the Compensation in accordance with the terms of this Agreement. Such bonds shall expressly guarantee: (i) faithful performance of this Agreement and completion of the Work in complete compliance with the Agreement; and (ii) payment to all persons performing labor and furnishing materials, supplies, tools and equipment in connection with the Work. Contractor shall obtain such bonds on District's behalf separate and apart from any similar bond or surety or warranty agreement entered into independently between District and any manufacturer or supplier. District may, in its discretion, require that the bond guaranteeing payment to all persons performing labor and furnishing materials, supplies, tools and equipment in connection with the Work be separate from the bond guaranteeing performance. Notwithstanding anything contained within the bonds to the contrary, such bonds are required, in part, by and shall comply with the minimum requirements of Section 38-26-106, C.R.S.

6. Subcontractors, Suppliers and Others. Contractor shall, prior to commencement of performance, submit a list of all major subcontractors, suppliers, and other individuals or entities to be engaged to work on the Work under a Contract Work Order for District's reasonable acceptance (either in writing or by failing to make written objection thereto within ten (10) days after such submission). Contractor shall not substitute any subcontractor, supplier, or other individual or entity previously accepted by District without District's prior written consent, which shall not be unreasonably withheld. District's acceptance of any such subcontractor, supplier, or other individual or entity so identified may be withheld or revoked on the basis of reasonable objection after due investigation. In such event, Contractor shall submit an acceptable replacement for the rejected subcontractor, supplier, or other individual or entity, and the Compensation may be adjusted by any reasonable difference in the cost occasioned by such replacement, and an appropriate amendment to the Contract Work Order will be issued. No acceptance by District of any such subcontractor, supplier, or other individual or entity, whether initially or as a replacement, shall constitute a waiver of any right of District to reject defective work. All contracts between Contractor and subcontractors shall conform explicitly to all applicable provisions of this Agreement and the Agreement. Contractor shall be responsible and held liable for any bonding, insurance, warranties, indemnities, progress payments and completion of performance of or to such subcontractors, suppliers, or other individuals or entities. Upon receipt of progress and final payments from District, Contractor shall disburse the same immediately to subcontractors, suppliers, and other individuals and entities without any requirement of District to supervise the same. No contractual relationship shall exist between District and any subcontractor, supplier, or other individual or entity because of the subcontracting of any part of the Work.

7. Appropriations; Contract Work Orders. This Agreement is subject to Section 24-91-103.6, C.R.S., and in accordance therewith:

a. This Agreement does not authorize any Compensation unless accompanied by an approved Contract Work Order.

b. District shall not issue any Contract Work Order, amendment to a Contractor Work Order, or other directive (other than a clarification) requiring compensable Work to be performed unless:

1. Contractor is given written assurance by District that lawful appropriations to cover the costs of the Work authorized by such Contract Work Order has been made and are available prior to performance of the Work; or

2. Such Work is covered by the following remedy-granting provision: Contractor may request, in writing, a letter from District explaining the expected sources of funding for the Work. In the event District does not provide such written assurance reasonably satisfactory to Contractor within five (5) days of Contractor's request, Contractor may stop work until such time as District provides satisfactory assurances. Contractor's acceptance of a Contract Work Order in accordance with any assurances provided under this paragraph shall not limit or restrict Contractor from making a claim under the Agreement for an adjustment in the Compensation or time for completion of the Work or otherwise for expenses or damages directly attributable to Contractor's stoppage of the work as permitted hereunder.

c. For any Contract Work Order, amendment to a Contract Work Order, or other directive (other than a clarification) that requires additional compensable work to be performed, District shall reimburse Contractor for Contractor's costs on the periodic basis set forth in the Agreement for all additional directed work performed until the Contract Work Order is finalized. In no instance shall the periodic reimbursement be required before Contractor has submitted an estimate of cost to District for the additional compensable work to be performed.

