

## RECORD OF PROCEEDINGS

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### MINUTES OF THE COORDINATED SPECIAL 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

JUNE 8, 2017

The Coordinated Special 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 June 8, 2017 at 2:00 p.m.

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ATTENDANCE

Directors in Attendance Were:

Patrick Morrissey

Tim Zink

Gary Whalen

Patrick S. Vaughn

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

Absent (excused):

Regina Dunn (District No. 1 Board)

Also in Attendance:

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

Ms. Luetjen 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,

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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 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.

Director Penny is employed by GFP. Additionally, he is a member 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 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 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

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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 April 11, 2017 Regular Meeting. After discussion and upon motion duly made by Director Whalen, seconded by Director Zink and unanimously carried, the minutes of the meeting were approved as presented.

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### 2016 BUDGET AMENDMENT

Chairman Morrissey opened the public hearing to consider an amendment of the 2016 Budget for District No. 3, after noting that notice of such hearing was published in accordance with statutory requirements. Chairman Morrissey presented the amended budget and reported the amendment is necessary due to expenditures exceeding original appropriations in the General Fund for District No. 3. After discussion and upon motion duly made, seconded and unanimously carried, the Board adopted the Resolution to Amend 2016 Budget for District No. 3, a copy of which is attached hereto and incorporated herein by this reference. Ms. Luetjen was requested to file the amendment document with the Division of Local Government.

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### FINANCIAL REPORT

Chairman Morrissey presented a summary of invoices totaling \$29,954.05 for ratification and payment, which summary is attached hereto and incorporated herein by this reference. After discussion and upon motion duly made by Director Vaughn, seconded by

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Director Zink and unanimously carried, the Board ratified disbursements and payment of various District costs totaling \$29,954.05 as set forth on the summary.

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### DEVELOPMENT REPORT

Jon Penny noted that there were no contracts or Change Orders for approval at this time.

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### FEE RESOLUTION

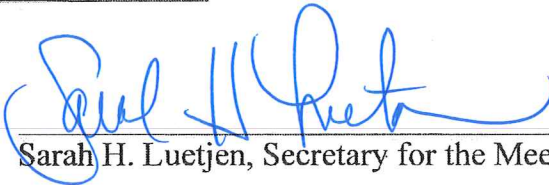
Chairman Morrissey reviewed the Fee Resolution with the Board. Upon motion duly made by Director Vaughn, seconded by Director Penny and unanimously carried, the Board approved the Fee Resolution subject to review and revisions by the Districts' legal counsel.

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### MEETING ADJOURNED

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

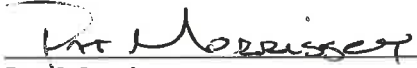
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Sarah H. Luetjen, Secretary for the Meeting

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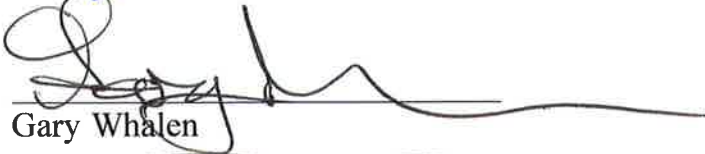
APPROVED



Pat Morrissey



Tim Zink



Gary Whalen



Pat Vaughn



Jon Penny

**THREE SPRINGS METROPOLITAN DISTRICT NO. 3**

**RESOLUTION TO AMEND 2016 BUDGET**

WHEREAS, the Board of Directors of Three Springs Metropolitan District No. 3 adopted the budget and appropriated funds for the 2016 fiscal year as follows:

General Fund	\$280,900
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WHEREAS, additional expenditures in the General Fund are necessary resulting in expenditures in excess of appropriations for the 2016 fiscal year; and

WHEREAS, such additional expenditures are contingencies which could not have been reasonably foreseen at the time of adoption of the budget; and

WHEREAS, funds are available for such expenditures from unanticipated revenue (other than property taxes).


NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Three Springs Metropolitan District No. 3 hereby adopts a supplemental budget and appropriation for the 2016 fiscal year as follows:

General Fund	\$292,886
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BE IT FURTHER RESOLVED, that such sums are hereby appropriated for expenditure from any available funds in the General Fund (and from transfers from the General Fund) in accordance with the provisions of §29-1-109, C.R.S.

Dated this 8<sup>th</sup> day of June, 2017.

THREE SPRINGS  
METROPOLITAN DISTRICT NO. 3

By:   
Chairman  
Metro-VP Assistant Secretary / Treasurer

Attest:

  
Secretary