

**ANNUAL REPORT FOR CALENDAR YEAR 2021
THREE SPRINGS METROPOLITAN DISTRICT NO. 2**

TO: The City Clerk
City of Durango
State of Colorado

The following information and documents (attached as exhibits) are provided for the above-referenced calendar year pursuant to Section XI of the Service Plan of the Three Springs Metropolitan District No. 2 (the “District”) approved by the City Council of the City of Durango and filed with the District Court and City Clerk:

1. Budget.

Attached as **Exhibit A** are the 2021 and 2022 fiscal year budgets.

2. Construction Schedules and Capital Improvement Programs for Current Fiscal Year.

None. All construction work is performed by Three Springs Metropolitan District No. 3 (“District No. 3”).

3. Audited Financial Statements.

Attached as **Exhibit B** is the District’s Application for Exemption from Audit for the year ended December 31, 2021.

4. Total Debt Authorized and Remaining Debt Authorized and Intended to be Issued.

The District has debt authorized in the total amount of \$38,000,000. No debt has been issued by the District as of December 31, 2021. The authorization date for the debt is May 2, 2006.

5. Name and Address/Telephone Number of District’s Contact Person and Names and Terms of Members of Board of Directors and its Officers.

Attached as **Exhibit C** is the contact information requested and the terms of the members of the Board of Directors, as of the date of this report.

6. Bylaws, Rules and Regulations of the District Regarding Bidding, Conflict of Interest, Contracting and Other Government Matters.

The District's bylaws were filed with the District's 2007 Annual Report. The District's amended and restated bylaws were filed with the District's 2020 Annual Report. Attached as **Exhibit D** are the current conflict of interest disclosures for all directors.

7. Intergovernmental Agreements.

- Intergovernmental Agreement for Colorado Special Districts Property and Liability Pool dated May 31, 2006 regarding rights and obligations of membership in insurance pool. Term: Until terminated.
- On January 1, 2007, the District, Three Springs Metropolitan District No. 1 ("District No. 1") and District No. 3 (together with the District, District No. 3 and District No. 1, the "Districts") entered into the Inter-District Construction and Service Agreement and the Inter-District Financing Agreement, which were filed with the District's 2007 Annual Report. On May 21, 2010, the Districts entered into the First Amendment of Inter-District Financing Agreement, which First Amendment was included in the District's 2020 Annual Report. On December 9, 2020, District No. 1, the Districts entered into the Second Amendment of the Inter-District Financing Agreement, which Second Amendment was included in the District's 2020 Annual Report.

8. Official Statements of Outstanding Bonded Indebtedness if not Already Received by the City.

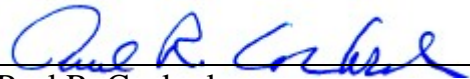
The District has not issued any bonds.

9. The Service Plan.

The Service Plan was filed with the 2007 Annual Report.

Respectfully submitted this 27th day of July, 2022.

COCKREL ELA GLESNE GREHER &
RUHLAND, A Professional Corporation

By: 
Paul R. Cockrel
Attorney for Three Springs
Metropolitan District No. 2

cc: Board of Directors, Three Springs Metropolitan District No. 2
Colorado Division of Local Government
Colorado State Auditor

EXHIBIT A

2021 AND 2022 FISCAL YEAR BUDGETS

[See Attached]

Three Springs Metropolitan Districts No. 1, No. 2, No. 3 & No. 4

Final Budget

For the Year Ending December 31, 2021

Approved

December 9, 2020

Three Springs Metropolitan Districts No. 1, No. 2, No. 3 and No. 4

Final Budgets

For the Year Ending December 31, 2021

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Three Springs Metropolitan Districts No. 1, No. 2, No. 3 and No. 4

Final Budgets

For the Year Ending December 31, 2021

Budget Message

Purposes of the Districts

Three Springs Metropolitan Districts No.1, No. 2, No. 3 & No. 4 were organized to provide certain parks, recreation, and drainage facilities for the mixed uses development project known as “Three Springs”, consisting of 681 acres of land in Durango, Colorado. Three Springs Metropolitan District No. 1 contains all property within Village I of the development (except the regional hospital, acute treatment center and medical office building). Three Springs Metropolitan District No. 2 contains all property within Village II of the development. As the management and control district, Three Springs Metropolitan District No. 3 is responsible for managing, implementing and coordinating the financing, acquisition, construction, and/or operation of certain infrastructure and services throughout the Development, including parks recreation and related drainage facilities. Three Springs Metropolitan District No. 4 contains all property within Three Springs Crossing of the development.

The developer, GRVP, LLC, has advanced funds to District No. 3 necessary to fund the costs of acquisition, construction and/or improvements. District No. 3 issued bonds in 2010 to partially reimburse the developer for these advances. District No. 1 issued bonds in 2020 to refinance the 2010 bonds and to make reimbursement to GRVP, LLC for capital improvements. District No. 4 issued bonds in 2020 to fund capital improvements. District No. 1 and District No. 4 pay part of their tax collections over to District 3 to fund operational expenses and retain the remainder for debt service on the new bonds. District No. 2 pays all of its tax collections to District No. 3 to fund operations. Operations include administration, operation and maintenance of improvements which are not transferred to the City of Durango.

The Districts have in place agreements among the Districts and with the developer, GRVP, LLC that govern responsibilities and obligations for operations and construction of improvements.

Summary of Significant Assumptions

Property Taxes

The primary source of revenue for Districts No. 1, No. 2 and No. 4 are property taxes. The adopted mill levy for District No. 1 is 53.273 and is allocated 5.000 mills for operations and 48.273 mills for debt service. Mill levies for Districts No.2 and No. 4 are 50 mills. The District

No. 2 mill levy is allocated 100% for operations. The District No. 4 mill levy will be allocated 5 mills for operations and 45 mills for debt service. District No. 3 does not levy any property taxes.

Specific Ownership Taxes

This revenue is based on a sharing of the collection of vehicle ownership taxes pooled by La Plata County.

Medical Office Building Fees

This fee is based upon an agreement with the Medical Office Building (MOB) on the campus of the Mercy Regional Medical Center. Due to the fact that the MOB is located within the service area of District No. 1 (but not included within District No. 1), District Nos. 1 and 3 have entered into an agreement to bill the MOB for the various services that they are provided. The amount of the revenue is established by contract.

