

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

JANUARY 10, 2017

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 175 Mercado Street, Suite 240, Durango, Colorado, on January 10, 2017 at 3:00 p.m.

ATTENDANCE

Directors in Attendance Were:

Patrick Morrissey
Tim Zink
Gary Whalen
Regina Dunn

Absent (excused):

Patrick S. Vaughn

Also in Attendance:

Dan Brown, GF Properties (“GF Properties”)
Jon Penny, GF Properties
Sheri O’Toole, GF Properties
Paul 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.

RECORD OF PROCEEDINGS

DISCLOSURE OF
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 Senior Vice 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 are each indirectly owned by the Southern Ute Indian Tribe (the “Tribe”). The Tribe is the sole member of GFMC, LLC (“GFMC” and together with the Tribe, GFP, Tierra and GRVP, the “Companies”), which is also 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, nor does he have any other substantial financial interest in the Companies.

Director Vaughn is the President and Chief Operating Officer of 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 the District and is also employed by Southern Ute Growth Fund. Additionally, he is an officer 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

RECORD OF PROCEEDINGS

within the District. GFP, GRVP and Tierra are each indirectly owned by the Southern Ute Indian Tribe (the "Tribe"). The Tribe is the sole member of GFMC, LLC ("GFMC" and together with the Tribe, GFP, Tierra and GRVP, the "Companies"), which is also 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, nor does he have any other substantial financial interest in the Companies.

Directors Whalen, Dunn 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.

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 6, 2016 Special Meeting. After discussion and upon motion duly made by Director Zink, seconded by Director Dunn and unanimously carried, the minutes of the meeting were approved as revised.

RECORD OF PROCEEDINGS

FINANCIAL REPORT

Dan Brown presented a summary of invoices totaling \$15,470.39 for ratification and payment, which summary is attached hereto and incorporated herein by this reference. After discussion and upon motion duly made by Director Whalen, seconded by Director Zink and unanimously carried, the Board ratified disbursements and payment of various District costs totaling \$15,470.39 as set forth on the summary.

DEVELOPMENT REPORT

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

Aztec Landscaping, Inc.: not to exceed \$8,000

Mr. Penny next presented the following Change Orders for approval, a summary of which is attached hereto and incorporated herein by this reference:

Azteca Landscape, Inc.:
CO #1 \$420

Fastrack Construction, Inc.
CO #2 \$100

After discussion and upon motion duly made by Director Dunn, seconded by Director Whalen and unanimously carried, the Board approved the Contract and Change Orders as presented and appropriation of funds therefor.

ENGAGEMENT OF AUDITOR

Mr. Brown presented the engagement letters from Simmons & Wheeler, P.C. to conduct the audit of District Nos. 1 and 3 2016

RECORD OF PROCEEDINGS

financial statements. Following discussion and upon motion duly made by Director Whalen, seconded by Director Zink and unanimously carried, the Board approved the appointment of Simmons & Wheeler, P.C. to conduct the audit of District Nos. 1 and 3 financial statements.

PARK EASEMENT AGREEMENT

Mr. Cockrel discussed the Park Easement Agreement with the Board. Deferred to the next scheduled meeting. No action was taken at this time.

DISTRICT NO. 4 FUNDING AGREEMENT

Mr. Cockrel discussed the Funding Agreement with the Board. Deferred to the next scheduled meeting. No action was taken at this time.

IGA BETWEEN DISTRICT NO. 3 AND DISTRICT NO. 4

Mr. Cockrel discussed the Intergovernmental Agreement with the Board. Deferred to the next scheduled meeting. No action was taken at this time.

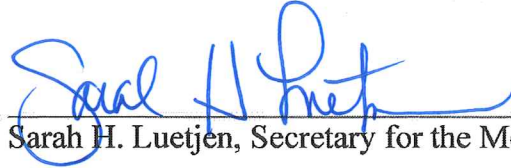
DISTRICT NO. 4 REIMBURSEMENT AGREEMENT

Mr. Cockrel discussed the Reimbursement Agreement with the Board. Deferred to the next scheduled meeting. No action was taken at this time.

RECORD OF PROCEEDINGS

MEETING
CONTINUED

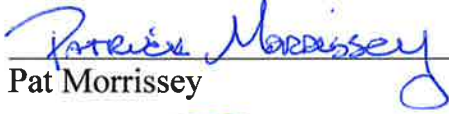
There being no further business to come before the Board at this time, the meeting was continued to Tuesday, February 7, 2017 at 3:00 p.m.



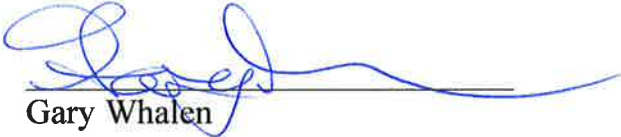
Sarah H. Luetjen, Secretary for the Meeting

RECORD OF PROCEEDINGS

APPROVED


Pat Morrissey


Tim Zink


Gary Whalen


Regina Dunn