

RECORD OF PROCEEDINGS

**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
BANNING LEWIS RANCH METROPOLITAN
DISTRICT NOS. 3, 4, 5 & 7
HELD
DECEMBER 6, 2010**

A special meeting of the Board of Directors of the Banning Lewis Ranch Metropolitan District Nos. 3, 4, 5 & 7 (referred to hereafter as "Board") was held on December 6, 2010 at Banning Lewis Ranch Management Company, 90 South Cascade, Suite 950, Colorado Springs, CO 80903 at 10:00 a.m. The meeting was open to the public.

Attendance Directors in attendance were:

John A. Cassiani
Gregory J. Barbuto
Patrick McNamara

Absent and excused were Directors Erena Cassiani and Mindy Foltz.

Also in attendance were:

Dave Peak; R. S. Wells LLC
Carrie Bartow; Clifton Gunderson, LLP
Matt Tisthammer; WTS International, Inc.
Brandon H. Warren; Warren Management

Call to Order/

Agenda Director Cassiani called the meeting to order at 10:00 a.m. Following review, upon a motion duly made by Director Cassiani, seconded by Director Barbuto and, upon vote, unanimously carried, the Board approved the agenda as presented and excused the absence of Directors Erena Cassiani and Mindy Foltz.

**Disclosure of
Potential
Conflicts of
Interest** The Directors present noted for the record that they have financial interests in entities active in developing property within the boundaries of the District, or are employed by such entities, and that such interests may be affected from time to time by actions of the District's Board of Directors. In accordance with state law, the Directors have filed written disclosures describing such potential conflicts of interest with the Secretary of State, and the directors present verbally reaffirmed such disclosures on the record of this meeting.

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Minutes Following review, upon a motion duly made by Director McNamara, seconded by Director Barbuto and, upon vote, unanimously carried, the Board approved the minutes of the December 7, 2009 special board meeting as presented.

Community Comments There was no one from the community present for comment.

Attorney Matters None.

Financial Matters A. Conduct Public Hearing to Consider Adoption of 2011 Budget, Appropriate Expenditures, and Set Fees; Consider Adoption of Resolution to Adopt 2011 Budget and Appropriate Expenditures

Ms. Bartow reviewed the 2011 budget with the Board. Mr. Peak indicated that the public hearing notice had been published in the local newspaper for the 2011 budget. Upon a motion duly made by Director Cassiani, seconded by Director McNamara and, upon vote, unanimously carried, the Board opened the public hearing at 10:27 a.m. There was no public present for comment. Upon a motion duly made by Director Cassiani, seconded by Director Barbuto and, upon vote, unanimously carried, the Board closed the public hearing at 10:28 a.m.

Following discussion, upon a motion duly made by Director Cassiani, seconded by Director Barbuto and, upon vote, unanimously carried, the Board adopted the 2011 budget and resolution, subject to final modifications by accountant. Upon a motion duly made by Director Barbuto, seconded by Director McNamara and, upon vote, unanimously carried, the Board appropriated the 2011 expenditures. Upon a motion duly made by Director Cassiani, seconded by Director McNamara and, upon vote, unanimously carried, the Board adopted the 2011 budget and appropriated expenditures.

B. Review and Consider Approval of Clifton Gunderson LLP Engagement Letter for 2011 Accounting Service

Following discussion, the Board tabled this matter.

C. Consider Appointing Clifton Gunderson LLP to Prepare 2010 Applications for Audit Exemption for Districts 3, 4, 5 and 7.

Following discussion, the Board tabled this matter.

Directors' Matters None.

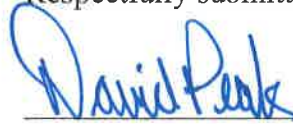
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Manager's
Matters None.

Other
Business None.

Adjournment Following discussion, with no further items to come before the Board, upon motion duly made by Director Barbuto, seconded by Director McNamara and, upon vote, unanimously carried, the Board adjourned the meeting at 11:15 a.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "David Peak". The signature is written in a cursive style with a large initial "D".

Secretary for the Meeting