Administrative Expenditures

Administrative expenditures have been assumed, generally, to be at the same level of required services.

Capital Outlay

During the entire scope of the development the capital outlay expenditures planned by the Districts include certain parks and related improvements, trail construction, drainage improvements and other items outlined in the Service Plans. These expenditures are budgeted in the capital projects fund of District No. 3.

Debt Service

District No. 3 issued \$16.9 million of debt in 2010. This debt was refunded in December 2020 with debt issued by District No. 1. The debt service funds of District No. 1 and District No. 4 reflect principal and interest payments on their respective debt.

Emergency Reserve

The Districts have provided for emergency reserves equal to at least 3% of fiscal year spending for 2021, as defined under TABOR, which are part of the general fund ending fund balances for each respective District.

Leases

District No 3 entered into a lease agreement with GRVP, LLC on the 7th day of February, 2017 for a property to be used for a public park.

Budget Modifications

Appropriations for the budget are adopted on a total fund basis. The Board of Directors may transfer any unencumbered appropriation balance or a portion thereof from one classification or expenditure to another within a fund. The budgets are adopted on the modified accrual basis of accounting. Appropriations lapse at the end of the year.

THREE SPRINGS METROPOLITAN DISTRICT NO. 2

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET

Budget 2021

GENERAL FUND

				2020				
	2017	2018	2019	Budget	August YTD	Over (Under) Budget	2020	Projected Budget 2021
Beginning Fund Balance	\$ 5,407	\$ 5,407	\$ 5,407	\$ 11	11	\$ -	\$ 11	\$ 7
Revenues and Other Sources								
Property taxes								
Operations	15,800	7,342	12,561	7,903	7,903	-	7,903	6,988
Specific ownership taxes	1,795	871	1,230	632	563	(69)	632	559
Interest income	-	-	-	-	-	-	-	-
Total Revenues and Other Sources	23,002	13,620	19,197	8,546	8,476	(69)	8,546	7,554
Expenditures and Other Uses								
Transfers to District No. 3								
Operations	17,121	7,993	18,809	8,302	8,228	(74)	8,302	7,331
Treasurers fees	474	220	377	237	237	0	237	210
Total Expenditures and Other Uses	17,595	8,213	19,186	8,539	8,465	(73)	8,539	7,540
Ending Fund Balance	\$ 5,407	\$ 5,407	\$ 11	\$ 7	\$ 11	\$ 4	\$ 7	\$ 13

Three Springs Metropolitan Districts No. 1, No. 2, No. 3 & No. 4

Final Budget

For the Year Ending December 31, 2022

Approved

December 8, 2021

Three Springs Metropolitan Districts No. 1, No. 2, No. 3 and No. 4

Final Budgets

For the Year Ending December 31, 2022

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For the Year Ending December 31, 2022

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The primary source of revenue for Districts No. 1, No. 2 and No. 4 are property taxes. The adopted mill levy for District No. 1 is 53.482 and is allocated 5.348 mills for operations and 48.134 mills for debt service. Mill levies for Districts No. 2 and No. 4 are 50 mills. The District No. 2 mill levy is allocated 100% for operations. The District No. 4 mill levy will be allocated 5

mills for operations and 45 mills for debt service. District No. 3 does not levy any property taxes.

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THREE SPRINGS METROPOLITAN DISTRICT NO. 2
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
Budget 2022
GENERAL FUND

	2017	2018	2019	2020	2021 Budget	2021 October YTD	2021 Over (Under) Budget	2021 Estimated Totals for 2021	Budget 2022
Beginning Fund Balance	\$ 5,407	\$ 5,407	\$ 5,407	\$ 11	\$ 7	11	\$ 4	\$ 11	\$ 6
Revenues and Other Sources									
Property taxes									
Operations	15,800	7,342	12,561	7,903	6,988	6,988	0	6,988	5,718
Specific ownership taxes	1,795	871	1,230	847	559	663	104	796	572
Total Revenues and Other Sources	23,002	13,620	19,197	8,761	7,554	7,662	108	7,795	6,296
Expenditures and Other Uses									
Transfers to District No. 3									
Operations	17,121	7,993	18,809	8,512	7,331	7,441	110	7,579	6,119
Treasurers fees	474	220	377	237	210	210	0	210	172
Total Expenditures and Other Uses	17,595	8,213	19,186	8,749	7,540	7,651	111	7,789	6,290
Ending Fund Balance	\$ 5,407	\$ 5,407	\$ 11	\$ 11	\$ 13	\$ 11	\$ (2)	\$ 6	\$ 5
							Tabor calc	6	5

EXHIBIT B

APPLICATION FOR EXEMPTION FROM AUDIT

[See Attached]

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

NAME OF GOVERNMENT
ADDRESS

Three Springs Metropolitan District No. 2
65 Mercado Street, Suite 250
Durango, CO 81301

For the Year Ended
12/31/21
or fiscal year ended:

CONTACT PERSON
PHONE
EMAIL
FAX

Tim Zink
970-764-6458
tzink@sugf.com


PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:
TITLE
FIRM NAME (if applicable)
ADDRESS
PHONE
DATE PREPARED

John W. Simmons
District Accountant
Simmons & Wheeler, P.C.
304 Inverness Way South, Suite 490, Englewood, CO 80112
303-689-0833
3/1/2022

PREPARER (SIGNATURE REQUIRED)


John W. Simmons (Mar 30, 2022 15:06 EDT)

Please indicate whether the following financial information is recorded
using Governmental or Proprietary fund types

GOVERNMENTAL
(MODIFIED ACCRUAL BASIS)



PROPRIETARY
(CASH OR BUDGETARY BASIS)



PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ 6,988	
2-2	Specific ownership	\$ 791	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ 7,779	

PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ -	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ -	
3-7	Accounting and legal fees	\$ -	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Capital outlay	\$ -	
3-15	Utility operations	\$ -	
3-16	Culture and recreation	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):		
3-24	Treasurer's Fee	\$ 210	
3-25	Transfer to Three Springs Metropolitan District No. 3	\$ 7,330	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ 7,540	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

