

THREE SPRINGS METROPOLITAN DISTRICT NO. 2
CITY OF DURANGO, COLORADO
2025 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. 2 (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 2025:

There were no changes made to the District’s boundaries during the calendar year 2025.

2. Intergovernmental Agreements entered into or terminated in 2025:

The District did not enter into or terminate any Intergovernmental Agreements in 2025.

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 2025:

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, 2025:

The final 2025 total assessed value of taxable property within the boundaries of the District was \$113,800.

9. Budget:

Attached as Exhibit B is a copy of the District’s 2026 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:

Attached as Exhibit C is the District’s 2025 Application for Exemption from Audit.

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. No debt has been issued by the District as of December 31, 2025. The authorization date for the debt is May 2, 2006.

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

The District has not issued any bonds.

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 D 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

EXHIBIT A

Conflict of Interest Disclosures

**JOSEPH LEMAY
C/O GRVP, LLC
65 MERCADO STREET, SUITE 250
DURANGO, CO 81301**

January 7, 2026

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, Joseph LeMay, am a Director 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. 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 GRVP and District No. 3 and the

Board of Directors
Honorable Jena Griswold
January 7, 2026
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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 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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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.

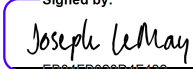
I believe that significant economic benefits have, and will be, received by the Districts under the Agreements, which have previously been disclosed and are being made in accordance with the terms of the Agreements as intended. My relationships with the Districts and the Companies, and the financial 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 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

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January 7, 2026
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Directors of the Districts and the Colorado Secretary of State in writing of any changes in my status as disclosed herein.

Respectfully submitted,

Signed by:
By  _____
Joseph LeMay

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

January 3, 2024

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 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 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.

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Board of Directors
Honorable Jena Griswold
January 3, 2024
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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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January 3, 2024
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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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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
January 3, 2024
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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  
3A41F8E9CFC944A...
Tim Zink

EXHIBIT B

2026 Budget

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

Final Budgets

For the Year Ending December 31, 2026

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 60.923 mills and is allocated 6.092 mills for operations and 54.831 mills for debt service; District No.2 is 52.150 for operations; 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; and District No. 4 is 53.703 mills and is allocated 5.370 mills for operations and 48.333 mills for debt service.

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.

Metro Fees

Metro fees are based on the estimated shortfall of operations and maintenance for Three Springs. The fees are allocated to property owners in District No. 1 and District No. 4 based on a Residential Unit Equivalent methodology. Fees collected will be transferred to District No. 3 to pay for operations and maintenance expenditures.

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. There are no budgeted expenditures for 2026.

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 2026, 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
For the ten months ended October 31, 2025
GENERAL FUND

	2024			2025				Budget 2026
	Unaudited 2022	Unaudited 2023	Unaudited 2024	Budget	October YTD	Over (Under) Budget	Estimated Totals for 2025	
Beginning Fund Balance	\$ 11	\$ 11	\$ 3,302	\$ 3,600	3,273	\$ (327)	\$ 3,273	\$ 3,600
Revenues and Other Sources								
Property taxes								
Operations	5,718	8,066	14,297	10,355	10,355	0	10,355	5,935
Specific ownership taxes	647	815	1,257	1,036	590	(446)	1,490	1,000
Total Revenues and Other Sources	6,376	8,892	18,856	14,991	14,218	(773)	15,118	10,535
Expenditures and Other Uses								
Transfers to District No. 3								
Operations	6,193	5,305	15,124	11,030	10,633	(397)	11,197	6,707
Bank fees		43	30	50	10	(40)	10	50
Treasurer fees	172	242	429	311	311	(0)	311	178
	6,365	5,590	15,583	11,391	10,954	(437)	11,518	6,935
Ending Fund Balance	\$ 11	\$ 3,302	\$ 3,273	\$ 3,600	\$ 3,264	\$ (336)	\$ 3,600	\$ 3,600

EXHIBIT C

2025 Application for Exemption from Audit

Application for Exemption From Audit Short Form

Instructions

If either revenues or expenditures exceed \$200,000, use the Long Form

Under the Local Government Audit Law (Section 29-1-601, et seq., C.R.S.) any local government may apply for an exemption from audit if neither revenues nor expenditures exceed \$1,000,000 in the year.

Exemptions from audit are NOT automatic

To qualify for exemption from audit, a local government must complete an Application for Exemption from Audit **each year** and submit it to the Office of the State Auditor (OSA). Approval for an exemption from audit is granted only upon the review by the OSA.

