

**THREE SPRINGS METROPOLITAN DISTRICT NO. 1**  
**CITY OF DURANGO, COLORADO**  
**2022 ANNUAL REPORT**

City of Durango,  
*via Email*

Division of Local Government,  
*via E-Filing Portal*  
1313 Sherman Street  
Room 521  
Denver, Colorado 80203

Office of the State Auditor,  
*via E-Filing Portal*  
1525 Sherman Street, 7th Floor  
Denver, Colorado 80203

La Plata County Clerk and Recorder,  
*via Email*

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. 1 (the “**District**”) approved by the City Council of the City of Durango (the “**City**”) and filed with the District Court and City Clerk:

**1. Boundary changes made in 2022:**

There were no changes made to the District’s boundaries during the calendar year 2022.

**2. Intergovernmental Agreements entered into or terminated in 2022:**

The District did not enter into or terminate any Intergovernmental Agreements in 2022.

**3. 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 A are the current conflict of interest disclosures for all directors.

**4. Access information to obtain a copy of the Rules and Regulations:**

The District has not adopted Rules and Regulations; however, the District has adopted bylaws and can be found on its public website: <https://www.threespringsdurango.com/residents-builders-businesses/metro-district/>

**5. A summary of any litigation involving public improvements by the District:**

The District is not aware of any litigation involving public improvements.

**6. 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”).

**7. List of facilities or improvements constructed by the District that were conveyed to the City in 2022:**

None. All construction work is performed by District No. 3.

**8. Final Assessed Value of Taxable Property within the District’s boundaries as of December 31, 2022:**

The final 2022 total assessed value of taxable property within the boundaries of the District was \$20,338,630.

**9. Budget:**

Attached as Exhibit B is a copy of the District’s 2023 Budget.

**10. Most recently filed audited financial statements of the District. To the extent audited financial statements are required by state law or most recently filed audit exemption:**

The 2022 audited financial statements will be filed with the City Clerk upon completion.

**11. 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. The authorization date for the debt is May 2, 2006. The District has incurred debt in the total principal amount of \$25,750,000, including the District’s Limited Tax General Obligation Refunding Bonds, Series 2020A in the principal amount of \$19,000,000 and the Subordinate Limited Tax General Obligation Refunding Bonds, Series 2020B in the principal amount of \$6,750,000 (together, the “Series 2020 Bonds”). The District has remaining debt authorized by voters of \$12,250,000, subject to certain limitations in the Service Plan. The District does not intend to authorize additional debt at the present.

**12. Official Statements of Outstanding Bonded Indebtedness if not Already Received by City.**

On December 11 and 22, 2020, the District issued the Series 2020 Bonds. The Preliminary Official Statement for the Series 2020 Bonds was previously submitted to the City; the final Official Statement for the Series 2020 Bonds can be reviewed at <https://emma.msrb.org/>.

**13. Notice of any uncured defaults:**

The District is not in default of any debt.

**14. The District's inability to pay any financial obligations as they come due under any obligation which continues beyond a ninety-day period:**

The District is able to pay its financial obligations.

**15. Name and Address/Telephone Number of District's Contact Person and Names and Terms of Members of Board of Directors and 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.

**16. Service Plan.**

The District's Service Plan was filed with the 2007 Annual Report. The Service Plan has not been amended.

Respectfully submitted this 29<sup>th</sup> day of September, 2023.

COCKREL ELA GLESNE GREHER &  
RUHLAND, P.C.

By:   
Paul R. Cockrel  
Attorney for Three Springs Metropolitan  
District No. 1

**EXHIBIT A**

Conflict of Interest Disclosures

**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  
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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

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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

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(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    
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9A41EBE9CF C944A...  
Tim Zink



**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 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

Board of Directors  
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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. 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.

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Honorable Jena Griswold  
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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  
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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,

DocuSigned by:  
By Patrick Morrissey  
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Patrick Morrissey

**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 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 development activities pursuant to the Funding Agreement dated June 16, 2006 between

Board of Directors  
Honorable Jena Griswold  
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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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Board of Directors  
Honorable Jena Griswold  
May 11, 2021  
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to the Agreements and a Guaranty Agreement supporting the Series 2010 Bonds, for which appropriate disclosures were made at the time.

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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  
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(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  DocuSigned by:  
Jon Penny  
20294462FC90402...

