

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

JULY 11, 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 65 Mercado Street, Suite 250, Durango, Colorado, on July 11, 2017 at 3:00 p.m.

ATTENDANCE

Directors in Attendance Were:

Patrick Morrissey
Tim Zink *arrival where noted
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:

Dan Brown, GF Properties (“GF Properties”)
Ross Wieser, GF Properties
Kim Morris, GF Properties
J.D. Feuquay, property owner
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.

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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.

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 further stated that the determination to participate in voting or take any other action on any contract or other matter in which he may

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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 June 8, 2017 Special 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.

FINANCIAL REPORT

Dan Brown presented a summary of invoices totaling \$54,836.33 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 Director Penny and unanimously carried, the Board ratified disbursements and payment of various District costs totaling \$54,836.33 as set forth on the summary.

2016 AUDIT FOR DISTRICT NOS. 1 & 3

Ross Wieser presented the 2016 Audits for each District to the Board. It was noted that there was an excess in funds in District No. 3. After discussion and upon motion duly made by Director Penny, seconded by Director Whalen and unanimously carried, the Board accepted the audits as presented.

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DEVELOPMENT
REPORT

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

MASTER
SERVICE
AGREEMENT

*Tim Zink then arrived
Chairman Morrissey reviewed the Master Service Agreement by and between District No. 3 and Ross Weiser, with the Board. Upon motion duly made by Director Vaughn, seconded by Director Whalen and unanimously carried, the Board approved the Master Service Agreement as presented.

LA PLATA
ELECTRIC
EASEMENT

Chairman Morrissey reviewed the La Plata Electric Easement with the Board. Upon motion duly made by Director Vaughn, seconded by Director Zink and unanimously carried, the Board approved the Easement subject to final agreement by the Districts' Chairman and legal counsel.


PUBLIC
COMMENT

J.D. Feuquay inquired with the Board as to why the transfer of dedicated land from District No. 1 to District No. 2 occurred. Director Vaughn informed Mr. Feuquay that District No. 3 is responsible for the operations and control. It's much easier when titles are held by the operating district.

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MEETING
ADJOURNED

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

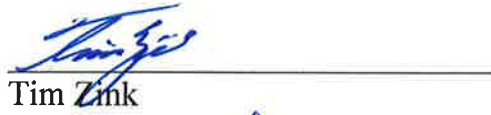


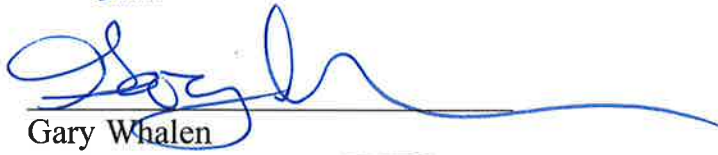
Sarah H. Luetjen, Secretary for the Meeting

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APPROVED


Pat Morrissey


Tim Zink


Gary Whalen


Pat Vaughn


Jon Penny