Any preparer of an Application for Exemption from Audit — Short Form must be a person skilled in governmental accounting.

Read ALL instructions before completing and submitting this form

All applications must be filed with the OSA **within 3 months** after the accounting year-end.

For example, applications must be received by the OSA on or before March 31 for governments with a December 31 year-end. Applications for exemption from audit are not eligible for an extension of time.

Governmental activity should be reported on the modified accrual basis. Proprietary activity should be reported on a cash or budgetary basis.

Important!

All Applications for Exemption from Audit are subject to review and approval by the Office of the State Auditor.

Governmental Activity should be reported on the **Modified Accrual Basis**.

Proprietary Activity should be reported on a **Budgetary Basis**.

Failure to file an application or denial of the request could cause the local government to lose its exemption from audit for that year and the ensuing year. In that event, an audit shall be required.

Postmark dates will not be accepted as proof of submission on or before the statutory deadline

Prior year forms are obsolete and will not be accepted.

Applications must be fully and accurately completed. Applications submitted on forms other than those prescribed by the OSA will not be accepted.

For your reference, the Colorado Revised Statutes are available through the [LexisNexis Colorado portal](#).

Checklist

- ☐ Has the preparer signed the application prior to board approval?
 - ☐ Has the entity corrected all prior year deficiencies as communicated by the OSA?
 - ☐ Has the application been **personally** reviewed and approved by the governing body?
 - ☐ Are all sections on the form complete, including responses to all of the questions?
 - ☐ Did you include any relevant explanations for unusual items in the appropriate spaces at the end of each section?
- Will this application be submitted electronically? ☐ Yes ☐ No
- ☐ If yes, have you read and understood the Electronic Signature Policy? See policy in Part 10.

-- or --

☐ If yes, have you included a resolution?

☐ Does the resolution state that the governing body **personally** reviewed and approved the resolution in an open public meeting?

☐ Has the resolution been signed by a **majority** of the governing body? See sample resolution at the end of this form.

Will this application be submitted via a mail service (e.g., U.S. Post Office, FedEx, UPS, courier)? ☐ Yes ☐ No

☐ If yes, does the application include **original ink signatures** from the **majority** of the governing body?

Filing Methods

Web Portal (recommended)

apps.leg.co.gov/osa/lq

For faster processing, the web portal should be used for submissions.

Mail

Office of the State Auditor

Local Government Audit Division
1375 Sherman St., 5th Floor
Denver, CO 80261-3000

Questions? Email: osa.lg@coleg.gov Phone: 303-869-3000

Contact Information

For the year ended 12/31/2025 or the fiscal year ended _____.

Name of government	Three Springs Metropolitan District No. 2
Street address	65 Mercado Street, Suite 250
City, State, Zip	Durango, CO. 81301
Contact person	Tim Zink
Phone	970-764-6458
Email	tzink@sugf.com

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. The preparer must sign prior to board approval.

Name	Joy Tatton
Title	Independent Certified Public Accountant
Firm name (if applicable)	Tatton and Company, LLC
Address	3190 South Vaughn Way, Suite 550, Aurora, CO 80014
Phone	(970) 236-2580
Preparer signature	Date prepared
	3/6/2026

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 1: Revenues

Part 1A: Revenues Table

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	Total (round to nearest dollar)
1-1	Taxes: Property (report mills levied in line 9-12)	\$ 10,355
1-2	Specific ownership	\$ 985
1-3	Sales and use	
	Other (specify in line 1-4):	
1-4		
1-5	Licenses and permits	
1-6	Intergovernmental: Grants	
1-7	Conservation Trust Funds (Lottery)	
1-8	Highway Users Tax Funds (HUTF)	
	Other (specify in line 1-9):	
1-9		
1-10	Charges for services	
1-11	Fines and forfeits	
1-12	Special assessments	
1-13	Investment income	\$ 6
1-14	Charges for utility services	
1-15	Debt proceeds (should agree to Part 3, Debt Schedule Table, column 'issued during year')	
1-16	Lease proceeds (should agree to Part 3, Debt Schedule Table, column 'issued during year')	
1-17	Developer Advances received (should agree to Part 3, Debt Schedule Table, column 'issued during year')	
1-18	Proceeds from sale of capital assets	
1-19	Fire and police pension	
1-20	Donations	
	Other (specify in lines 1-21 through 1-24)	
1-21		
1-22		
1-23		
1-24		
1-25	TOTAL REVENUES (add lines 1-1 through 1-24)	\$ 11,346

IF TOTAL REVENUES OR TOTAL EXPENDITURES ARE GREATER THAN \$200,000 — STOP.

