

## RECORD OF PROCEEDINGS

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### MINUTES OF THE COORDINATED CONTINUED 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

FEBRUARY 7, 2017

The Coordinated Continued 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 February 7, 2017 at 3:00 p.m.

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#### ATTENDANCE

##### Directors in Attendance Were:

Patrick Morrissey  
Tim Zink  
Gary Whalen  
Regina Dunn  
Patrick S. Vaughn

##### Absent (excused):

None.

##### Also in Attendance:

Dan Brown, GF Properties ("GF Properties")  
Jon Penny, GF Properties  
Paul Cockrel of Collins Cockrel & Cole, via telephone  
Sarah H. Luetjen of Collins Cockrel & Cole, via telephone

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#### NOTICE

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

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### 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



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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

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### MINUTES

The Board reviewed the minutes of the January 10, 2017 Regular Meeting. After discussion and upon motion duly made by Director Vaughn, seconded by Director Whalen and unanimously carried, the minutes of the meeting were approved as presented.

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### PARK LEASE AGREEMENT

Mr. Cockrel discussed the Park Lease Agreement with the Board. After disclosure of each Director's potential conflict of interest because of their relationships with the Companies and GRVP and after further discussion and upon motion duly by Director Whalen, seconded by Director Zink with Directors Morrissey and Vaughn abstaining from discussion and voting on the motion, the Board approved the Park Lease Agreement.

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### INTER-DISTRICT FINANCING AGREEMENT

Mr. Cockrel presented the Inter-District Financing Agreement which provides for the transfer of funds between District Nos. 3 and 4 and the financing of the public improvements by District No. 3. After discussion and upon motion duly made by Director Vaughn, seconded by Director Zink and unanimously carried, the Board approved the Inter-District Financing Agreement.

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### INTER-DISTRICT CONSTRUCTION AND SERVICES AGREEMENT

Mr. Cockrel next presented the Inter-District Construction and Service Agreement which provides that District No. 3 will construct and operate the public improvements, unless such facilities are conveyed to the City, and District No. 4 will transfer monies to District No. 3 to fund such construction and operation. After discussion and upon motion duly made by Director Vaughn, seconded by Director Zink and unanimously carried, the Board approved the Inter-District Construction and Service Agreement.

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### SECOND AMENDMENT OF FUNDING AGREEMENT

Mr. Cockrel discussed the Second Amendment of Funding Agreement with the Board. After discussion and upon motion duly made by Director Vaughn, seconded by Director Zink and unanimously carried, the Board approved the Second Amendment of Funding Agreement.

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### THIRD AMENDMENT OF ACQUISITION AND REIMBURSEMENT AGREEMENT

Mr. Cockrel discussed the proposed Third Amendment to the Acquisition and Reimbursement Agreement with GRVP, LLC with the Board. Mr. Cockrel noted that an additional amendment is necessary due to additional public improvement costs. After disclosure of each Director's potential conflict of interest because of their relationships with the Companies and GRVP and after further discussion and upon motion duly by Director Whalen, seconded by Director Zink with Directors Morrissey and Vaughn abstaining from discussion and voting on the motion, the Board approved the Third Amendment to the Acquisition and Reimbursement Agreement.

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### SECOND AMENDMENT OF MANAGEMENT SERVICES AGREEMENT

Mr. Cockrel then presented the Second Amendment of Management Services Agreement. Upon motion duly made by Director Vaughn, seconded by Director Zink and unanimously carried, the Board approved the Second Amendment of Management Services Agreement.

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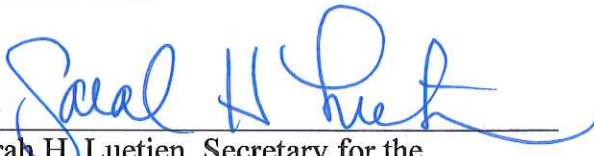
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MEETING  
ADJOURNED

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

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Sarah H. Luetjen, Secretary for the  
Meeting



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APPROVED

  
Pat Morrissey

  
Tim Zink

  
Gary Whalen