		Yes	No																																								
4-1	Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input type="checkbox"/>	<input checked="" type="checkbox"/>																																								
4-2	Is the debt repayment schedule attached? If no, MUST explain:	<input type="checkbox"/>	<input checked="" type="checkbox"/>																																								
	N/A																																										
4-3	Is the entity current in its debt service payments? If no, MUST explain:	<input type="checkbox"/>	<input checked="" type="checkbox"/>																																								
	N/A																																										
4-4	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)</th> <th style="width: 10%;">Outstanding at end of prior year*</th> <th style="width: 10%;">Issued during year</th> <th style="width: 10%;">Retired during year</th> <th style="width: 10%;">Outstanding at year-end</th> </tr> </thead> <tbody> <tr> <td>General obligation bonds</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Revenue bonds</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Notes/Loans</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Leases</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Developer Advances</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Other (specify):</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> </tbody> </table>	Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)	Outstanding at end of prior year*	Issued during year	Retired during year	Outstanding at year-end	General obligation bonds	\$ -	\$ -	\$ -	\$ -	Revenue bonds	\$ -	\$ -	\$ -	\$ -	Notes/Loans	\$ -	\$ -	\$ -	\$ -	Leases	\$ -	\$ -	\$ -	\$ -	Developer Advances	\$ -	\$ -	\$ -	\$ -	Other (specify):	\$ -	\$ -	\$ -	\$ -	TOTAL	\$ -	\$ -	\$ -	\$ -		
Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)	Outstanding at end of prior year*	Issued during year	Retired during year	Outstanding at year-end																																							
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Leases	\$ -	\$ -	\$ -	\$ -																																							
Developer Advances	\$ -	\$ -	\$ -	\$ -																																							
Other (specify):	\$ -	\$ -	\$ -	\$ -																																							
TOTAL	\$ -	\$ -	\$ -	\$ -																																							

*must tie to prior year ending balance

Please answer the following questions by marking the appropriate boxes.

		Yes	No
4-5	Does the entity have any authorized, but unissued, debt?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If yes:	How much?		
	\$ 38,000,000.00		
	Date the debt was authorized:		
	5/2/2006		
4-6	Does the entity intend to issue debt within the next calendar year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	How much?		
	\$ -		
4-7	Does the entity have debt that has been refinanced that it is still responsible for?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	What is the amount outstanding?		
	\$ -		
4-8	Does the entity have any lease agreements?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	What is being leased?		
	What is the original date of the lease?		
	Number of years of lease?		
	Is the lease subject to annual appropriation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	What are the annual lease payments?		
	\$ -		

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

		Amount	Total
5-1	YEAR-END Total of ALL Checking and Savings Accounts	\$ 285	
5-2	Certificates of deposit	\$ -	
	Total Cash Deposits		\$ 285
	Investments (if investment is a mutual fund, please list underlying investments):		
		\$ -	
		\$ -	
5-3		\$ -	
		\$ -	
	Total Investments		\$ -
	Total Cash and Investments		\$ 285

Please answer the following questions by marking in the appropriate boxes

		Yes	No	N/A
5-4	Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5-5	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes

No

6-1 Does the entity have capital assets?

☐
☒

6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, MUST explain:

☐
☒

N/A

6-3 Complete the following capital assets table:

	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

7-1 Does the entity have an "old hire" firefighters' pension plan?

☐
☒

7-2 Does the entity have a volunteer firefighters' pension plan?

☐
☒

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):

\$ -

State contribution amount:

\$ -

Other (gifts, donations, etc.):

\$ -

TOTAL

\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?

\$ -

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

N/A

8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.?

☒
☐
☐

8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain:

☒
☐
☐

If yes: Please indicate the amount budgeted for each fund for the year reported:

Governmental/Proprietary Fund Name	Total Appropriations By Fund
General Fund	\$ 7,540

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes

No

9-1 Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?

Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

☒
☐

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

10-1 Is this application for a newly formed governmental entity?

☐
☒

If yes: Date of formation:

10-2 Has the entity changed its name in the past or current year?

☐
☒

If yes: Please list the NEW name & PRIOR name:

10-3 Is the entity a metropolitan district?

☒
☐

Please indicate what services the entity provides:

Parks, recreation and drainage improvements

10-4 Does the entity have an agreement with another government to provide services?

☒
☐

If yes: List the name of the other governmental entity and the services provided:

Three Springs MD No. 3 provides all administrative, operational & capital services

10-5 Has the district filed a *Title 32, Article 1 Special District Notice of Inactive Status* during

If yes: Date Filed:

☐
☒

10-6 Does the entity have a certified Mill Levy?

☒
☐

If yes: Please provide the following mills levied for the year reported (do not report \$ amounts):

Bond Redemption mills

General/Other mills

Total mills

	-
	50.000
	50.000

Please use this space to provide any explanations or comments:

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box		YES	NO
12-1	If you plan to submit this form electronically, have you read the new Electronic Signature Policy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, **or**
 - b. Include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below. Print Board Member's Name		A <u>MAJORITY</u> of the members of the governing body must complete and sign in the column below.
Board Member 1	Patrick Morrissey	I Patrick Morrissey , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Patrick Morrissey</u> Date: Mar 30, 2022 My term Expires: May 2022
Board Member 2	Patrick S. Vaughn	I Patrick S. Vaughn , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: May 2022
Board Member 3	Brien Meyer	I Brien Meyer , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Brien Meyer</u> Date: Mar 30, 2022 My term Expires: May 2022
Board Member 4	Jon Penny	I Jon Penny , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Jon Penny</u> Date: Mar 30, 2022 My term Expires: May 2022
Board Member 5	Tim Zink	I Tim Zink , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Tim Zink</u> Date: Mar 30, 2022 My term Expires: May 2023
Board Member 6		I _____ , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 7		I _____ , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____












Three Springs #2 2021

Final Audit Report

2022-03-30

Created:	2022-03-30
By:	Joy Taton (joy@simmonswheeler.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAwrTsrcu2xTofcbV8xNI82NhENhdgDLDO

