

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

DECEMBER 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 December 4, 2019 at 3:00 p.m.

ATTENDANCE

Directors in Attendance were:

Patrick Morrissey
Jon Penny
Tim Zink
Gary Whalen

Absent (excused):

Patrick S. Vaughn

Also in Attendance were:

Paul R. Cockrel of Collins Cockrel & Cole, P.C., via telephone
Sarah H. Luetjen of CCC, via telephone
Kim Morris, GF Properties, LLC ("GF Properties")
Brent Brown, GF Properties
Dan Brown, GF Properties
Ross Wieser, Ross Wieser Consulting, via telephone
Suzanne Serianni, Community Manager
Beth Johnson, GF Properties

CONFLICTS OF INTEREST

Ms. Luetjen 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.

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 November 6, 2019 Special Meeting. After discussion and upon motion duly made by Director Zink, seconded by Director Whalen and unanimously carried, the minutes of the meeting were approved as revised.

PUBLIC COMMENT

None.

FINANCIAL
REPORT

Dan Brown presented the financial reports for each District and a summary of invoices totaling \$38,256.08 for ratification and payment, which summary is attached hereto and incorporated herein by this reference. After discussion and upon motion duly made by Director Penny, seconded by Director Zink and unanimously carried, the Board of District No. 3 ratified and approved disbursements and payment of all invoices totaling \$38,256.08 as set forth on the summary.

Ross Wieser then reviewed the October 30, 2019 financials with the Board.

PUBLIC HEARING
ON 2020 BUDGET

Mr. Wieser presented the proposed budgets for the Districts for the 2020 fiscal year. Chair Morrissey opened the public hearing to consider the proposed 2020 budget of each District, after noting that the Notice Concerning Proposed Budgets had been published pursuant to statute. No member of the public was present or provided written comment, and the public hearing was closed.

Mr. Weiser reviewed the budgets for District Nos. 1, 2, 3 and 4 and after further discussion and upon motion duly made by Director Whalen, seconded by Director Penny and unanimously carried, the Board approved the 2020 fiscal year Budget of each District subject to receipt of final assessed valuation amounts, and adopted the Resolutions to Adopt Budget, Set Mill Levies and Appropriate Sums of Money, copies of which are attached hereto and incorporated herein by this reference

ENGAGEMENT OF
AUDITOR

Mr. Wieser then presented the engagement letters from Simmons & Wheeler, P.C. to conduct the audit of District Nos. 1 and 3 2019 financial statements. Following discussion and upon motion duly made by Director Zink, seconded by Director Whalen and unanimously carried, the Board approved the appointment of Simmons & Wheeler, P.C. to conduct the audit of District Nos. 1 and 3 financial statements.

OTHER MATTERS

Following discussion and upon motion duly made by Director Zink, seconded by Director Whalen and unanimously carried, the Board ratified and approved the fully executed Resolution to Amend the Service Plan of District No. 4.

DEVELOPMENT
REPORT

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

Grasshoppers Landscaping and Lawn Services:

Ratify CO #3 to Work Order #5 \$791.20

Short-Elliott-Hendrickson, Inc.

Approve CO #2 to Work Order #1 \$2,000.00

After discussion and upon motion duly made by Director Zink, seconded by Director Whalen and unanimously carried, the Board of District No. 3 ratified and approved the Change Orders as presented and appropriation of funds therefor.

Tim Zink discussed gate issues with the Board. Mr. Cockrel stated that a form agreement could be entered into with homeowners to provide access from backyards to the pocket park. A License Agreement will be needed to address maintenance. The property owners will cover all costs of construction and maintenance of the gates. Upon motion duly made by Director Zink, seconded by Director Gary Whalen and unanimously carried the Board approved access permits and the installation of the gates provided for President Morrissey's review and approval.

OTHER MATTERS

Brent Brown then discussed landscaping proposals received from Azteca and Grasshopper. The Azteca proposal was about \$15,000 less. The Board then discussed 2020 maintenance and snow removal needs. Upon motion duly made by Director Zink, seconded by Director Whalen and unanimously carried, the Board approved the landscape proposal from Azteca and snow removal proposal from Fastrack Construction, Inc.

Mr. Brown then informed the Board that water usage is up and there has been an increase in consumption of 20% from 2018 to 2019 due to managing more parks and also an underground leak of the water feature.

EIGHTH
AMENDMENT OF
ACQUISITION AND
REIMBURSEMENT
AGREEMENT

Director Penny discussed the proposed Eighth 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 Director Whalen abstaining, and upon motion duly, seconded and carried, the Board of District No. 3 approved the Eighth Amendment to the Acquisition and Reimbursement Agreement, a copy of which is attached hereto and incorporated herein by this reference.

AMENDED AND
RESTATED
BYLAWS

Ms. Luetjen presented the Amended and Restated Bylaws. After discussion and upon motion duly made by Director Zink, seconded by Director Penny and unanimously carried, the Board approved the Amended and Restated Bylaws, a copy of which is attached hereto and incorporated herein by this reference.

MAY 5, 2020
ELECTION
RESOLUTIONS

Ms. Luetjen summarized the election proceedings and deadlines for the May 5, 2020 regular Board of Directors election and presented the Election Resolutions for each District, calling for the election. Upon motion duly made by Director Penny, seconded by President Morrissey and unanimously carried, the Board adopted such Resolutions for each District, copiers of which are attached hereto and incorporated herein by this reference.

2020 MEETING
DATES

The Board then discussed 2020 meeting dates and noted that the Districts will meet on the first Wednesday of the third month of the year, except for December in which they will meet on the second Wednesday.

MEETING
ADJOURNED

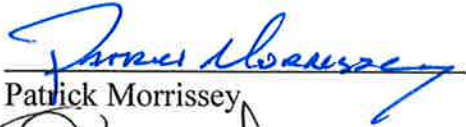
There being no further business to come before the Board at this time, the meeting was adjourned.

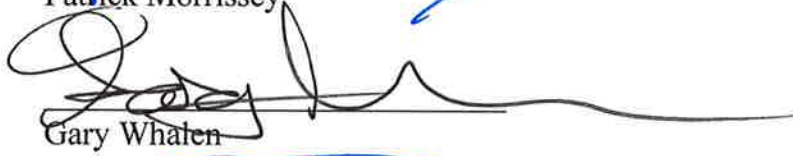
Respectfully submitted,



Sarah H. Luetjen, Secretary for the Meeting

APPROVED


Patrick Morrissey


Gary Whalen


Jon Penny


Tim Zink