

CERTIFIED RECORD
OF
PROCEEDINGS
PERTAINING TO
BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2
EL PASO COUNTY, COLORADO
SUBORDINATE GENERAL OBLIGATION LIMITED TAX BONDS, SERIES 2014

(Attach copy of notice of meeting, as posted)

STATE OF COLORADO)
)
EL PASO COUNTY)
)
BANNING LEWIS RANCH METROPOLITAN)
DISTRICT NO. 2)

The Board of Directors of Banning Lewis Ranch Metropolitan District No. 2, El Paso County, Colorado, met in _____ session at the offices of Oakwood Homes, HC Development & Management Services, Inc., 1290 North Newport Road, in Colorado Springs, Colorado, on _____, 2014, at the hour of 9:00 a.m.

In accordance with §11-57-211, C.R.S., one or more of the members of the Board participated in this meeting and voted through the use of a conference telephone, and there was at least one person physically present at the designated meeting area to ensure that the public meeting was in fact accessible to the public.

The following members of the Board of Directors were present, constituting a quorum:

President and Chairman:
Secretary/Treasurer:
Assistant Secretaries:

Director:

Absent: _____

Thereupon there was introduced the following resolution:

RESOLUTION

WHEREAS, Banning Lewis Ranch Metropolitan District No. 2, El Paso County, Colorado (the "District"), is a quasi-municipal corporation duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado; and

WHEREAS, at an election of the qualified electors of the District, duly called and held on Tuesday, November 1, 2005 (the "2005 Election"), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the 2005 Election voted in favor of, *inter alia*, the issuance of general obligation indebtedness and the imposition of taxes for the payment thereof, for the purpose of providing certain improvements and facilities, the questions relating thereto being as follows:

BALLOT ISSUE T (Debt for Street Purposes):

SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$84,500,000, WITH A REPAYMENT COST OF \$253,500,000; AND SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED \$253,500,000 ANNUALLY, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, STREET IMPROVEMENTS INCLUDING CURBS, GUTTERS, CULVERTS, OTHER DRAINAGE FACILITIES, SIDEWALKS, BRIDGES, PARKING FACILITIES, PAVING, LIGHTING, GRADING, LANDSCAPING, AND OTHER STREET IMPROVEMENTS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18.00% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND PERIODICALLY AS MAY BE DETERMINED BY THE DISTRICT BOARD, SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE AT A PRICE ABOVE, BELOW OR EQUAL TO THE PRINCIPAL AMOUNT OF SUCH DEBT AND ON SUCH TERMS AND CONDITIONS AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF PREMIUM IN AN AMOUNT NOT IN EXCESS OF 5% OF THE PRINCIPAL AMOUNT BEING REDEEMED, SUCH DEBT TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT

LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE U (Debt for Park and Recreation Purposes):

SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$84,500,000, WITH A REPAYMENT COST OF \$253,500,000; AND SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED \$253,500,000 ANNUALLY, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, PARKS AND RECREATIONAL FACILITIES, IMPROVEMENTS, AND PROGRAMS, INCLUDING PARKS, BIKE PATHS AND PEDESTRIAN WAYS, OPEN SPACE, LANDSCAPING, CULTURAL ACTIVITIES, COMMUNITY RECREATION CENTERS, WATER BODIES, IRRIGATION FACILITIES, AND OTHER ACTIVE AND PASSIVE RECREATION FACILITIES AND PROGRAMS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18.00% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND PERIODICALLY AS MAY BE DETERMINED BY THE DISTRICT BOARD, SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE AT A PRICE ABOVE, BELOW OR EQUAL TO THE PRINCIPAL AMOUNT OF SUCH DEBT AND ON SUCH TERMS AND CONDITIONS AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF PREMIUM IN AN AMOUNT NOT IN EXCESS OF 5% OF THE PRINCIPAL AMOUNT BEING REDEEMED, SUCH

DEBT TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE V (Debt for Water Purposes):

SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$84,500,000, WITH A REPAYMENT COST OF \$253,500,000; AND SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED \$253,500,000 ANNUALLY, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A COMPLETE POTABLE AND NON-POTABLE WATER SUPPLY, STORAGE, TRANSMISSION, AND DISTRIBUTION SYSTEM, INCLUDING TRANSMISSION LINES, DISTRIBUTION MAINS AND LATERALS, IRRIGATION FACILITIES, AND STORAGE FACILITIES, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18.00% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND PERIODICALLY AS MAY BE DETERMINED BY THE DISTRICT BOARD, SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE AT A PRICE ABOVE, BELOW OR EQUAL TO THE PRINCIPAL AMOUNT OF SUCH DEBT AND ON SUCH TERMS AND CONDITIONS AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY

