

RECORD OF PROCEEDINGS

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

DECEMBER 6, 2016

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 175 Mercado Street, Suite 240, Durango, Colorado, on December 6, 2016 at 2:00 p.m.

ATTENDANCE

Directors in Attendance Were:

Patrick Morrissey
Tim Zink
Patrick S. Vaughn
Gary Whalen

Absent (excused):

Regina Dunn

Also in Attendance:

Ross Weiser of GF Properties Group, LLC (“GF Properties”)
Dan Brown, GF Properties
Jon Penny, 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.

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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

MINUTES

The Board reviewed the minutes of the October 11, 2016 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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FINANCIAL REPORT

Dan Brown presented a summary of invoices totaling \$25,524.71 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 Zink and unanimously carried, the Board ratified disbursements and payment of various District costs totaling \$25,524.71 as set forth on the summary.

PUBLIC HEARING ON 2017 BUDGET

Mr. Wieser presented the proposed budgets for the Districts for the 2017 fiscal year. Chair Morrissey opened the public hearing to consider the proposed 2017 budget of each District, after noting that the Notice Concerning Proposed Budgets had been published pursuant to statute. No member of the public was present or provided written comment, and the public hearing was closed.

Mr. Weiser reviewed the budgets for District Nos. 1, 2, 3 and 4 and after further discussion and upon motion duly made by Director Vaughn, seconded by Director Whalen and unanimously carried, the Board approved the 2017 fiscal year Budget of each District subject to receipt of final assessed valuation amounts, and adopted the Resolutions to Adopt Budget, Set Mill Levies and Appropriate Sums of Money, copies of which are attached hereto and incorporated herein by this reference.

DEVELOPMENT REPORT

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

<u>Aztec Landscaping:</u>	not to exceed \$4,000
<u>Fastrack Construction, Inc.:</u>	\$7,600

After discussion and upon motion duly made by Director Vaughn, seconded by Director Zink and unanimously carried, the Board

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approved the Contracts as presented and appropriation of funds therefor.

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.

MEETING ADJOURNED

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

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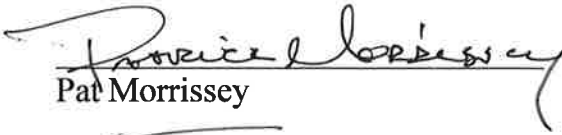
Sarah H. Luetjen, Secretary for the Meeting

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APPROVED



Patrick S. Vaughn



Pat Morrissey



Tim Zink



Gary Whalen