"Three Springs #2 2021" History

-  Document created by Joy Taton (joy@simmonswheeler.com)
2022-03-30 - 7:01:52 PM GMT- IP address: 174.63.190.34
-  Document emailed to Patrick Morrissey (pmorrissey@sugf.com) for signature
2022-03-30 - 7:03:54 PM GMT
-  Document emailed to Tim Zink (tzink@sugf.com) for signature
2022-03-30 - 7:03:54 PM GMT
-  Document emailed to Jon Penny (jpenny@sugf.com) for signature
2022-03-30 - 7:03:54 PM GMT
-  Document emailed to Brien Meyer (bmeyer@sugf.com) for signature
2022-03-30 - 7:03:54 PM GMT
-  Document emailed to John Simmons (john@simmonswheeler.com) for signature
2022-03-30 - 7:03:54 PM GMT
-  Email viewed by Brien Meyer (bmeyer@sugf.com)
2022-03-30 - 7:04:41 PM GMT- IP address: 206.123.206.156
-  Email viewed by John Simmons (john@simmonswheeler.com)
2022-03-30 - 7:04:44 PM GMT- IP address: 172.225.251.222
-  Document e-signed by Brien Meyer (bmeyer@sugf.com)
Signature Date: 2022-03-30 - 7:05:17 PM GMT - Time Source: server- IP address: 206.123.206.156
-  Email viewed by Tim Zink (tzink@sugf.com)
2022-03-30 - 7:06:00 PM GMT- IP address: 206.123.206.156
-  Document e-signed by John Simmons (john@simmonswheeler.com)
Signature Date: 2022-03-30 - 7:06:29 PM GMT - Time Source: server- IP address: 24.129.165.236

 Email viewed by Patrick Morrissey (pmorrissey@sugf.com)

2022-03-30 - 7:13:38 PM GMT- IP address: 107.77.231.7

 Email viewed by Jon Penny (jpenny@sugf.com)


2022-03-30 - 7:14:43 PM GMT- IP address: 206.123.206.156

 Document e-signed by Jon Penny (jpenny@sugf.com)

Signature Date: 2022-03-30 - 7:15:25 PM GMT - Time Source: server- IP address: 206.123.206.156

 Document e-signed by Patrick Morrissey (pmorrissey@sugf.com)

Signature Date: 2022-03-30 - 7:16:58 PM GMT - Time Source: server- IP address: 206.123.206.156

 Document e-signed by Tim Zink (tzink@sugf.com)

Signature Date: 2022-03-30 - 8:29:32 PM GMT - Time Source: server- IP address: 206.123.206.156

 Agreement completed.

2022-03-30 - 8:29:32 PM GMT

EXHIBIT C

CONTACT INFORMATION

Contact Person

Tim Zink
c/o GF Properties Group, LLC
65 Mercado Street, Suite 250
Durango, CO 81301
(970) 385-7770

Board of Directors

Tim Zink, President/Chairman
Term Expires May 2023

Kim Morris, Secretary
Term Expires May 2025

Brien Meyer, Treasurer
Term Expires May 2023

Jon Penny, Vice President/Assistant Secretary/Treasurer
Term Expires May 2025

Patrick Morrissey, Vice President/Assistant Secretary/Treasurer
Term Expires May 2025

EXHIBIT D

DISCLOSURES OF CONFLICTS OF INTEREST

[See Attached]

**TIM ZINK
C/O GRVP, LLC
65 MERCADO STREET, SUITE 250
DURANGO, CO 81301**

May 11, 2021

Board of Directors
Three Springs Metropolitan District Nos. 1, 2, 3 and 4
65 Mercado Street, Suite 250
Durango, Colorado 81301

Honorable Jena Griswold
Colorado Secretary of State
1700 Broadway, Suite 270
Denver, Colorado 80290

**Re: Disclosure of Conflict of Interest
Three Springs Metropolitan District Nos. 1, 2, 3 and 4**

Dear Board Members and Honorable Secretary of State:

I, Tim Zink, am a Director and Treasurer of the Three Springs Metropolitan District Nos. 1, 2, 3 and 4 (“**Districts**” or individually, “**District No. 1**, **District No. 2**, **District No. 3** or **District No. 4**” as applicable) located in the City of Durango (“**City**”), La Plata County, Colorado. I also am employed by GF Properties Group, LLC (“**GFP**”), a Colorado limited liability company, which is affiliated with GRVP, LLC (“**GRVP**”), a Colorado limited liability company. GRVP is the owner and master developer of all or a significant share of the developable real property within each of the Districts. Additionally, I am an authorized representative of Tierra Vision Homes, LLC; GFP Mercado, LLC; and GFP 3S Apartments, LLC, related entities which own or will own and improve properties within the Districts. GFP is directly owned, and GRVP is indirectly owned, by the Southern Ute Indian Tribe (the “**Tribe**”). The Tribe is the sole member of GFMC, LLC (“**GFMC**” and together with GFP and GRVP, the “**Companies**”), and GFMC is the manager of both GFP of GRVP. I am regularly authorized by GFMC to carry out various management activities of the Companies. Although I am an employee of GFP, and an officer or agent of the Companies, I am not an owner or creditor of the Companies or the Tribe, nor do I have any other substantial financial interest in the Companies or the Tribe.

There are various agreements between the Districts and one or more of the Companies. Among others, GFP acts as the construction manager for various infrastructure development activities of the Districts, which services are performed pursuant to the Management Services Agreement dated January 1, 2007 between GF Development Group, LLC and District No. 3, which has been since assigned and the current assignee is GFP. GRVP provides financing for the District’s infrastructure

Board of Directors
Honorable Jena Griswold
May 11, 2021
Page 2

development activities pursuant to the Funding Agreement dated June 16, 2006 between GRVP and District No. 3 and the Acquisition and Reimbursement Agreement dated May 1, 2007 between GRVP and District No. 3, as subsequently amended (together, the “**Agreements**”).

The Districts were created to construct and finance public improvements, as more specifically set forth in their respective Service Plans, and have been approved for such purposes by the Districts’ electors, the City and the District Court. The Districts have and/or will issue bonds or notes, and have incurred and/or will incur other financial obligations as hereinafter set forth, the proceeds of which will be used for public purposes, including the completion and/or acquisition and reimbursement of the costs of public infrastructure improvements and the reimbursement of funds advanced for such purposes to the Districts by the Companies or affiliated entities.

The Board of Directors of District No. 3 (“**Board of District No. 3**”) has previously issued the District No. 3 Limited Property Tax Supported Revenue Bonds, Series 2010 (“**Series 2010 Bonds**”) in the principal amount of \$16,900,000, the proceeds of which were used to reimburse money advances made, or the costs of completion of certain public infrastructure improvements funded by GRVP pursuant to the Agreements, for which appropriate disclosures were made at the time.