WITH OR WITHOUT PAYMENT OF PREMIUM IN AN AMOUNT NOT IN EXCESS OF 5% OF THE PRINCIPAL AMOUNT BEING REDEEMED, SUCH DEBT TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER- APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE- RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE W (Debt for Sanitation Purposes):

SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$84,500,000, WITH A REPAYMENT COST OF \$253,500,000; AND SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED \$253,500,000 ANNUALLY, OR BY SUCH LESSER ANNUAL AMOUNT AS MAYBE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A COMPLETE LOCAL SANITARY SEWAGE COLLECTION AND TRANSMISSION SYSTEM, INCLUDING COLLECTION MAINS AND LATERALS, TRANSMISSION LINES, TREATMENT FACILITIES, STORM SEWER, FLOOD, AND SURFACE DRAINAGE FACILITIES AND SYSTEMS, AND DETENTION AND RETENTION PONDS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18.00% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND PERIODICALLY AS MAY BE DETERMINED BY THE DISTRICT BOARD, SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE AT A PRICE ABOVE, BELOW OR EQUAL TO THE

PRINCIPAL AMOUNT OF SUCH DEBT AND ON SUCH TERMS AND CONDITIONS AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF PREMIUM IN AN AMOUNT NOT IN EXCESS OF 5% OF THE PRINCIPAL AMOUNT BEING REDEEMED, SUCH DEBT TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE X (Debt for Safety Control Purposes):

SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$84,500,000, WITH A REPAYMENT COST OF \$253,500,000; AND SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED \$253,500,000 ANNUALLY, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A SYSTEM OF TRAFFIC AND SAFETY CONTROLS AND DEVICES ON STREETS AND HIGHWAYS AND AT RAILROAD CROSSINGS, INCLUDING TRAFFIC SIGNALS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18.00% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND PERIODICALLY AS MAY BE DETERMINED BY THE DISTRICT BOARD, SUCH DEBT TO BE SOLD IN

ONE SERIES OR MORE AT A PRICE ABOVE, BELOW OR EQUAL TO THE PRINCIPAL AMOUNT OF SUCH DEBT AND ON SUCH TERMS AND CONDITIONS AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF PREMIUM IN AN AMOUNT NOT IN EXCESS OF 5% OF THE PRINCIPAL AMOUNT BEING REDEEMED, SUCH DEBT TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER- APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE- RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE Y (Debt for Public Transportation Purposes):

SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$84,500,000, WITH A REPAYMENT COST OF \$253,500,000; AND SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED \$253,500,000 ANNUALLY, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A SYSTEM TO TRANSPORT THE PUBLIC BY BUS, RAIL, OR ANY OTHER MEANS OF CONVEYANCE, OR ANY COMBINATION THEREOF, INCLUDING PUBLIC TRANSPORTATION SYSTEM IMPROVEMENTS, TRANSPORTATION EQUIPMENT, PARK AND RIDE FACILITIES, PUBLIC PARKING LOTS, STRUCTURES, ROOFS, COVERS, AND FACILITIES, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE

INTEREST RATE NOT IN EXCESS OF 18.00% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND PERIODICALLY AS MAY BE DETERMINED BY THE DISTRICT BOARD, SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE AT A PRICE ABOVE, BELOW OR EQUAL TO THE PRINCIPAL AMOUNT OF SUCH DEBT AND ON SUCH TERMS AND CONDITIONS AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF PREMIUM IN AN AMOUNT NOT IN EXCESS OF 5% OF THE PRINCIPAL AMOUNT BEING REDEEMED, SUCH DEBT TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE Z (Debt for Fire Protection Purposes):

SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$84,500,000, WITH A REPAYMENT COST OF \$253,500,000; AND SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED \$253,500,000 ANNUALLY, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, FIRE PROTECTION AND AMBULANCE AND EMERGENCY MEDICAL AND RESCUE SERVICES FACILITIES AND IMPROVEMENTS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID

FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18.00% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND PERIODICALLY AS MAY BE DETERMINED BY THE DISTRICT BOARD, SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE AT A PRICE ABOVE, BELOW OR EQUAL TO THE PRINCIPAL AMOUNT OF SUCH DEBT AND ON SUCH TERMS AND CONDITIONS AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF PREMIUM IN AN AMOUNT NOT IN EXCESS OF 5% OF THE PRINCIPAL AMOUNT BEING REDEEMED, SUCH DEBT TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE AA (Debt for Mosquito Control Purposes):

SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$84,500,000, WITH A REPAYMENT COST OF \$253,500,000; AND SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED \$253,500,000 ANNUALLY, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, FACILITIES, PROPERTIES, AND EQUIPMENT FOR THE ELIMINATION AND CONTROL OF MOSQUITOES, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND

IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18.00% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND PERIODICALLY AS MAY BE DETERMINED BY THE DISTRICT BOARD, SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE AT A PRICE ABOVE, BELOW OR EQUAL TO THE PRINCIPAL AMOUNT OF SUCH DEBT AND ON SUCH TERMS AND CONDITIONS AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF PREMIUM IN AN AMOUNT NOT IN EXCESS OF 5% OF THE PRINCIPAL AMOUNT BEING REDEEMED, SUCH DEBT TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE BB (Debt for Television Relay Purposes):

SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$84,500,000, WITH A REPAYMENT COST OF \$253,500,000; AND SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED \$253,500,000 ANNUALLY, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, TELEVISION RELAY AND TRANSLATION SYSTEM IMPROVEMENTS, INCLUDING EQUIPMENT, FACILITIES, AND STRUCTURES, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS,

AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18.00% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND PERIODICALLY AS MAY BE DETERMINED BY THE DISTRICT BOARD, SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE AT A PRICE ABOVE, BELOW OR EQUAL TO THE PRINCIPAL AMOUNT OF SUCH DEBT AND ON SUCH TERMS AND CONDITIONS AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF PREMIUM IN AN AMOUNT NOT IN EXCESS OF 5% OF THE PRINCIPAL AMOUNT BEING REDEEMED, SUCH DEBT TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE CC (Debt for Operations Purposes):

SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$84,500,000, WITH A REPAYMENT COST OF \$253,500,000; AND SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED \$253,500,000 ANNUALLY, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING THE COSTS OF OPERATING, MAINTAINING, OR OTHERWISE PROVIDING SYSTEMS, OPERATIONS, AND ADMINISTRATION FOR THE PURPOSE OF CARRYING OUT THE OBJECTS AND PURPOSES FOR WHICH THE DISTRICT WAS ORGANIZED, TOGETHER WITH ALL NECESSARY, INCIDENTAL AND APPURTENANT PROPERTIES, FACILITIES, EQUIPMENT, PERSONNEL, CONTRACTORS, CONSULTANTS, AND

COSTS AND ALL LAND, EASEMENTS, AND APPURTENANCES NECESSARY OR APPROPRIATE IN CONNECTION THEREWITH, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18.00% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND PERIODICALLY AS MAY BE DETERMINED BY THE DISTRICT BOARD, SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE AT A PRICE ABOVE, BELOW OR EQUAL TO THE PRINCIPAL AMOUNT OF SUCH DEBT AND ON SUCH TERMS AND CONDITIONS AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF PREMIUM IN AN AMOUNT NOT IN EXCESS OF 5% OF THE PRINCIPAL AMOUNT BEING REDEEMED, SUCH DEBT TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

BALLOT ISSUE DD (Debt for Refunding Purposes):

SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO.2 DEBT BE INCREASED \$84,500,000, WITH A REPAYMENT COST OF \$253,500,000; AND SHALL BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED \$253,500,000 ANNUALLY, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS ISSUED FOR THE PURPOSE OF REFUNDING, PAYING, OR DEFEASING, IN WHOLE OR IN PART, BONDS, NOTES, OR OTHER FINANCIAL OBLIGATIONS OF THE DISTRICT; SUCH DEBT TO BEAR INTEREST AT A RATE TO BE DETERMINED BY THE DISTRICT BOARD, WHICH INTEREST RATE MAY BE HIGHER THAN THE INTEREST RATE BORNE BY THE OBLIGATIONS BEING REFUNDED; SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES

AND WHICH MAY COMPOUND PERIODICALLY AS MAY BE DETERMINED BY THE DISTRICT BOARD, SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE AT A PRICE ABOVE, BELOW OR EQUAL TO THE PRINCIPAL AMOUNT OF SUCH DEBT AND ON SUCH TERMS AND CONDITION AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF PREMIUM IN AN AMOUNT NOT IN EXCESS OF 5% OF THE PRINCIPAL AMOUNT BEING REDEEMED, SUCH DEBT TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

WHEREAS, the returns of the 2005 Election were duly canvassed and the result thereof duly declared; and

WHEREAS, the result of the 2005 Election was certified by the District by certified mail to the board of county commissioners of each county in which the District is located or to the governing body of a municipality that has adopted a resolution of approval of the special district pursuant to §32-1-204.5, C.R.S., and with the division of securities created by §11-51-701, C.R.S., within forty-five days after the election; and