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**EXHIBIT B**

2023 Budget

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

# **Final Budget**

**For the Year Ending December 31, 2023**

**Approved**

**December 7, 2022**

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

## Final Budgets

### For the Year Ending December 31, 2023

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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, 2023

### 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 54.670 mills and is allocated 5.467 mills for operations and 49.203 mills for debt service; District No.2 is 50.639 for operations; and District No. 3 is

50 mills and is 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 2023, 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 7<sup>th</sup> 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. 1  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET  
 Budget 2023  
 GENERAL FUND

	Audited 2019	Audited 2020	Audited 2021	2022			Estimated Totals for 2022	Budget 2023
				Budget	September YTD	Over (Under) Budget		
Beginning Fund Balance	\$ 2,143	\$ 805	\$ 805	\$ 806	805	\$ (1)	\$ 805	\$ 96
Revenues and Other Sources								
Property taxes								
Operations	76,597	87,079	97,246	108,059	104,913	(3,146)	108,059	111,191
Specific ownership taxes	96,014	95,478	-	-	-	-	-	-
Interest income	313	707	-	-	-	-	-	-
Total Revenues and Other Sources	994,343	1,115,488	98,051	108,865	105,718	(3,147)	108,864	111,287
Expenditures and Other Uses								
Transfers to District No. 3								
Operations	74,327	84,526	94,330	105,526	101,769	(3,757)	105,526	107,856
Debt service	892,338	993,794	-	-	-	-	-	-
Interfund transfer	-	5,793	-	-	-	-	-	-
Treasurers fees	26,874	30,568	2,915	3,242	3,144	(98)	3,242	3,336
Total Expenditures and Other Uses	993,538	1,114,681	97,245	108,768	104,913	(3,855)	108,768	111,191
Ending Fund Balance	\$ 805	\$ 805	\$ 805	\$ 97	\$ 805	\$ 708	\$ 96	\$ 96

THREE SPRINGS METROPOLITAN DISTRICT NO. 1  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Budget 2023  
DEBT SERVICE FUND

	Audited 2019	Audited 2020	Audited 2021	2022			Estimated Totals for 2022	Budget 2023
				Budget	September YTD	Over (Under) Budget		
Beginning Fund Balance	\$ -	\$ -	\$ 28,301	\$ 19,278	\$ 24,007	\$ 4,729	\$ 24,007	\$ 6,706
<b>Taxes</b>								
Property taxes	-	-	938,868	972,568	942,570	(29,998)	972,568	1,000,722
Specific ownership taxes	-	8,701	115,334	108,063	89,857	(18,206)	108,063	111,191
MOB fees transfer from District No. 3	-	-	115,800	116,000	118,975	2,975	118,975	119,000
Interest income	-	-	12	-	770	770	1,000	200
<b>Bond transactions</b>								
Bond par-2020 Limited tax GO Bonds	-	19,000,000	-	-	-	-	-	-
Bond par-2020 Subordinate Limited tax GO Bonds	-	6,750,000	-	-	-	-	-	-
Transfer in-TS3 debt service reserve funds	-	1,706,193	-	-	-	-	-	-
Interfund transfer	-	5,793	-	-	-	-	-	-
Total sources-2020 bond transactions	-	27,470,688	-	-	-	-	-	-
<b>Total Revenues and Other Sources</b>	-	27,470,688	1,198,315	1,215,909	1,176,179	(39,730)	1,224,613	1,237,818
<b>Expenditures and Other Uses</b>								
<b>General government</b>								
Bond Paying Agent Fees	-	250	-	-	7,000	(7,000)	7,000	7,000
Bank Service Charges	-	11,443	-	-	-	-	-	-
Total general government	-	11,693	-	-	7,000	(7,000)	7,000	7,000
<b>Bond transactions</b>								
Transfer to District 3-2010 Bond principal	-	16,765,000	-	-	-	-	-	-
Transfer to District 3-2010 Bond interest	-	97,446	-	-	-	-	-	-
Transfer to District 3-2013 Junior Revenue Note	-	9,900,995	-	-	-	-	-	-
Total transfers to District 3 for debt retirement	-	26,763,441	-	-	-	-	-	-
Transfer to District 3-COI Reimbursement	-	45,000	-	-	-	-	-	-
Cost of issuance	-	622,252	4,285	-	-	-	-	-
Total uses-2020 bond transaction	-	27,430,693	4,285	-	-	-	-	-
<b>Debt Service</b>								
2020 Bond interest-Senior	-	-	522,763	529,210	264,605	(264,605)	529,210	520,013
2020 Bond principal-Senior	-	-	300,000	325,000	-	(325,000)	325,000	325,000
2020 Bond interest-Subordinate	-	-	319,115	327,521	-	(327,521)	327,521	348,784
	-	-	1,141,878	1,181,731	264,605	(917,126)	1,181,731	1,193,797
<b>Treasurer fees</b>	-	26,763,441	56,437	29,177	28,259	(918)	29,177	30,022
<b>Total Expenditures and Other Uses</b>	-	27,442,386	1,174,308	1,210,908	299,864	(925,044)	1,217,908	1,230,818
<b>Ending Fund Balance</b>	\$ -	\$ 28,301	\$ 24,007	\$ 5,000	\$ 876,315	\$ 885,314	\$ 6,706	\$ 7,000