The Board of District No. 3 has also issued the District No. 3 Junior Revenue Note, Series 2013 (“**Series 2013 Note**”) to GRVP in a principal amount not to exceed \$7,900,000, the proceeds of which were used to reimburse money advances made, or the costs of completion of certain public infrastructure improvements funded by GRVP pursuant to the Agreements, for which appropriate disclosures were made at the time. The Board of District No. 3 subsequently issued the District No. 3 Second Revised Junior Revenue Note, Series 2013 (“**Second Revised Series 2013 Note**”) to GRVP increasing the principal amount of the Series 2013 Note to an amount not to exceed \$11,500,000, the proceeds of which have been used to reimburse GRVP for costs incurred in completing additional public infrastructure improvements in accordance with the Agreements, for which appropriate disclosures were made at the time. The Board of District No. 3 subsequently issued the District No. 3 Third Revised Junior Revenue Note, Series 2013 (“**Third Revised Series 2013 Note**”) to GRVP in a principal amount not to exceed \$11,500,000 for purposes of replacing the Second Revised Series 2013 Note, for which appropriate disclosures were made at the time.

The Board of District No. 3 has also previously issued the District No. 3 Junior Revenue Note, Series 2020 (“**Series 2020 Note**”) to GRVP in a principal amount not to exceed \$7,600,000, the proceeds of which were or will be used to repay and/or reimburse certain money advances made for debt service and operating purposes by GRVP pursuant

Board of Directors
Honorable Jena Griswold
May 11, 2021
Page 3

to the Agreements and a Guaranty Agreement supporting the Series 2010 Bonds, for which appropriate disclosures were made at the time.

In addition to the District No. 3 obligations set forth above, the Board of Directors of District No. 1 (“**Board of District No. 1**”) has previously issued the District No. 1 Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2020A (“**District No. 1 Series 2020A Refunding Bonds**”) in the principal amount of \$19,000,000, the proceeds of which were used to (i) refund the Series 2010 Bonds in full and (ii) repay a portion of the Second Revised Series 2013 Note, for which appropriate disclosures were made at the time.

The Board of District No. 1 has also previously issued the District No. 1 Subordinate Limited Tax General Obligation Refunding Bonds, Series 2020B (“**District No. 1 Series 2020B Refunding Bonds**”) in the principal amount of \$6,750,000, the proceeds of which were used to repay a portion of the Second Revised Series 2013 Note, for which appropriate disclosures were made at the time.

Further, the Board of Directors of District No. 4 (“**Board of District No. 4**”) has previously issued the District No. 4 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A (“**District No. 4 Series 2020A Bonds**”) on a drawdown basis in the principal amount of \$3,600,000, the proceeds of which were or will be used to (i) reimburse money advances made, or the costs of completion of certain public infrastructure improvements funded by GRVP pursuant to the Agreements and (ii) repay a portion of the Third Revised Series 2013 Note, for which appropriate disclosures were made at the time.

I believe that significant economic benefits have, and will be, received by the Districts under the Agreements, which have previously been disclosed and are being made in accordance with the terms of the Agreements as intended. My relationships with the Districts and the Companies, and the financial benefit resulting specifically from the Districts’ reimbursements to GRVP under the Agreements and/or from proceeds of the Districts’ bonds may, however, constitute a potential conflict of interest for me under State law necessitating this disclosure, including without limitation any action which I may take with respect to the approval and authorization of the acquisition and reimbursement of the costs of completion of such additional public infrastructure improvements and the repayment to GRVP and the Companies of funding advances made pursuant to the Agreements.

This disclosure is being made in accordance with the conflict of interest statutes, particularly Article 18 of Title 24, C.R.S. and §§32-1-902(3) and 18-8-308, C.R.S., and is intended to constitute both (i) a general disclosure of any potential conflict of interest and

Board of Directors
Honorable Jena Griswold
May 11, 2021
Page 4

(ii) a specific disclosure of any potential conflict of interest on my part with respect to the pending actions in full compliance with the requirements of State law. The foregoing disclosure shall be effective and continuing for all purposes until I advise the Boards of Directors of the Districts and the Colorado Secretary of State in writing of any changes in my status as disclosed herein.

Respectfully submitted,

By  
-9A415BE9CFC944A...
Tim Zink

**JON PENNY
C/O GRVP, LLC
65 MERCADO STREET, SUITE 250
DURANGO, CO 81301**

May11, 2021

Board of Directors
Three Springs Metropolitan District Nos. 1, 2, 3 and 4
65 Mercado Street, Suite 250
Durango, Colorado 81301

Honorable Jena Griswold
Colorado Secretary of State
1700 Broadway, Suite 270
Denver, Colorado 80290

**Re: Disclosure of Conflict of Interest
Three Springs Metropolitan District Nos. 1, 2, 3 and 4**

Dear Board Members and Honorable Secretary of State:

I, Jon Penny, am a Director and Secretary of the Three Springs Metropolitan District Nos. 1, 2, 3 and 4 (“**Districts**”) located in the City of Durango (“**City**”), La Plata County, Colorado. I also am employed by GF Properties Group, LLC (“**GFP**”), a Colorado limited liability company, which is affiliated with GRVP, LLC (“**GRVP**”), a Colorado limited liability company. GRVP is the owner and master developer of all or a significant share of the developable real property within each of the Districts. Additionally, I am an authorized representative of Tierra Vision Homes, LLC; GFP Mercado, LLC; and GFP 3S Apartments, LLC, related entities which own or will own and improve properties within the Districts. GFP is directly owned, and GRVP is indirectly owned, by the Southern Ute Indian Tribe (the “**Tribe**”). The Tribe is the sole member of GFMC, LLC (“**GFMC**” and together with GFP and GRVP, the “**Companies**”), and GFMC is the manager of both GFP and GRVP. I am regularly authorized by GFMC to carry out various management activities of the Companies. Although I am an employee of GFP, and an officer or agent of the Companies, I am not an owner or creditor of the Companies or the Tribe, nor do I have any other substantial financial interest in the Companies or the Tribe.

There are various agreements between the Districts and one or more of the Companies. Among others, GFP acts as the construction manager for various infrastructure development activities of the Districts, which services are performed pursuant to the Management Services Agreement dated January 1, 2007 between GF Development Group, LLC and District No. 3, which has been since assigned and the current assignee is GFP. GRVP provides financing for the District’s infrastructure development activities pursuant to the Funding Agreement dated June 16, 2006 between

Board of Directors
Honorable Jena Griswold
May 11, 2021
Page 2

GRVP and District No. 3 and the Acquisition and Reimbursement Agreement dated May 1, 2007 between GRVP and District No. 3, as subsequently amended (together, the “**Agreements**”).