You may not use this form. Please use the Application for Exemption from Audit - Long Form.

Part 1B: Comments or Additional Information

Please use the space below to provide any additional information (optional):

Part 2: Expenditures/Expenses

Part 2A: Expenditures/Expenses Table

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	Total (round to nearest dollar)
2-1	Administrative	\$ 321
2-2	Salaries	
2-3	Payroll taxes	
2-4	Contract services	
2-5	Employee benefits	
2-6	Insurance	
2-7	Accounting and legal fees	
2-8	Repair and maintenance	
2-9	Supplies	
2-10	Utilities and telephone	
2-11	Fire/Police	
2-12	Streets and highways	
2-13	Public health	
2-14	Capital outlay	
2-15	Utility operations	
2-16	Culture and recreation	
2-17	Debt service principal (should agree to Part 3, Debt Schedule Table 'Retired during year')	
2-18	Debt service interest	
2-19	Repayment of Developer Advances Principal (should agree to Part 3, Debt Schedule Table, column 'Retired during year')	
2-20	Repayment of Developer Advances Interest	
2-21	Contribution to pension plan	
2-22	Contribution to Fire & Police Pension Association	
2-23	Other (specify in lines 2-24 through 2-27)	
2-24	Transfer to Three Springs Metropolitan District No. 3	\$ 11,020
2-25		
2-26		
2-27		
2-28	TOTAL EXPENDITURES/EXPENSES (Add lines 2-1 through 2-27)	\$ 11,341

IF TOTAL REVENUES OR TOTAL EXPENDITURES ARE GREATER THAN \$200,000 — STOP.

You may not use this form. Please use the Application for Exemption from Audit - Long Form.

Part 2B: Comments or Additional Information

Please use the space below to provide any additional information (optional):

Part 3: Debt Outstanding, Issued, and Retired

3-1	Does the entity have outstanding debt?	☐ Yes	☒ No
3-2	If no, skip to line 3-13. If yes, please attach a copy of the entity's debt repayment schedule.		
3-3	Is the debt repayment schedule attached?	☐ N/A	☐ Yes ☐ No
	If no, MUST explain below.		
3-4	Is the entity current in its debt service payments?	☐ Yes	☐ No
	If no, MUST explain below.		
3-5	If no, also indicate if the government is in default with its bond agreements.	☐ Yes	☐ No

Debt Schedule Table

Please complete the following debt schedule, if applicable.

Please only include principal amounts. Enter all amounts as positive numbers.

Line	Debt Type	Oustanding at End of Prior Year*	Issued During Year	Retired During Year	Outstanding at Year-End
3-6	General Obligation Bonds				\$ 0
3-7	Revenue Bonds				\$ 0
3-8	Notes/Loans				\$ 0
3-9	Lease & SBITA** Liabilities (GASB 87 & 96)				\$ 0
3-10	Developer Advances				\$ 0
	Other (specify in line 3-11)				
3-11					\$ 0
3-12	TOTAL (Add lines 3-6 through 3-11)	\$ 0	\$ 0	\$ 0	\$ 0

*Must agree to prior year-end balance

**Subscription-Based Information Technology Arrangements

Comments (optional)

3-13	Does the entity have any authorized but unissued debt as of its fiscal year-end?	☒ Yes	☐ No
3-14	If yes, how much?	\$ 1,080,705	
3-15	Date the debt was authorized	5/2/2026	
3-16	Is the authorized but unissued debt further limited by the entity's most recent Service Plan?	☒ Yes	☐ No
3-17	If yes, how much?	\$ 1,080,705	
3-18	Date of the most recent Service Plan	1/1/2006	
3-19	Does the entity intend to issue debt within the next calendar year?	☐ Yes	☒ No
3-20	If yes, how much?		
3-21	Does the entity have debt that has been refinanced that it is still responsible for?	☐ Yes	☒ No
3-22	If yes, what is the amount outstanding?		
3-23	Does the entity have any lease agreements?	☐ Yes	☒ No
3-24	If yes, what is being leased?		
3-25	What is the original date of the lease?		
3-26	Number of years of lease?		
3-27	Is the lease subject to annual appropriation?	☐ Yes	☒ No
3-28	What are the annual lease payments?		

