

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 5, 2011**

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 5, 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

Absent and excused were Directors Erena Cassiani and Mindy Foltz.

Also in attendance were:

Dave Peak; Clifton Gunderson LLP
Carrie Bartow; Clifton Gunderson LLP
Matt Dalton; Grimshaw & Harring, P.C. via phone
Matt Tisthammer; WTS International, Inc.
Teresa Lamothe; Warren Management Group

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 McNamara, 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 Barbuto seconded by Director McNamara and, upon vote, unanimously carried, the Board approved the minutes of the December 6, 2010 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 Amending 2011 Budgets; Consider Adopting Resolutions Amending 2011 Budgets – If Necessary

It was not necessary to amend the 2011 budgets for the Districts.

- B. Conduct Public Hearing to Consider Adoption of 2012 Budgets, Appropriate Expenditures, and Certify Mill Levies; Consider Adoption of Resolutions to Adopt 2012 Budgets, Appropriate Expenditures and Certify Mill Levies

Ms. Bartow reviewed the 2012 budgets with the Board. Mr. Peak indicated that the public hearing notice had been published in the local newspaper for the 2012 budgets. Upon a motion duly made by Director Barbuto, seconded by Director Cassiani and, upon vote, unanimously carried, the Board opened the public hearing at 11:23 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 11:24 a.m.

Following review and discussion, upon a motion duly made by Director Barbuto, seconded by Director Cassiani and, upon vote, unanimously carried, the Board adopted the 2012 budgets and resolutions, set the mill levies for 2011 (for collection in 2012) and appropriated the 2012 expenditures, subject to final revisions by accountant, manager and/or counsel.

- C. Consider Appointing Clifton Gunderson LLP to Prepare 2011 Audit Exemption Applications and Authorize Submittal

Following discussion, upon a motion duly made by Director Barbuto, seconded by Director McNamara and, upon vote, unanimously carried, the Board appointed Clifton Gunderson LLP to prepare the 2011 audit exemption applications for the Districts.

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**Directors'
Matters**

None.

**Manager's
Matters**

A. Review and Consider Adoption of Election Resolutions

Following review and discussion, upon a motion duly made by Director McNamara, seconded by Director Barbuto and, upon vote, unanimously carried, the Board adopted the election resolutions for the Districts as presented.

B. Consider Adoption of Resolution Designating Official Custodian of Records and Adopting Records Retention Schedules

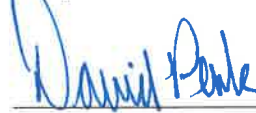
Following review and discussion, upon a motion duly made by Director McNamara, seconded by Director Barbuto and, upon vote, unanimously carried, the Board adopted the resolutions as presented.

**Other
Business**

None.

Adjournment Following discussion, with no further items to come before the Board, upon motion duly made by Director Cassiani, seconded by Director Barbuto and, upon vote, unanimously carried, the Board adjourned the meeting at 11:40 a.m.

Respectfully submitted,



Secretary for the Meeting