The Districts were created to construct and finance public improvements, as more specifically set forth in their respective Service Plans, and have been approved for such purposes by the Districts’ electors, the City and the District Court. The Districts have and/or will issue bonds or notes, and have incurred and/or will incur other financial obligations as hereinafter set forth, the proceeds of which will be used for public purposes, including the completion and/or acquisition and reimbursement of the costs of public infrastructure improvements and the reimbursement of funds advanced for such purposes to the Districts by the Companies or affiliated entities.

The Board of Directors of District No. 3 (“**Board of District No. 3**”) has previously issued the District No. 3 Limited Property Tax Supported Revenue Bonds, Series 2010 (“**Series 2010 Bonds**”) in the principal amount of \$16,900,000, the proceeds of which were used to reimburse money advances made, or the costs of completion of certain public infrastructure improvements funded by GRVP pursuant to the Agreements, for which appropriate disclosures were made at the time.

The Board of District No. 3 has also issued the District No. 3 Junior Revenue Note, Series 2013 (“**Series 2013 Note**”) to GRVP in a principal amount not to exceed \$7,900,000, the proceeds of which were used to reimburse money advances made, or the costs of completion of certain public infrastructure improvements funded by GRVP pursuant to the Agreements, for which appropriate disclosures were made at the time. The Board of District No. 3 subsequently issued the District No. 3 Second Revised Junior Revenue Note, Series 2013 (“**Second Revised Series 2013 Note**”) to GRVP increasing the principal amount of the Series 2013 Note to an amount not to exceed \$11,500,000, the proceeds of which have been used to reimburse GRVP for costs incurred in completing additional public infrastructure improvements in accordance with the Agreements, for which appropriate disclosures were made at the time. The Board of District No. 3 subsequently issued the District No. 3 Third Revised Junior Revenue Note, Series 2013 (“**Third Revised Series 2013 Note**”) to GRVP in a principal amount not to exceed \$11,500,000 for purposes of replacing the Second Revised Series 2013 Note, for which appropriate disclosures were made at the time.

The Board of District No. 3 has also previously issued the District No. 3 Junior Revenue Note, Series 2020 (“**Series 2020 Note**”) to GRVP in a principal amount not to exceed \$7,600,000, the proceeds of which were or will be used to repay and/or reimburse certain money advances made for debt service and operating purposes by GRVP pursuant

Board of Directors
Honorable Jena Griswold
May 11, 2021
Page 3

to the Agreements and a Guaranty Agreement supporting the Series 2010 Bonds, for which appropriate disclosures were made at the time.

In addition to the District No. 3 obligations set forth above, the Board of Directors of District No. 1 (“**Board of District No. 1**”) has previously issued the District No. 1 Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2020A (“**District No. 1 Series 2020A Refunding Bonds**”) in the principal amount of \$19,000,000, the proceeds of which were used to (i) refund the Series 2010 Bonds in full and (ii) repay a portion of the Second Revised Series 2013 Note, for which appropriate disclosures were made at the time.

The Board of District No. 1 has also previously issued the District No. 1 Subordinate Limited Tax General Obligation Refunding Bonds, Series 2020B (“**District No. 1 Series 2020B Refunding Bonds**”) in the principal amount of \$6,750,000, the proceeds of which were used to repay a portion of the Second Revised Series 2013 Note, for which appropriate disclosures were made at the time.

Further, the Board of Directors of District No. 4 (“**Board of District No. 4**”) has previously issued the District No. 4 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A (“**District No. 4 Series 2020A Bonds**”) on a drawdown basis in the principal amount of \$3,600,000, the proceeds of which were or will be used to (i) reimburse money advances made, or the costs of completion of certain public infrastructure improvements funded by GRVP pursuant to the Agreements and (ii) repay a portion of the Third Revised Series 2013 Note, for which appropriate disclosures were made at the time.

I believe that significant economic benefits have, and will be, received by the Districts under the Agreements, which have previously been disclosed and are being made in accordance with the terms of the Agreements as intended. My relationships with the Districts and the Companies, and the financial benefit resulting specifically from the Districts’ reimbursements to GRVP under the Agreements and/or from proceeds of the Districts’ bonds may, however, constitute a potential conflict of interest for me under State law necessitating this disclosure, including without limitation any action which I may take with respect to the approval and authorization of the acquisition and reimbursement of the costs of completion of such additional public infrastructure improvements and the repayment to GRVP and the Companies of funding advances made pursuant to the Agreements.

This disclosure is being made in accordance with the conflict of interest statutes, particularly Article 18 of Title 24, C.R.S. and §§32-1-902(3) and 18-8-308, C.R.S., and is intended to constitute both (i) a general disclosure of any potential conflict of interest and

Board of Directors
Honorable Jena Griswold
May 11, 2021
Page 4

(ii) a specific disclosure of any potential conflict of interest on my part with respect to the pending actions in full compliance with the requirements of State law. The foregoing disclosure shall be effective and continuing for all purposes until I advise the Boards of Directors of the Districts and the Colorado Secretary of State in writing of any changes in my status as disclosed herein.

Respectfully submitted,

By  20294462FC90402...
Jon Penny

**PATRICK MORRISSEY
C/O GRVP, LLC
65 MERCADO STREET, SUITE 250
DURANGO, CO 81301**

May 11, 2021

Board of Directors
Three Springs Metropolitan District Nos. 1, 2, 3 and 4
175 Mercado Street, Suite 240
Durango, Colorado 81301

Honorable Jena Griswold
Colorado Secretary of State
1700 Broadway, Suite 270
Denver, Colorado 80290

**Re: Disclosure of Conflict of Interest
Three Springs Metropolitan District Nos. 1, 2, 3 and 4**

Dear Board Members and Honorable Secretary of State:

I, Patrick Morrissey, am a Director and President of the Three Springs Metropolitan District Nos. 1, 2, 3 and 4 (“**Districts**” or individually, “**District No. 1**, **District No. 2**, **District No. 3** or **District No. 4**” as applicable) located in the City of Durango (“**City**”), La Plata County, Colorado. I also am the President and Chief Operating Officer 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. GRVP is the owner and master developer of all or a significant share of the developable real property within each of the Districts. Additionally, I am the President and Chief Operating Officer and an authorized representative of Tierra Vision Homes, LLC; GFP Mercado, LLC; and GFP 3S Apartments, LLC, related entities which own or will own and improve properties within the Districts. GFP is directly owned, and GRVP is indirectly owned, by the Southern Ute Indian Tribe (the “**Tribe**”). The Tribe is the sole member of GFMC, LLC (“**GFMC**” and together with GFP and GRVP, the “**Companies**”), and GFMC is the manager of both GFP of GRVP. I am regularly authorized by GFMC to carry out various management activities of the Companies. Although I am an employee of GFP, and an officer or agent of the Companies, I am not an owner or creditor of the Companies or the Tribe, nor do I have any other substantial financial interest in the Companies or the Tribe.