Please use the space below to provide any additional information (optional):

Part 4: Cash and Investments

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

Line	Description	Amount
4-1	Year-end Total of all Checking and Savings Accounts	\$ 3,598
4-2	Certificates of deposit	
4-3	TOTAL CASH DEPOSITS (Add lines 4-1 and 4-2)	\$ 3,598
	Investments (specify in lines 4-4 through 4-8. If investment is a mutual fund, please list underlying investment.)	
4-4		
4-5		
4-6		
4-7		
4-8		
4-9	Total Investments (Add lines 4-4 through 4-8)	\$ 0
4-10	TOTAL CASH AND INVESTMENTS (Add lines 4-3 and 4-9)	\$ 3,598

4-11	Are the entity's investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	☒ N/A	☐ Yes	☐ No
4-12	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	☒ Yes	☐ No	
4-13	If no, MUST explain below.			

Please use the space below to provide any additional information (optional).

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Part 5: Capital and Right-to-Use Assets

5-1	Does the entity have capitalized assets? (If "no" is selected, skip the rest of Part 5.)	☐ Yes	☒ No
5-2	Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.?	☐ Yes	☐ No
5-3	If no, MUST explain below.		

Capital and Right-to-Use Assets Table

Line	Asset Type	Beginning of the Year Balance*	Additions**	Deletions	Year-End Balance
5-4	Land				\$ 0
5-5	Buildings				\$ 0
5-6	Machinery and Equipment				\$ 0
5-7	Furniture and Fixtures				\$ 0
5-8	Infrastructure				\$ 0
5-9	Construction In Progress (CIP)				\$ 0
5-10	Leased & SBITA Right-to-Use Assets				\$ 0
	Other (explain in line 5-11)				
5-11					\$ 0
5-12	Accumulated Depreciation/ Amortization (Enter a negative or credit balance)				\$ 0
5-13	TOTAL (Add lines 5-4 through 5-12)	\$ 0	\$ 0	\$ 0	\$ 0

*Must agree to prior year-end balance

**Generally capital asset additions should be reported as capital outlay on line 2-14 and capitalized in accordance with the government's capitalization policy. Please explain any discrepancy in the comments section below.

Please use the space below to provide any additional information (optional).

Part 6: Pension Information

6-1	Does the entity have an "old hire" firefighters' pension plan?	☐ Yes	☒ No
6-2	Does the entity have a volunteer firefighters' pension plan?	☐ Yes	☒ No
6-3	If yes, who administers the plan?		
	Indicate the contributions from the following in lines 6-4 through 6-6.		
6-4	Tax (property, specific ownership, sales, etc.)		
6-5	State contribution amount		
6-6	Other (gifts, donations, etc.)		
6-7	TOTAL (Add lines 6-4 through 6-6)	\$ 0	
6-8	What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?		

Please use the space below to provide any additional information (optional).

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Part 7: Budget Information

7-1	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.?	☐ N/A	☒ Yes	☐ No
7-2	If no, MUST explain below.			
7-3	Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.?	☐ N/A	☒ Yes	☐ No
7-4	If no, MUST explain below.			
	If yes, indicate the amount appropriated for each fund separately for the year reported in the table below.			

Appropriation Amount by Fund Table

Enter the fund name, then indicate the final amount appropriated for each fund for the year reported. Ensure each individual fund's final appropriated amount agrees to the adopted budget. Do not combine funds.

Line	Governmental/Proprietary Fund Name	Total
7-5	General Fund	\$ 11,391
7-6		
7-7		
7-8		
7-9		

Please use the space below to provide any additional information (optional).



Part 8: Taxpayer's Bill of Rights (TABOR)

8-1	Is the entity in compliance with all the provisions of TABOR (State Constitution, Article X, Section 20(5))?	☒ Yes	☐ No
8-2	If no, MUST explain below.		

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

Please use the space below to provide any additional information (optional).

