

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

SEPTEMBER 5, 2018

A 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 September 5, 2018 at 3:00 p.m.

ATTENDANCE

Directors in Attendance were:

Patrick Morrissey
Patrick S. Vaughn
Gary Whalen
Jon Penny

Absent (excused):

Tim Zink

Also in Attendance were:

Dan Brown, GF Properties Group, LLC (“GF Properties”)
Ross Weiser, Contractual Accountant, GF Properties, via telephone
Kim Morris, GF Properties
Brent Brown, GF Properties
Suzanne Serianni, Community Manager
Paul R. Cockrel of Collins Cockrel & Cole, P.C. (“CCC”), via telephone
Sarah H. Luetjen of CCC, via telephone

CONFLICTS 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 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.

Director Whalen is 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 June 6, 2018 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 revised.

FINANCIAL
REPORT

Dan Brown presented a summary of invoices totaling \$103,641.65 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 \$103,641.65 as set forth on the summary.

2019 BUDGET
REVIEW

Mr. Weiser then discussed the preliminary 2019 draft budget with the Board.

DEVELOPMENT
REPORT

Jon Penny presented the following Change Order for ratification, a summary of which is attached hereto and incorporated herein by this reference:

Grasshoppers Landscaping and Lawn Services:

CO #1	\$3,895.44
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After discussion and upon motion duly made by Director Vaughn, seconded by Director Whalen and unanimously carried, the Board ratified the Change Order as presented and appropriation of funds therefor.

Mr. Penny then presented the Master Service Agreement with Russell Planning & Engineering and Contract Work Order No. 3 for Landscape Services with Grasshoppers Landscaping and Lawn Services for ratification and approval. Upon discussion and motion duly made, seconded and unanimously carried, the Board ratified each Agreement as presented.

SIXTH
AMENDMENT TO
THE ACQUISITION
AND
REIMBURSEMENT
AGREEMENT

Director Penny discussed the proposed Sixth Amendment to the Acquisition and Reimbursement Agreement between GRVP, LLC and District No. 3 with the Board. Director Penny noted that an additional amendment is necessary due to additional public improvement costs. After disclosure of each Director's potential conflict of interest because of their relationships with the Companies and GRVP and after further discussion and with Chairman Morrissey abstaining, and upon motion duly, seconded and carried, the Board of District No. 3 approved the Sixth Amendment to the Acquisition and Reimbursement Agreement.

WORKERS'
COMPENSATION

Ms. Luetjen presented the Resolutions Determining Not to Provide Workers' Compensation Insurance Coverage for Uncompensated Members of the Board of Directors for Policy Year 2019. Upon motion duly made by Director Whalen, seconded by Director Penny and unanimously carried, the Board adopted such Resolution for each District, copies of which are attached hereto and incorporated herein by this reference.


PUBLIC COMMENT

None.

MEETING
ADJOURNED

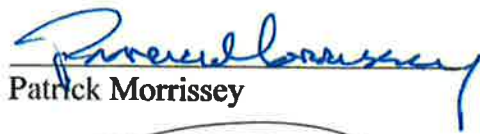
There being no further business to come before the Board at this time, the meeting was adjourned.

Respectfully submitted,




Sarah H. Luetjen, Secretary for the
Meeting

APPROVED


Patrick Morrissey


Patrick S. Vaughn


Gary Whalen


Jon Penny