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Board of Directors
Honorable Jena Griswold
May 11, 2021
Page 2

current assignee is GFP. GRVP provides financing for the District's infrastructure development activities pursuant to the Funding Agreement dated June 16, 2006 between GRVP and District No. 3 and the Acquisition and Reimbursement Agreement dated May 1, 2007 between GRVP and District No. 3, as subsequently amended (together, the "**Agreements**").

The Districts were created to construct and finance public improvements, as more specifically set forth in their respective Service Plans, and have been approved for such purposes by the Districts' electors, the City and the District Court. The Districts have and/or will issue bonds or notes, and have incurred and/or will incur other financial obligations as hereinafter set forth, the proceeds of which will be used for public purposes, including the completion and/or acquisition and reimbursement of the costs of public infrastructure improvements and the reimbursement of funds advanced for such purposes to the Districts by the Companies or affiliated entities.

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The Board of District No. 3 has also issued the District No. 3 Junior Revenue Note, Series 2013 ("**Series 2013 Note**") to GRVP in a principal amount not to exceed \$7,900,000, the proceeds of which were used to reimburse money advances made, or the costs of completion of certain public infrastructure improvements funded by GRVP pursuant to the Agreements, for which appropriate disclosures were made at the time. The Board of District No. 3 subsequently issued the District No. 3 Second Revised Junior Revenue Note, Series 2013 ("**Second Revised Series 2013 Note**") to GRVP increasing the principal amount of the Series 2013 Note to an amount not to exceed \$11,500,000, the proceeds of which have been used to reimburse GRVP for costs incurred in completing additional public infrastructure improvements in accordance with the Agreements, for which appropriate disclosures were made at the time. The Board of District No. 3 subsequently issued the District No. 3 Third Revised Junior Revenue Note, Series 2013 ("**Third Revised Series 2013 Note**") to GRVP in a principal amount not to exceed \$11,500,000 for purposes of replacing the Second Revised Series 2013 Note, for which appropriate disclosures were made at the time.

The Board of District No. 3 has also previously issued the District No. 3 Junior Revenue Note, Series 2020 ("**Series 2020 Note**") to GRVP in a principal amount not to exceed \$7,600,000, the proceeds of which were or will be used to repay and/or reimburse certain money advances made for debt service and operating purposes by GRVP pursuant

Board of Directors
Honorable Jena Griswold
May 11, 2021
Page 3

to the Agreements and a Guaranty Agreement supporting the Series 2010 Bonds, for which appropriate disclosures were made at the time.

In addition to the District No. 3 obligations set forth above, the Board of Directors of District No. 1 (“**Board of District No. 1**”) has previously issued the District No. 1 Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2020A (“**District No. 1 Series 2020A Refunding Bonds**”) in the principal amount of \$19,000,000, the proceeds of which were used to (i) refund the Series 2010 Bonds in full and (ii) repay a portion of the Second Revised Series 2013 Note, for which appropriate disclosures were made at the time.

The Board of District No. 1 has also previously issued the District No. 1 Subordinate Limited Tax General Obligation Refunding Bonds, Series 2020B (“**District No. 1 Series 2020B Refunding Bonds**”) in the principal amount of \$6,750,000, the proceeds of which were used to repay a portion of the Second Revised Series 2013 Note, for which appropriate disclosures were made at the time.

Further, the Board of Directors of District No. 4 (“**Board of District No. 4**”) has previously issued the District No. 4 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A (“**District No. 4 Series 2020A Bonds**”) on a drawdown basis in the principal amount of \$3,600,000, the proceeds of which were or will be used to (i) reimburse money advances made, or the costs of completion of certain public infrastructure improvements funded by GRVP pursuant to the Agreements and (ii) repay a portion of the Third Revised Series 2013 Note, for which appropriate disclosures were made at the time.


I believe that significant economic benefits have, and will be, received by the Districts under the Agreements, which have previously been disclosed and are being made in accordance with the terms of the Agreements as intended. My relationships with the Districts and the Companies, and the financial benefit resulting specifically from the Districts’ reimbursements to GRVP under the Agreements and/or from proceeds of the Districts’ bonds may, however, constitute a potential conflict of interest for me under State law necessitating this disclosure, including without limitation any action which I may take with respect to the approval and authorization of the acquisition and reimbursement of the costs of completion of such additional public infrastructure improvements and the repayment to GRVP and the Companies of funding advances made pursuant to the Agreements.

This disclosure is being made in accordance with the conflict of interest statutes, particularly Article 18 of Title 24, C.R.S. and §§32-1-902(3) and 18-8-308, C.R.S., and is intended to constitute both (i) a general disclosure of any potential conflict of interest and (ii) a specific disclosure of any potential conflict of interest on my part with respect to the

Board of Directors
Honorable Jena Griswold
May 11, 2021
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pending actions in full compliance with the requirements of State law. The foregoing disclosure shall be effective and continuing for all purposes until I advise the Boards of Directors of the Districts and the Colorado Secretary of State in writing of any changes in my status as disclosed herein.

