

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

JUNE 6, 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 June 6, 2018 at 3:00 p.m.

ATTENDANCE

Directors in Attendance Were:

Patrick Morrissey
Patrick S. Vaughn
Tim Zink
Gary Whalen
Jon Penny

Absent (excused):

None.

Also in Attendance:

Dan Brown, GF Properties Group, LLC (“GF Properties”)
Ross Weiser, Contractual Accountant, GF Properties, via telephone
Regina Dunn, GF Properties
Kim Morris, GF Properties
Brent Brown, GF Properties
Suzanne Serianni, Community Manager
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 President and COO 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 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 Operating 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

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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.

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

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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 March 7, 2018 Regular Meeting. After discussion and upon motion duly made by Director Whalen, seconded by Director Penny and unanimously carried, the minutes of the meeting were approved as revised.

MAY 8, 2018 ELECTION RESULTS AND ELECTION OF OFFICERS

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, the designated election official canceled the election and the following candidates were declared elected for the following terms:

Jon Penny for a four-year term expiring in 2022
Patrick J. Morrissey for a four-year term expiring in 2022 and
Patrick S. Vaughn for a four-year term expiring in 2022.

Ms. Luetjen further advised the Board that each term of office for Directors Penny, Morrissey and Vaughn have begun after the May 8, 2018 election date. The new oaths of office were administered and filed with the appropriate agencies.

Following discussion, upon motion duly made, seconded and unanimously carried, the Board elected the officers to the Board as follows:

Patrick J. Morrissey - President
Jon Penny - Treasurer
Tim Zink - Secretary

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Patrick S. Vaughn – Vice President/Assistant Secretary/Treasurer
Gary Whalen – Vice President/Assistant Secretary/Treasurer

2017 BUDGET AMENDMENT

Chairman Morrissey opened the public hearing to consider an amendment of the 2017 Budget for District No. 1, 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. 1. After discussion and upon motion duly made, seconded and unanimously carried, the Board adopted the Resolution to Amend 2017 Budget for District No. 1, a copy of which is attached hereto and incorporated herein by this reference. Ms. Luetjen was requested to file the amendment document for District No. 1 with the Division of Local Government.

Chairman Morrissey then opened the public hearing to consider an amendment of the 2017 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 Debt Service Fund for District No. 3. After discussion and upon motion duly made, seconded and unanimously carried, the Board adopted the Resolution to Amend 2017 Budget for District No. 3, a copy of which is attached hereto and incorporated herein by this reference. Ms. Luetjen was requested to also file the amendment document for District No. 3 with the Division of Local Government.

FINANCIAL REPORT

Dan Brown presented a summary of invoices totaling \$40,734.43 for ratification and payment, which summary is attached hereto and incorporated herein by this reference. After discussion and upon motion duly made by Director Whalen, seconded by Director Penny and unanimously carried, the Board ratified disbursements and

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payment of various District costs totaling \$40,734.43 as set forth on the summary.

2017 AUDIT FOR DISTRICT NOS. 1 & 3

Ross Weiser updated the Board on the 2017 Audit for District Nos. 1 and 3. He noted that the Audits were close to being completed. Upon further discussion, motion duly made, seconded and unanimously carried, the Board approved each Audit upon final legal review.

DEVELOPMENT REPORT

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

Mr. Penny then presented the Master Service Agreement for Landscape Services, Contract Work Order #2 for Landscape Services (water pump replacement), Master Service Agreement for Real Estate Services and Master Construction Agreement (road work) for ratification and approval. Upon discussion and motion duly made, seconded and unanimously carried, the Board ratified each Agreement as presented.

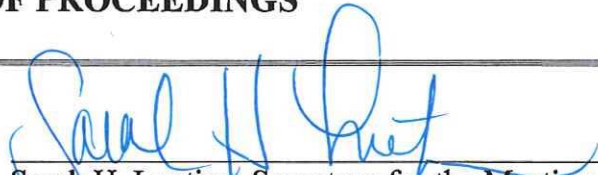
NOTICE POSTING

Ms. Luetjen presented the Resolutions designating the location for each District to post the 24-hour agenda notices as required by statute. Upon motion duly made, seconded and unanimously carried, the Board adopted the Resolutions designating 65 Mercado Street, #250, Durango, as the posting location for each of the Districts.

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


APPROVED




Tim Zink



Gary Whalen



Pat Vaughn



Jon Penny



Patrick Morrissey