8. Colorado Labor. If the Work is financed in whole or in part by funds of the State or any county, school district or municipality of the State (including the District), Colorado labor shall be employed to perform at least eighty percent (80%) of the Work, unless such requirement is waived by the District in accordance with Section 8-17-101(1), C.R.S. "Colorado labor" means any person who is a resident of the State at the time of the Work. A "resident of the State" is a person who can provide a valid Colorado driver's license, a valid State-issued photo identification, or documentation that he or she has resided in Colorado for the last thirty (30) days.

9. Annual Appropriation. The District's obligations pursuant to the Agreement are subject to the annual appropriation of funds necessary for the performance thereof, which appropriations shall be made in the sole discretion of the District's Board of Directors.

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

NAME OF GOVERNMENT ADDRESS

Three Springs Metropolitan District No. 2
175 Mercado Street, Suite 240
Durango, CO 81301
Regina Dunn
970-764-6458
rdunn@sugf.com

**For the Year Ended
12/31/17
or fiscal year ended:**

**CONTACT PERSON
PHONE
EMAIL
FAX**

PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:
TITLE
FIRM NAME (if applicable)
ADDRESS
PHONE
DATE PREPARED
(Must be prepared prior to Board approval)

John Simmons
District Accountant
Simmons & Wheeler, P.C.
304 Inverness Way South, Suite 490 Englewood, CO 80112
303-689-0833
March 5, 2018

PREPARER (SIGNATURE REQUIRED)

Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types	GOVERNMENTAL <small>(MODIFIED ACCRUAL BASIS)</small>	PROPRIETARY <small>(CASH OR BUDGETARY BASIS)</small>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar
2-1	Taxes: Property	\$ 15,800
2-2	Specific ownership	\$ 1,795
2-3	Sales and use	\$ -
2-4	Other (specify):	\$ -
2-5	Licenses and permits	\$ -
2-6	Intergovernmental: Grants	\$ -
2-7	Conservation Trust Funds (Lottery)	\$ -
2-8	Highway Users Tax Funds (HUTF)	\$ -
2-9	Other (specify):	\$ -
2-10	Charges for services	\$ -
2-11	Fines and forfeits	\$ -
2-12	Special assessments	\$ -
2-13	Investment income	\$ -
2-14	Charges for utility services	\$ -
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -
2-16	Lease proceeds	\$ -
2-17	Developer Advances received (should agree with line 4-4)	\$ -
2-18	Proceeds from sale of capital assets	\$ -
2-19	Fire and police pension	\$ -
2-20	Donations	\$ -
2-21	Other (specify):	\$ -
2-22		\$ -
2-23		\$ -
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ 17,595

Please use this space to provide any necessary explanations

PART 3 - EXPENDITURES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar
3-1	Administrative	\$ -
3-2	Salaries	\$ -
3-3	Payroll taxes	\$ -
3-4	Contract services	\$ -
3-5	Employee benefits	\$ -
3-6	Insurance	\$ -
3-7	Accounting and legal fees	\$ -
3-8	Repair and maintenance	\$ -
3-9	Supplies	\$ -
3-10	Utilities and telephone	\$ -
3-11	Fire/Police	\$ -
3-12	Streets and highways	\$ -
3-13	Public health	\$ -
3-14	Culture and recreation	\$ -
3-15	Utility operations	\$ -
3-16	Capital outlay	\$ -
3-17	Debt service principal (should agree with Part 4)	\$ -
3-18	Debt service interest	\$ -
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -
3-20	Repayment of Developer Advance Interest	\$ -
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -
3-23	Other (specify):	\$ -
3-24	Treasurers fee	\$ 474
3-25	Transfer to Three Springs Metropolitan District #3	\$ 17,121
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES	\$ 17,595

Please use this space to provide any necessary explanations

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - STOP. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

- | | Yes | No |
|--|--------------------------|-------------------------------------|
| 4-1 Does the entity have outstanding debt?
If Yes, please attach a copy of the entity's Debt Repayment Schedule. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4-2 Is the debt repayment schedule attached? If no, MUST explain:
<div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A</div> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4-3 Is the entity current in its debt service payments? If no, MUST explain:
<div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A</div> | <input type="checkbox"/> | <input type="checkbox"/> |

Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)	Outstanding at end of prior year*	Issued during year	Retired during year	Outstanding at year-end
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Leases	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ -	\$ -	\$ -	\$ -
Other (specify):	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must tie to prior year ending balance

- | | Yes | No |
|--|-------------------------------------|-------------------------------------|
| 4-5 Does the entity have any authorized, but unissued, debt?
If yes: How much? \$ 38,000,000.00
Date the debt was authorized: 5/2/2006 | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4-6 Does the entity intend to issue debt within the next calendar year?
If yes: How much? \$ - | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4-7 Does the entity have debt that has been refinanced that it is still responsible for?
If yes: What is the amount outstanding? \$ - | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4-8 Does the entity have any lease agreements?
If yes: What is being leased?
What is the original date of the lease?
Number of years of lease? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Is the lease subject to annual appropriation?
What are the annual lease payments? \$ - | <input type="checkbox"/> | <input type="checkbox"/> |
| 4-9 Does the entity have a certified Mill Levy?
If yes: Please provide the following <u>mills</u> levied for the year reported (do not report \$ amounts): | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Bond Redemption	-
General/Other	50.000
TOTAL	50.000

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

	Amount	Total
5-1 YEAR-END Total of ALL Checking and Savings Accounts	\$ 5,582	
5-2 Certificates of deposit	\$ -	
Total Cash Deposits		\$ 5,582
Investments (if investment is a mutual fund, please list underlying investments):		
	\$ -	
	\$ -	
	\$ -	
	\$ -	
Total Investments		\$ -
Total Cash and Investments		\$ 5,582

- | | Yes | No | N/A |
|---|-------------------------------------|--------------------------|-------------------------------------|
| 5-4 Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5-5 Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

- | | | Yes | No |
|-----|---|--------------------------|-------------------------------------|
| 6-1 | Does the entity have capital assets? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6-2 | Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, MUST explain: | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

6-3 Complete the following capital assets table:

	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation (Please enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must tie to prior year ending balance

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

- | | | Yes | No |
|-----|--|--------------------------|-------------------------------------|
| 7-1 | Does the entity have an "old hire" firemen's pension plan? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 7-2 | Does the entity have a volunteer firemen's pension plan? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
- If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?

	\$ -
--	------

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

- | | | Yes | No | N/A |
|-----|--|-------------------------------------|--------------------------|--------------------------|
| 8-1 | Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.?
If no, MUST explain: | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- | | | | | |
|-----|--|-------------------------------------|--------------------------|--------------------------|
| 8-2 | Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain: | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|-----|--|-------------------------------------|--------------------------|--------------------------|

If yes: Please indicate the amount appropriated for each fund for the year reported:

General Fund	\$ 17,600

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

		Yes	No
9-1	Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

		Yes	No
10-1	Is this application for a newly formed governmental entity?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	Date of formation: <input style="width: 450px;" type="text"/>		
10-2	Has the entity changed its name in the past or current year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	Please list the NEW name & PRIOR name: <input style="width: 550px;" type="text"/>		
10-3	Is the entity a metropolitan district?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Please indicate what services the entity provides: Parks, recreation and drainage improvements		
10-4	Does the entity have an agreement with another government to provide services?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If yes:	List the name of the other governmental entity and the services provided: Three Springs Metropolitan District No. 3 provides all administrative, operational & capital services		
10-5	Has the district filed a <i>Title 32, Article 1 Special District Notice of Inactive Status</i> during the year? [Applicable to Title 32 special districts only, pursuant to Sections 32-1-103 (9.3) and 32-1-104 (3), C.R.S.]	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	Date Filed: <input style="width: 450px;" type="text"/>		

Please use this space to provide any explanations or comments:

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box

YES

NO

12-1

If you plan to submit this form electronically, have you read the new Electronic Signature Policy?

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or EchoSign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, **or**
 - b. Include electronic signatures obtained through a software program such as DocuSign or EchoSign in accordance with the requirements noted above.