WHEREAS, pursuant to the authorization of the 2005 Election the District has heretofore (i) entered into that certain Intergovernmental Financing Agreement, dated as of January 1, 2012, between the District and Banning Lewis Ranch Metropolitan District No. 1, which agreement used debt authorization from the 2005 Election in the aggregate principal amount of \$72,833,982.78¹; and (ii) issued its General Obligation Limited Tax Bonds, Series 2013, in the aggregate principal amount of \$8,250,000, for the purpose of paying or reimbursing the costs of public improvements (the "Series 2013 Bonds"); and

¹ The Intergovernmental Financing Agreement has been terminated by the parties and is no longer outstanding.

WHEREAS, after issuance of the foregoing obligations, and based upon the District's anticipated uses of the proceeds of the Series 2013 Bonds, the District has authorized but unissued indebtedness authorization from the 2005 Election as follows:

Authorization Used and Remaining from 2005 Election Prior To Series 2014 Subordinate Bonds				
Purpose	Principal Amount Voted	Principal Amount Used by Intergovernmental Financing Agreement²	Principal Amount Used by Series 2013 Bonds³	Principal Amount Remaining
Streets	\$84,500,000	(\$21,946,361)	(\$2,538,525)	\$60,015,114
Park and recreation	84,500,000	(14,505,161)	(1,678,050)	68,316,789
Water	84,500,000	(15,105,546)	(1,747,350)	67,647,104
Sanitation	84,500,000	(19,763,995)	(2,286,075)	62,449,930
Safety control	84,500,000	(0)	(0)	84,500,000
Public transportation	84,500,000	(0)	(0)	84,500,000
Fire protection	84,500,000	(0)	(0)	84,500,000
Mosquito control	84,500,000	(0)	(0)	84,500,000
TV relay	84,500,000	(0)	(0)	84,500,000
Operations	84,500,000	(1,512,920)	(0)	82,987,080
Refunding	84,500,000	(0)	(0)	84,500,000
TOTAL	\$929,500,000	\$-72,833,983	\$-8,250,000	\$848,416,017

WHEREAS, the District has heretofore entered into: (i) that certain Restated Public Facilities and Operations Funding Agreement, dated as of November 1, 2011, between the District and BLR I & II REO, LLC, an Ohio limited liability company, as amended by that certain First Amendment to Restated Public Facilities and Operations Funding Agreement, dated as of March 1, 2013, between the District and the Developer (as amended, the "Reimbursement Agreement"), which creates a reimbursement obligation of the District for the repayment of certain amounts advanced to the District for the capital improvement purposes; and

WHEREAS, pursuant to Section 1.05 of the Reimbursement Agreement and that certain Assignment of Restated Public Facilities and Operations Funding Agreement, dated as of May 12, 2012, between the BLR I & II REO, LLC and MREC Oakwood Colorado Ranch LLC, a Delaware limited liability company (the "Developer"), all rights, duties, and obligations of the BLR I & II REO, LLC under the Reimbursement Agreement are assigned to the Developer; and

WHEREAS, the proceeds of the Series 2013 Bonds were insufficient to pay all costs of the public improvements provided to date, and the Board has heretofore determined and does hereby determine that it is necessary and appropriate, and in the best interests of the

² These amounts are rounded up to the nearest dollar for purposes of this chart. The actual total authorization used by the Intergovernmental Financing Agreement is \$72,833,982.78

³ While the Intergovernmental Financing Agreement has been terminated, the District still intends to reimburse the Developer for amounts formerly memorialized by such agreement as provided by the Reimbursement Agreement. Accordingly, the authorization allocated to the Series 2013 Bonds is in accordance with the previous allocation of debt to the Intergovernmental Financing Agreement, *i.e.*, 30.77% is allocated to street improvements, 20.34% is allocated to park and recreation improvements, 21.18% is allocated to water, and the remaining 27.71% is allocated to sanitation improvements.

