

RECORD OF PROCEEDINGS

**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
BANNING LEWIS RANCH METROPOLITAN DISTRICT NOS. 1-5 AND 7
HELD
NOVEMBER 4, 2011**

A special meeting of the Board of Directors of the Banning Lewis Ranch Metropolitan District Nos. 1-5 and 7 (referred to hereafter as "Board") was held on November 4, 2011 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
Mindy Foltz
Erena Cassiani

Also in attendance were:

Carrie Bartow; Clifton Gunderson LLP
Matt Dalton; Grimshaw & Harring P.C. via phone

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 Barbuto, seconded by Director McNamara and, upon vote, unanimously carried, the Board approved the agenda as amended.

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.

RECORD OF PROCEEDINGS

Attorney Matters

- A. Ratify July 15, 2009 Amendment to the Public Facilities Funding Agreement between Banning Lewis Ranch Metropolitan District Nos. 1 and 2, and Banning Lewis Ranch Development Company I and II, LLC, Voiding the prior January 1, 2007 Agreement

Director Cassiani distributed the Amendment to the Public Facilities Funding Agreement to the Board. Following review and discussion, upon a motion duly made by Director Barbuto, seconded by Director Foltz and, upon vote, unanimously carried, the Board ratified the Amendment.

- B. Review and Consider Approval of Restated Public Facilities and Operations Funding Agreement between Banning Lewis Ranch Metropolitan District Nos. 1 and 2, and BLR I & II REO, LLC, Voiding the 2009 Agreement

Director Cassiani distributed a Restated Public Facilities and Operations Funding Agreement to the Board. Following review and discussion, upon a motion duly made by Director McNamara, seconded by Director Erena Cassiani and, upon vote, unanimously carried, the Board approved the Restated Public Facilities and Operations Funding Agreement as presented.

- C. Review and Consider Approval of Resolution Petition for Inclusion of Banning Lewis Ranch Metropolitan District Nos. 1, 3, 4, 5 and 7 into New Directors Parcel

Director Cassiani distributed a Resolution Petition for Inclusion to the Board. Following review and discussion, upon a motion duly made by Director Barbuto, seconded by Director McNamara and, upon vote, unanimously carried, the Board adopted the Resolution as presented.

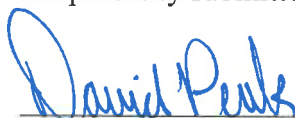
Other Business

- A. Next Meeting Date

The Board set the next meeting date for December 5, 2011 at 10:00 a.m.

Adjournment Following discussion, with no further items to come before the Board, upon motion duly made by Director McNamara, seconded by Director Erena Cassiani and, upon vote, unanimously carried, the Board adjourned the meeting at approximately 10:45 a.m.

Respectfully submitted,



Secretary for the Meeting