

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

MARCH 7, 2018

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 March 7, 2018 at 3:00 p.m.

ATTENDANCE

Directors in Attendance Were:

Tim Zink

Gary Whalen

Patrick S. Vaughn *arrival where noted

Regina Dunn (District No. 1 Board)

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

Absent (excused):

Patrick Morrissey

Also in Attendance:

Dan Brown, GF Properties

Suzanne Serianni, Community Manager

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.

DISCLOSURE OF

RECORD OF PROCEEDINGS

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 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 (the “Companies”) are each directly or indirectly owned by the Southern Ute Indian Tribe (the “Tribe”). The Tribe is the sole member of GFMC, LLC (“GFMC”), which is 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, GFMC or the Tribe, nor does he have any other substantial financial interest in the Companies, GFMC or the Tribe.

Director Vaughn is the Growth Fund Director – Non-Energy and an employee of the Southern Ute Indian Tribe Growth Fund, a division of the Tribe. The Tribe is the sole owner of GFP, which is affiliated with 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. Additionally, he is an authorized representative of 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 directly or indirectly owned by the Tribe. The Tribe is the sole

RECORD OF PROCEEDINGS

member of GFMC, which is 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, GFMC or the Tribe, nor does he have any other substantial financial interest in the Companies, GFMC or the Tribe.

Director Penny is employed by GFP. Additionally, he is an authorized representative of 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 directly or indirectly owned by the Tribe. The Tribe is the sole member of GFMC, which is 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, GFMC or the Tribe, nor does he have any other substantial financial interest in the Companies, GFMC or the Tribe.

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 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.

RECORD OF PROCEEDINGS

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 20, 2017 Special Meeting. After discussion and upon motion duly made by Director Zink, seconded by Director Penny and unanimously carried, the minutes of the meeting were approved as revised.

FINANCIAL REPORT

Dan Brown presented a summary of invoices totaling \$74,693.57 for ratification and payment, which summary is attached hereto and incorporated herein by this reference. After discussion and upon motion duly made by Director Penny, seconded by Director Zink and unanimously carried, the Board ratified disbursements and payment of various District costs totaling \$74,693.57 as set forth on the summary.

*Director Vaughn then arrived at the meeting.

DEVELOPMENT REPORT

Jon Penny noted that there were no Change Orders for ratification and approval at this time.

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

Azteca Landscape, Inc.: \$15,000

After discussion and upon motion duly made by Director Vaughn, seconded by Director Zink and unanimously carried, the Board ratified the Contract as presented and appropriation of funds therefor.

RECORD OF PROCEEDINGS

AUDIT EXEMPTIONS
FOR DISTRICT
NOS. 2 & 4

Paul Cockrel presented the Applications for Audit Exemption for District Nos. 2 and 4, which are 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 boards ratified the Application for Audit Exemption for District No. 2 and District No. 4.

2017 AUDIT FOR
DISTRICT NOS. 1 & 3

Paul Cockrel recommended that the 2017 draft Audits be reviewed at the next regular meeting in June.

MAY 8, 2018
ELECTION UPDATE

Ms. Luetjen advised the Board that at the close of business on March 6, 2018, there were not more candidates for Directors than offices to be filled on the Boards of each District; therefore, as authorized by the Resolutions Calling for the Election, Sarah H. Luetjen, the Designated Election Official cancelled the elections.

RECORD OF PROCEEDINGS

MEETING
ADJOURNED

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

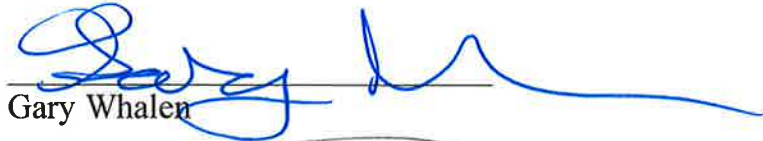

Sarah H. Luetjen, Secretary for the Meeting

RECORD OF PROCEEDINGS


APPROVED



Tim Zink



Gary Whalen



Pat Vaughn



Jon Penny



Regina Dunn