Respectfully submitted,

By  Patrick Morrissey
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**BRIEN MEYER
C/O GRVP, LLC
65 MERCADO STREET, SUITE 250
DURANGO, CO 81301**

March 28, 2022

Board of Directors
Three Springs Metropolitan District Nos. 1, 2, 3 and 4
65 Mercado Street, Suite 250
Durango, Colorado 81301

Honorable Jena Griswold
Colorado Secretary of State
1700 Broadway, Suite 270
Denver, Colorado 80290

**Re: Disclosure of Conflict of Interest
Three Springs Metropolitan District Nos. 1, 2, 3 and 4**

Dear Board Members and Honorable Secretary of State:

I, Brien Meyer, am a Director and Treasurer of the Three Springs Metropolitan District Nos. 1, 2, 3 and 4 ("**Districts**") located in the City of Durango ("**City**"), La Plata County, Colorado. I also am employed by GF Properties Group, LLC ("**GFP**"), a Colorado limited liability company, which is affiliated with GRVP, LLC ("**GRVP**"), a Colorado limited liability company. GRVP is the owner and master developer of all or a significant share of the developable real property within each of the Districts. Additionally, I am an authorized representative of GFP Mercado, LLC; and GFP 3S Apartments, LLC, related entities which own or will own and improve properties within the Districts. GFP is directly owned, and GRVP is indirectly owned, by the Southern Ute Indian Tribe (the "**Tribe**"). The Tribe is the sole member of GFMC, LLC ("**GFMC**" and together with GFP and GRVP, the "**Companies**"), and GFMC is the manager of both GFP of GRVP. I am regularly authorized by GFMC to carry out various management activities of the Companies. Although I am an employee of GFP, and an agent of the Companies, I am not an owner or creditor of the Companies or the Tribe, nor do I have any other substantial financial interest in the Companies or the Tribe.

There are various agreements between the Districts and one or more of the Companies. Among others, GFP acts as the construction manager for various infrastructure development activities of the Districts, which services are performed pursuant to the Management Services Agreement dated January 1, 2007 between GF Development Group, LLC and District No. 3, which has been since assigned and the current assignee is GFP. GRVP provides financing for the District's infrastructure development activities pursuant to the Funding Agreement dated June 16, 2006 between GRVP and District No. 3 and the Acquisition and Reimbursement Agreement dated May

1, 2007 between GRVP and District No. 3, as subsequently amended (together, the “**Agreements**”).

The Districts were created to construct and finance public improvements, as more specifically set forth in their respective Service Plans, and have been approved for such purposes by the Districts’ electors, the City and the District Court. The Districts have and/or will issue bonds or notes, and have incurred and/or will incur other financial obligations as hereinafter set forth, the proceeds of which will be used for public purposes, including the completion and/or acquisition and reimbursement of the costs of public infrastructure improvements and the reimbursement of funds advanced for such purposes to the Districts by the Companies or affiliated entities.

The Board of Directors of District No. 1 (“**Board of District No. 1**”) has previously issued the District No. 1 Limited Property General Obligation Refunding Bonds, Series 2020A (“**Series 2020A Bonds**”), the proceeds of which were used in part to (i) refund the District No. 3 Limited Property Tax Supported Revenue Bonds, Series 2010 originally issued to reimburse money advances made, or the costs of completion of certain public infrastructure improvements funded by GRVP pursuant to the Agreements and (ii) pay a portion of the principal balance and accrued interest on the Third Revised Series 2013 Note (as defined below), for which appropriate disclosures were made at the time.

In addition to the Series 2020A Bonds , the Board of District No. 1 (“**Board of District No. 1**”) has previously issued the District No. 1 Subordinate Limited Tax General Obligation Refunding Bonds, Series 2020B (“**Series 2020B Refunding Bonds**”), the proceeds of which were used to (i) repay a portion of the Second Revised Series 2013 Note, for which appropriate disclosures were made at the time.

The Board of Directors of District No. 3 (the “Board of District No. 3”) has issued the District No. 3 Junior Revenue Note, Series 2013 (“**Series 2013 Note**”) to GRVP, the proceeds of which were used to reimburse money advances made, or the costs of completion of certain public infrastructure improvements funded by GRVP pursuant to the Agreements, for which appropriate disclosures were made at the time. The Board of District No. 3 subsequently issued the District No. 3 Second Revised Junior Revenue Note, Series 2013 (“**Second Revised Series 2013 Note**”) to GRVP increasing the principal amount of the Series 2013 Note to an amount not to exceed \$11,500,000, the proceeds of which have been used to reimburse GRVP for costs incurred in completing additional public infrastructure improvements in accordance with the Agreements, for which appropriate disclosures were made at the time. The Board of District No. 3

subsequently issued the District No. 3 Third Revised Junior Revenue Note, Series 2013 ("**Third Revised Series 2013 Note**") to GRVP in a principal amount not to exceed \$11,500,000 for purposes of replacing the Second Revised Series 2013 Note, for which appropriate disclosures were made at the time.

The Board of District No. 3 has also previously issued the District No. 3 Junior Revenue Note, Series 2020 ("**Series 2020 Note**") to GRVP in a principal amount not to exceed \$7,600,000, the proceeds of which were or will be used to repay and/or reimburse certain money advances made for debt service and operating purposes by GRVP pursuant to the Agreements and a Guaranty Agreement supporting the Series 2010 Bonds, for which appropriate disclosures were made at the time.

Further, the Board of Directors of District No. 4 ("**Board of District No. 4**") has previously issued the District No. 4 Limited Tax General Obligation Bonds, Series 2020A ("**District No. 4 Series 2020A Bonds**") on a drawdown basis in the principal amount of \$3,600,000, the proceeds of which were or will be used to (i) reimburse money advances made, or the costs of completion of certain public infrastructure improvements funded by GRVP pursuant to the Agreements and (ii) repay a portion of the Third Revised Series 2013 Note, for which appropriate disclosures were made at the time.

I believe that significant economic benefits have, and will be, received by the Districts under the Agreements, which have previously been disclosed and are being made in accordance with the terms of the Agreements as intended. My relationships with the Districts and the Companies, and the financial benefit resulting specifically from the Districts' reimbursements to GRVP under the Agreements and/or from proceeds of the Districts' bonds may, however, constitute a potential conflict of interest for me under State law necessitating this disclosure, including without limitation any action which I may take with respect to the approval and authorization of the acquisition and reimbursement of the costs of completion of such additional public infrastructure improvements and the repayment to GRVP and the Companies of funding advances made pursuant to the Agreements.

This disclosure is being made in accordance with the conflict of interest statutes, particularly Article 18 of Title 24, C.R.S. and §§32-1-902(3) and 18-8-308, C.R.S., and is intended to constitute both (i) a general disclosure of any potential conflict of interest and (ii) a specific disclosure of any potential conflict of interest on my part with respect to the pending actions in full compliance with the requirements of State law. The foregoing disclosure shall be effective and continuing for all purposes until I advise the Boards of

Directors of the Districts and the Colorado Secretary of State in writing of any changes in my status as disclosed herein.

Respectfully submitted,

By


Brien Meyer