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Part 9: General Information

9-1	Is this application for a newly formed governmental entity?	☐ Yes	☒ No
9-2	If yes, what was the date of formation		
9-3	Has the entity changed its name in the past or current year?	☐ Yes	☒ No
9-4	If yes, please list the NEW name below.		
9-5	If yes, please list the PRIOR name below.		
9-6	Is the entity a metropolitan district?	☒ Yes	☐ No
9-7	Please indicate what services the entity provides below. Parks, recreation & drainage improvements		
9-8	Does the entity have an agreement with another government to provide services?	☒ Yes	☐ No
9-9	If yes, list the name of the other governmental entity and the services provided below. Three Springs MD No. 3 provides all administrative, operational & capital services		
9-10	Has the district filed a Title 32, Article 1 Special District Notice of Inactive Status during the year? (Applicable to Title 32 special districts only, pursuant to Sections 32-1-103 (9.3) and 32-1-104 (3), C.R.S.)	☐ Yes	☒ No
9-11	If yes, what was the date filed		
9-12	Does the entity have a certified mill levy?	☒ Yes	☐ No
	If yes, please provide the following mills levied for the year reported in lines 9-13 through 9-14. (Do not report \$ amounts.)		
9-13	Bond redemption mills		
9-14	General/other mills	50.492	
9-15	TOTAL MILLS (Add lines 9-13 through 9-14)	50.492	
9-16	If the entity is a Title 32 Special District formed after 7/1/2000, has the entity filed its preceding year annual report with the State Auditor as required under SB 21-262 (Section 32-1-207 C.R.S.)?	☐ N/A	☒ Yes ☐ No
9-17	If no, please explain below.		

Please use the space below to provide any additional information (optional).

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Part 10: Governing Body Approval

10-1	If you plan to submit this form electronically, have you read the Electronic Signature Policy?	☒ Yes	☐ No
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Office of the State Auditor — Local Government Division Exemption Form Electronic Signature Policy and Procedure

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 must note their approval and submit the application using one of the following two methods:

- 1) Submit the application in hard copy via U.S. 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.

Governing Body Signatures

Print or type the names of all members of current governing body below.
A majority of the members of the governing body must sign below.

Board Member 1		
Board member's name	Tim Zink	
My term expires on	May 2027	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	 Tim Zink (Mar 6, 2026 13:03:53 MST)	06/03/2026
Board Member 2		
Board member's name	Joe LeMay	
My term expires on	May 2029	
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
	 Joseph LeMay (Mar 9, 2026 08:18:06 MDT)	09/03/2026
Board Member 3		
Board member's name		
My term expires on		
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
Board Member 4		
Board member's name		
My term expires on		
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
Board Member 5		
Board member's name		
My term expires on		
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
Board Member 6		
Board member's name		
My term expires on		
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date
Board Member 7		
Board member's name		
My term expires on		
I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature	Date

TSMD2 2025 Audit Exemption2

Final Audit Report

2026-03-09

Created:	2026-03-06
By:	Joy Tatton (joy@tattoncompany.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA8D0h8WlpdqlA6lZZtGNhq5md77PmPWD

"TSMD2 2025 Audit Exemption2" History

-  Document created by Joy Tatton (joy@tattoncompany.com)
2026-03-06 - 6:16:28 PM GMT
-  Document emailed to Joy Tatton (joy@tattoncompany.com) for signature
2026-03-06 - 6:17:00 PM GMT
-  Document emailed to tzink@sugf.com for signature
2026-03-06 - 6:17:00 PM GMT
-  Document emailed to jlemay@sugf.com for signature
2026-03-06 - 6:17:01 PM GMT
-  Document e-signed by Joy Tatton (joy@tattoncompany.com)
Signature Date: 2026-03-06 - 6:17:10 PM GMT - Time Source: server
-  Email viewed by tzink@sugf.com
2026-03-06 - 8:00:12 PM GMT
-  Signer tzink@sugf.com entered name at signing as Tim Zink
2026-03-06 - 8:03:51 PM GMT
-  Document e-signed by Tim Zink (tzink@sugf.com)
Signature Date: 2026-03-06 - 8:03:53 PM GMT - Time Source: server
-  Email viewed by jlemay@sugf.com
2026-03-09 - 2:16:56 PM GMT
-  Signer jlemay@sugf.com entered name at signing as Joseph LeMay
2026-03-09 - 2:18:04 PM GMT
-  Document e-signed by Joseph LeMay (jlemay@sugf.com)
Signature Date: 2026-03-09 - 2:18:06 PM GMT - Time Source: server

✔ Agreement completed.

2026-03-09 - 2:18:06 PM GMT



Adobe Acrobat Sign

EXHIBIT D

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 2027
tzink@sugf.com

Joseph LeMay, Treasurer
Term Expires May 2027*
bmeyer@sugf.com

Vacancy
Term Expires May 2027

Vacancy
Term Expires May 2027*

Vacancy
Term Expires May 2027*

**This seat will be a 2-year term at the May 2027 Election*