

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 5, 2019

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 June 5, 2019 at 3:00 p.m.

ATTENDANCE

Directors in Attendance were:

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

Absent (excused):

None

Also in Attendance were:

Dan Brown, GF Properties Group, LLC (“GF Properties”)
Kim Morris, GF Properties
Brent Brown, GF Properties
Ross Wieser, Ross Wieser Consulting, via telephone
Suzanne Serianni, Community Manager
Paul R. Cockrel of Collins Cockrel & Cole, P.C. (“CCC”), via telephone
Sarah H. Luetjen of CCC, via telephone
Rick Cobb, resident of District No. 1

CONFLICTS OF
INTEREST

Mr. Cockrel reported that general conflict of interest statements had previously been received from all directors and filed with the Secretary of State more than 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 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 Zink is also 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 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 Whalen is also 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 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.

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 March 6, 2019 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.

PUBLIC COMMENT

Rick Cobb thanked Brent Brown for his work on the gates for cyclists. Mr. Cobb also noted that he spoke with the City Parks and Recreation Department regarding the benefits of the Three Springs development.

FINANCIAL
REPORT

Dan Brown presented the financial reports for each District and a summary of invoices totaling \$47,794.12 for ratification and payment, which summary is attached hereto and incorporated herein by this reference. After discussion and upon motion duly made by Director Zink, seconded by Director Penny and unanimously carried, the Board of District No. 3 ratified and approved disbursements and payment of all invoices totaling \$47,794.12 as set forth on the summary.

2018 AUDIT
EXEMPTIONS FOR
DISTRICT
NOS. 2 AND 4

Ross Wieser noted that the Applications for Audit Exemption for District Nos. 2 and 4, which are attached hereto and incorporated herein by this reference, were filed with the State Auditor's Office. After discussion and upon motion duly made by Director Vaughn, seconded by Director Zink and unanimously carried, the Boards of District Nos. 2 and 4 respectively ratified and approved the Application for Audit Exemption for each District.

2018 AUDIT FOR
DISTRICT
NOS. 1 AND 3

Ross Weiser updated the Board on the 2018 Audit for District Nos. 1 and 3. He noted that the Audits were close to being completed. District No. 1 will require a 2018 budget amendment to the General Fund and District No. 3 will require a 2018 budget amendment to the Capital Projects Fund. Mr. Cockrel noted that the budget amendments will need to be adopted prior to taking final action on the Audits. The Boards will conduct public hearings on the 2018 budget amendments on June 26th and take action on the 2018 Audits following adoption of the budget amendments.

DEVELOPMENT
REPORT

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

Grasshoppers Landscaping and Lawn Services:

CO #1 to Work Order #4	\$6,410.00
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After discussion and upon motion duly made by Director Vaughn, seconded by Director Zink and unanimously carried, the Board of District No. 3 ratified and approved the Change Order as presented and appropriation of funds therefor.

ACCESS
EASEMENT
AGREEMENT

Mr. Penny presented the Access Easement Agreement which is attached hereto and incorporated herein by this reference, for ratification. Upon motion duly made by Director Zink, seconded by Director Penny and unanimously carried, the Board of District No. 3 ratified and approved the Access Easement Agreement.

POSTING
LOCATION
RESOLUTION

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 by Director Zink, seconded by Director Penny 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.


Respectfully submitted,

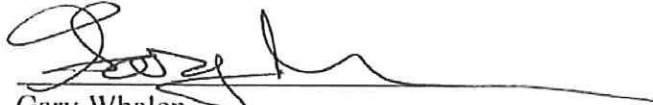


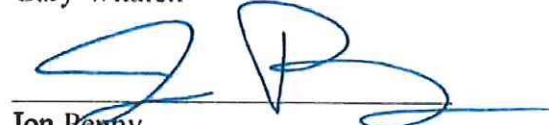
Sarah H. Luetjen, Secretary for the Meeting

APPROVED


Patrick Morrissey


Patrick S. Vaughn


Gary Whalen


Jon Renny


Tim Zink