Print the names of ALL current governing board members below.

A MAJORITY of the governing board members must complete and sign in the column below.

Print the names of ALL current governing board members below.		A MAJORITY of the governing board members must complete and sign in the column below.
Board Member 1	Print Board Member's Name Patrick Vaughn	I <u>PATRICK VAUGHN</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>[Signature]</u> Date: <u>3/14/18</u> My term Expires: <u>May 2018</u>
Board Member 2	Print Board Member's Name Patrick Morrissey	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>[Signature]</u> Date: <u>3/13/18</u> My term Expires: <u>May 2018</u>
Board Member 3	Print Board Member's Name Gary Whalen	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>[Signature]</u> Date: <u>3-6-18</u> My term Expires: <u>May 2020</u>
Board Member 4	Print Board Member's Name Tim Zink	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>[Signature]</u> Date: <u>3/12/18</u> My term Expires: <u>May 2020</u>
Board Member 5	Print Board Member's Name Jon Penny	I <u>Jon Penny</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>[Signature]</u> Date: <u>3-7-2018</u> My term Expires: <u>May 2018</u>
Board Member 6	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 7	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

**NAME OF GOVERNMENT
ADDRESS**

Three Springs Metropolitan District No. 4
175 Mercado Street, Suite 240
Durango, CO 81301

For the Year Ended
12/31/17
or fiscal year ended:

**CONTACT PERSON
PHONE
EMAIL
FAX**

Regina Dunn
970-764-6458
rdunn@sugf.com

PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:
TITLE
FIRM NAME (if applicable)
ADDRESS
PHONE
DATE PREPARED
(Must be prepared prior to Board approval)

John Simmons
District Accountant
Simmons & Wheeler, P.C.
304 Inverness Way South, Suite 490 Englewood, CO 80112
303-689-0833
March 5, 2018

PREPARER (SIGNATURE REQUIRED)

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Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types

GOVERNMENTAL
(MODIFIED ACCRUAL BASIS)

PROPRIETARY
(CASH OR BUDGETARY BASIS)

PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	
2-1	Taxes: Property	\$	5,366
2-2	Specific ownership	\$	533
2-3	Sales and use	\$	-
2-4	Other (specify):	\$	-
2-5	Licenses and permits	\$	-
2-6	Intergovernmental: Grants	\$	-
2-7	Conservation Trust Funds (Lottery)	\$	-
2-8	Highway Users Tax Funds (HUTF)	\$	-
2-9	Other (specify):	\$	-
2-10	Charges for services	\$	-
2-11	Fines and forfeits	\$	-
2-12	Special assessments	\$	-
2-13	Investment income	\$	-
2-14	Charges for utility services	\$	-
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$	-
2-16	Lease proceeds	\$	-
2-17	Developer Advances received (should agree with line 4-4)	\$	-
2-18	Proceeds from sale of capital assets	\$	-
2-19	Fire and police pension	\$	-
2-20	Donations	\$	-
2-21	Other (specify):	\$	-
2-22		\$	-
2-23		\$	-
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$	5,899

Please use this space to provide any necessary explanations

PART 3 - EXPENDITURES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	
3-1	Administrative	\$	-
3-2	Salaries	\$	-
3-3	Payroll taxes	\$	-
3-4	Contract services	\$	-
3-5	Employee benefits	\$	-
3-6	Insurance	\$	-
3-7	Accounting and legal fees	\$	-
3-8	Repair and maintenance	\$	-
3-9	Supplies	\$	-
3-10	Utilities and telephone	\$	-
3-11	Fire/Police	\$	-
3-12	Streets and highways	\$	-
3-13	Public health	\$	-
3-14	Culture and recreation	\$	-
3-15	Utility operations	\$	-
3-16	Capital outlay	\$	-
3-17	Debt service principal (should agree with Part 4)	\$	-
3-18	Debt service interest	\$	-
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$	-
3-20	Repayment of Developer Advance Interest	\$	-
3-21	Contribution to pension plan (should agree to line 7-2)	\$	-
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$	-
3-23	Other (specify):	\$	-
3-24	Treasurers fee	\$	-
3-25	Transfer to Three Springs Metropolitan District #3	\$	5,899
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES	\$	5,899

