

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 4, 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 September 4, 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:

Paul R. Cockrel of Collins Cockrel & Cole, P.C. (“CCC”), via telephone
Sarah H. Luetjen of CCC, via telephone
Dan Brown, GF Properties Group, LLC (“GF Properties”)
Kim Morris, GF Properties
Brent Brown, GF Properties
Ross Wieser, Ross Wieser Consulting, 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 26, 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.

FINANCIAL
REPORT

Dan Brown presented the financial reports for each District and a summary of invoices totaling \$66,715.93 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 \$66,715.93 as set forth on the summary.

Ross Wieser then presented the July 31, 2019 financials for review.

PRELIMINARY
2020 BUDGET
REVIEW

Mr. Weiser then discussed the preliminary 2020 draft budget with the Board.

REQUEST FOR
PROPOSAL

Mr. Cockrel noted that the District will need a Financial Advisor to review District financials in advance of the District's refunding.

Director Zink will work with legal counsel on preparing a Request for Proposal for Financial Advisor Services.

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 #5	\$4,308.68
CO #2 to Work Order #5	\$4,907.50

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 Orders as presented and appropriation of funds therefor.

Brent Brown provided an update on the trails. Additional work is being completed and Trails 2000 will ask for compensation for improvements in the amount of \$5,000.00

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 2020. Upon motion duly made by Director Vaughn, seconded by Director Whalen and unanimously carried, the Board adopted such Resolution for each District, copies of which are attached hereto and incorporated herein by this reference

UPDATED CORA
POLICY
RESOLUTION

Ms. Luetjen reviewed the updated CORA Policy Resolutions. Following discussion and upon motion duly made by Director Zink, 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.

ONLINE NOTICE OF
PUBLIC MEETINGS

Ms. Luetjen then reviewed the Resolutions Authorizing Online Posting of Notice of Public Meetings. Ms. Luetjen noted that

legislation recently changed and now allows special districts to post full and timely notice of any public meeting (regular, special, or study sessions) no less than 24-hours prior to the meeting on the public website of the district. Following discussion and upon motion duly made by Director Vaughn, seconded by Director Zink and unanimously carried, the Board adopted such Resolution for each District, and designated www.threespringsdurango.com/residents-builders-businesses/metro-district/ as the website of the District, in which notices will be posted moving forward. Copies of each Resolution is attached hereto and incorporated herein by this reference.

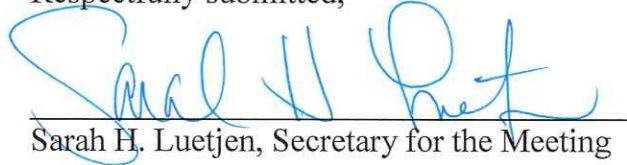
OTHER MATTERS

Mr. Cockrel discussed the Sanitation Easement and will revise and forward to the Board.

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