

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

JUNE 26, 2019

A 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 65 Mercado Street, Suite 250, Durango, Colorado, on June 26, 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
Sarah H. Luetjen of Collins Cockrel & Cole, P.C. (“CCC”), via telephone

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 June 5, 2019 Regular Meeting. After discussion and upon motion duly made by Director Vaughn, seconded by Director Zink and unanimously carried, the minutes of the meeting were approved as revised.

2018 BUDGET
AMENDMENT

Chairman Morrissey opened the public hearing to consider an amendment of the 2018 Budget for District No. 1, after noting that notice of such hearing was published in accordance with statutory requirements. Chairman Morrissey then closed the public hearing. Chairman Morrissey presented the amended budget and reported the amendment is necessary due to a combination of a reduction in TABOR reserves and the receipt of an excess of specific ownership taxes. These expenditures exceeded 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 2018 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 2018 Budget for District No. 3, after noting that notice of such hearing was published in accordance with statutory requirements. Chairman Morrissey then closed the public hearing. 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. 3. After

discussion and upon motion duly made, seconded and unanimously carried, the Board adopted the Resolution to Amend 2018 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.

2018 AUDIT FOR
DISTRICT
NOS. 1 AND 3

Director Zink updated the Board on the 2018 Audit for District Nos. 1 and 3. The Audits were reviewed by the Boards. Upon further discussion, motion duly made, seconded and unanimously carried, the Board of each District respectively approved the Audit of the District, subject to any comment from legal counsel.

OTHER MATTERS

Director Whalen discussed the status of Little Free Libraries within the District. The committee heading the library project would like for the District to build, finance and maintain four Little Free Libraries within District property. The Board deferred the matter to Mr. Cockrel.

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


Tim Zink

THREE SPRINGS METROPOLITAN DISTRICT NO. 1
RESOLUTION TO AMEND 2018 BUDGET

WHEREAS, the Board of Directors of Three Springs Metropolitan District No. 1 adopted the budget and appropriated funds for the 2018 fiscal year as follows:

General Fund	\$929,863
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WHEREAS, additional expenditures in the General Fund are necessary resulting in expenditures in excess of appropriations for the 2018 fiscal year; and

WHEREAS, such additional expenditures are contingencies which could not have been reasonably foreseen at the time of adoption of the budget; and

WHEREAS, funds are available for such expenditures from unanticipated revenue (other than property taxes).

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Three Springs Metropolitan District No. 1 hereby adopts a supplemental budget and appropriation for the 2018 fiscal year as follows:

General Fund	\$1,011,926
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BE IT FURTHER RESOLVED, that such sums are hereby appropriated for expenditure from any available funds in the General Fund (and from transfers from the General Fund) in accordance with the provisions of §29-1-109, C.R.S.

Dated this 26th day of June, 2019.

THREE SPRINGS
METROPOLITAN DISTRICT NO. 1

By: 
Chairman

Attest:


Secretary

THREE SPRINGS METROPOLITAN DISTRICT NO. 3
RESOLUTION TO AMEND 2018 BUDGET

WHEREAS, the Board of Directors of Three Springs Metropolitan District No. 3 adopted the budget and appropriated funds for the 2018 fiscal year as follows:

Capital Projects Fund	\$858,674
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WHEREAS, additional expenditures in the Capital Projects Fund are necessary resulting in expenditures in excess of appropriations for the 2018 fiscal year; and

WHEREAS, such additional expenditures are contingencies which could not have been reasonably foreseen at the time of adoption of the budget; and

WHEREAS, funds are available for such expenditures from unanticipated revenue (other than property taxes).

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Three Springs Metropolitan District No. 3 hereby adopts a supplemental budget and appropriation for the 2018 fiscal year as follows:

Capital Projects Fund	\$930,000
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BE IT FURTHER RESOLVED, that such sums are hereby appropriated for expenditure from any available funds in the Capital Projects Fund (and from transfers from the Capital Projects Fund) in accordance with the provisions of §29-1-109, C.R.S.

Dated this 26th day of June, 2019.

THREE SPRINGS
METROPOLITAN DISTRICT NO. 3

By: 
Chairman

Attest:


Secretary