Please use this space to provide any necessary explanations

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

	Yes	No		
4-1 Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-2 Is the debt repayment schedule attached? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A</div>	<input type="checkbox"/>	<input type="checkbox"/>		
4-3 Is the entity current in its debt service payments? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A</div>	<input type="checkbox"/>	<input type="checkbox"/>		
4-4 Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)				
	Outstanding at end of prior year*	Issued during year		
	Retired during year	Outstanding at year-end		
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Leases	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ -	\$ -	\$ -	\$ -
Other (specify):	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must tie to prior year ending balance

Please answer the following questions by marking the appropriate boxes.

Yes No

4-5 Does the entity have any authorized, but unissued, debt?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If yes: How much?	\$ 134,600,000.00	
Date the debt was authorized:	2/3/2016	
4-6 Does the entity intend to issue debt within the next calendar year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes: How much?	\$ -	
4-7 Does the entity have debt that has been refinanced that it is still responsible for?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes: What is the amount outstanding?	\$ -	
4-8 Does the entity have any lease agreements?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes: What is being leased?		
What is the original date of the lease?		
Number of years of lease?		
Is the lease subject to annual appropriation?	<input type="checkbox"/>	<input type="checkbox"/>
What are the annual lease payments?	\$ -	
4-9 Does the entity have a certified Mill Levy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If yes: Please provide the following <u>mills</u> levied for the year reported (do not report \$ amounts):		

Bond Redemption
General/Other
TOTAL

	-
	50.000
TOTAL	50.000

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

Amount Total

5-1 YEAR-END Total of ALL Checking and Savings Accounts	\$ 5,849	
5-2 Certificates of deposit	\$ -	
Total Cash Deposits		\$ 5,849
Investments (if investment is a mutual fund, please list underlying investments):		
	\$ -	
	\$ -	
	\$ -	
	\$ -	
Total Investments		\$ -
Total Cash and Investments		\$ 5,849

Please answer the following questions by marking in the appropriate boxes

Yes No N/A

5-4 Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5-5 Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 6-1 Does the entity have capital assets? Yes No
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.? If no, MUST explain: Yes No

6-3 Complete the following capital assets table:

	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation (Please enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must tie to prior year ending balance

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 7-1 Does the entity have an "old hire" firemen's pension plan? Yes No
- 7-2 Does the entity have a volunteer firemen's pension plan? Yes No

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan 1? \$ -

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.? Yes No N/A

If no, MUST explain:

- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain: Yes No N/A

If yes: Please indicate the amount appropriated for each fund for the year reported:

General Fund	\$ 5,367

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes

No

- 9-1** Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?

Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

- 10-1** Is this application for a newly formed governmental entity?
 If yes: Date of formation:
- 10-2** Has the entity changed its name in the past or current year?
 If yes: Please list the NEW name & PRIOR name:
- 10-3** Is the entity a metropolitan district?
 Please indicate what services the entity provides:
 Parks, recreation, street, sanitation, water and drainage improvements
- 10-4** Does the entity have an agreement with another government to provide services?
 If yes: List the name of the other governmental entity and the services provided:
 Three Springs Metropolitan District No. 3 provides all administrative, operational & capital services
- 10-5** Has the district filed a *Title 32, Article 1 Special District Notice of Inactive Status* during the year? [Applicable to Title 32 special districts only, pursuant to Sections 32-1-103 (9.3) and 32-1-104 (3), C.R.S.]
 If yes: Date Filed:

Please use this space to provide any explanations or comments:

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box

YES

NO

12-1 If you plan to submit this form electronically, have you read the new Electronic Signature Policy?

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or EchoSign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, **or**
 - b. Include electronic signatures obtained through a software program such as DocuSign or EchoSign in accordance with the requirements noted above.