**THREE SPRINGS METROPOLITAN DISTRICT NO. 1**

**RESOLUTION NO. A**

**RESOLUTION TO ADOPT BUDGET**

WHEREAS, the Board of Directors (“Board”) of Three Springs Metropolitan District No. 1 (“District”) has appointed a budget committee to prepare and submit a proposed 2023 budget to the Board at the proper time; and

WHEREAS, such budget committee has submitted the proposed budget to the Board for its consideration; and

WHEREAS, upon due and proper notice, published in accordance with law, the budget was open for inspection by the public at a designated place, and a public hearing was held on December 7, 2022, and interested electors were given the opportunity to file or register any objections to the budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, enterprise, reserve transfer and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution (“TABOR”) and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Three Springs Metropolitan District No. 1:

The estimated expenditures for each fund are as follows:

General Fund	\$	111,191
Debt Service Fund		1,230,818
Total	\$	<u>1,342,010</u>

The estimated revenues from each fund are as follows:

General Fund		
From unappropriated surpluses	\$	96
From sources other than property taxes		-
From general property taxes		111,191
Total	\$	<u>111,287</u>



Debt Service Fund

From unappropriated surpluses	\$	6,706
From medical office building fees		119,000
From sources other than property taxes		111,191
From general property taxes		1,000,722
Total	\$	<u>1,237,618</u>

That reserves have been or are hereby established for each appropriate fund or combined as a single reserve fund as set forth in the budget in order to preserve the spending exemption for reserves under TABOR, and all such reserves shall be transferred or expended within any fund as set forth in the budget.

That the budget, as submitted, amended and herein summarized by fund, be, and the same hereby is, approved and adopted as the budget of Three Springs Metropolitan District No. 1 for the 2023 fiscal year.

That the budget, as hereby approved and adopted, shall be certified by the Treasurer and/or President of the District to all appropriate agencies and is made a part of the public records of the District.

**TO SET MILL LEVIES**

WHEREAS, the amount of money necessary to balance the budget is \$111,191 for general operating expenses and \$1,000,722 for debt service; and

WHEREAS, the 2022 final valuation for assessment of the District by the County Assessor is \$20,338,630.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Three Springs Metropolitan District No. 1:

That for the purpose of meeting all general operating and debt service expenses of the District during the 2023 budget year, pursuant to the Inter District Financing Agreement, there is hereby levied a property tax of 54.670 mills upon each dollar of the total valuation for assessment of all taxable property within the District to raise \$1,111,913. This levy shall be comprised of 5.467 mills for operations and 49.203 mills for debt service.

That the Treasurer and/or President of the District is hereby authorized and directed to immediately certify to the County Commissioners of La Plata County, Colorado, the mill levies for the District as hereinabove determined and set.

**TO APPROPRIATE SUMS OF MONEY**

WHEREAS, the Board of Directors of the District has made provision in the budget for revenues in an amount equal to the total proposed expenditures as set forth therein; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Three Springs Metropolitan District No. 1 that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated in the budget:


General Fund	\$	111,191
Debt Service Fund		1,230,818

Adopted this 7th day of December, 2022.

**THREE SPRINGS METROPOLITAN  
DISTRICT No 1**

By:   
\_\_\_\_\_  
Tim Zink, Chairman

**ATTEST:**

By:   
\_\_\_\_\_  
Patrick Morrissey, Treasurer

## **EXHIBIT C**

### Contact Information

#### **Contact Person**

Tim Zink  
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65 Mercado Street, Suite 250  
Durango, CO 81301  
(970) 385-7770

#### **Board of Directors**

Tim Zink, President/Chairman  
Term Expires May 2027  
[tzink@sugf.com](mailto:tzink@sugf.com)

Jon Penny, Secretary  
Term Expires May 2025  
[jpenny@sugf.com](mailto:jpenny@sugf.com)

Patrick Morrissey, Treasurer  
Term Expires May 2025  
[pmorrissey@sugf.com](mailto:pmorrissey@sugf.com)

Mick Souder, Vice President/Assistant Secretary/Treasurer  
Term Expires May 2027  
[micksouder@yahoo.com](mailto:micksouder@yahoo.com)

Jeff Miller, Vice President/Assistant Secretary/Treasurer  
Term Expires May 2027  
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