District, to pay or reimburse additional costs of the acquisition, construction, and installation of a portion of the facilities the debt for which was approved by the 2005 Election; and

WHEREAS, based upon the report of CliftonLarsonAllen LLP, the unreimbursed amount due under the Reimbursement Agreement is not less than \$_____; and

WHEREAS, the Board has determined and hereby determines that it is in the best interests of the District, and the residents and taxpayers thereof, that additional amounts due under the Reimbursement Agreement be paid, and that such payment shall be made through the issuance of bonds to or to the order of the Developer, and that for such purposes there shall be issued bonds of the District in the maximum principal amount of \$_____ (as more particularly defined hereafter, the "Bonds"); and

WHEREAS, in consideration of the District taking the actions necessary to issue the Bonds, the Developer has offered to enter into the Termination Agreement (as defined hereafter) which, *inter alia*, will terminate any further obligations of the District under the Reimbursement Agreement upon issuance of the Bonds to the Developer; and

WHEREAS, under the resolution authorizing the issuance of the Series 2013 Bonds, the District is allowed to issue obligations defined therein as "Permitted Subordinate Bonds", and it is the intent of the District that the Bonds authorized hereby constitute Permitted Subordinate Bonds under such resolution; and

WHEREAS, the Bonds shall be subordinate, limited mill levy obligations of the District, payable solely from the Subordinate Pledged Revenue (as defined herein); and

WHEREAS, the Bonds initially shall be issued in denominations of \$500,000 each, and in integral multiples above \$500,000 of not less than \$1,000 each, and will be exempt from registration under the Colorado Municipal Bond Supervision Act; and

WHEREAS, the Bonds are payable from a limited mill levy not in excess of 50 mills, and thus are permitted pursuant to §32-1-1101 (6), C.R.S.; and

WHEREAS, the allocation of the Bonds to the authorized but unissued indebtedness from the 2005 Election shall be as set forth in the Sale Certificate (defined hereafter) or in such other documents or certificates as may be executed by the District in connection with the issuance of the Bonds, and shall be determined based upon the improvements the costs of which are reimbursed by the issuance of the Bonds; and

WHEREAS, for purposes of the 2005 Election and the maximum annual repayment amounts and maximum total repayment amounts authorized thereby, it is hereby determined by the Board that the amount thereof which is allocated to the repayment of the Bonds shall be an amount which bears the same proportion to such maximum amounts as the principal amount of the Bonds for each purpose bears to the total principal amounts authorized by the 2005 Election for each purpose; and

WHEREAS, pursuant to §32-1-902(3), C.R.S., and §18-8-308, C.R.S., all known potential conflicting interests of the Directors were disclosed to the Colorado Secretary of State

and to the Board in writing at least 72 hours in advance of this meeting; additionally, in accordance with §24-18-110, C.R.S., the appropriate Board members have made disclosure of their personal and private interests relating to the issuance of the Bonds in writing to the Secretary of State and the Board; finally, said officials have stated for the record immediately prior to the adoption of this Bond Resolution the fact that they have said interests and the summary nature of such interests and the participation of said officials is necessary to obtain a quorum or otherwise enable the Board to act; and

WHEREAS, the Bonds shall be issued pursuant to the provisions of Title 32, Article 1, Part 1, C.R.S., and all other laws thereunto enabling; and

WHEREAS, the Board specifically elects to apply the provisions of Title 11, Article 57, Part 2, C.R.S., to the Bonds; and

WHEREAS, there has been presented to this meeting of the Board the form of the Paying Agent and Registrar Agreement and the Placement Agent Agreement (both as defined hereafter); and

WHEREAS, the Board desires to authorize the issuance and sale of the Bonds, the execution of the Sale Certificate, and the execution of the Paying Agent and Registrar Agreement and Placement Agent Agreement;

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2, EL PASO COUNTY, COLORADO:

Section 1. Definitions. As used herein, the following capitalized terms shall have the respective meanings set forth below, unless the context indicates otherwise, and words importing the singular include the plural, and *vice versa*.

2005 Election: the authorizing debt election held within the District on November 1, 2005.

Additional Bonds: bonds, notes, debentures, or other multiple fiscal year financial obligations issued by the District (i) which are payable in whole or in part from, or have a parity or subordinate lien or encumbrance upon, all or any part of the Subordinate Pledged Revenue, or (ii) for the payment of which the District promises or is obligated to impose an ad valorem property tax. Annual appropriation obligations that do not constitute multiple fiscal year indebtedness shall not be deemed to be Additional Bonds hereunder.

Authorized Denominations: initially, the amount of \$500,000 or any integral multiple of \$1,000 in excess thereof, provided that:

(a) no individual Bond may be in an amount which exceeds the principal amount coming due on any maturity date; and

(b) in the event a Bond is partially redeemed and the unredeemed portion is less than \$500,000, such unredeemed portion of such Bond may be issued in the largest possible

denomination of less than \$500,000, in integral multiples of not less than \$1,000 each or any integral multiple thereof.

Authorized Officer: the person or persons authorized to sign the Sale Certificate, the Bonds, and other documents authorized hereby, which shall be any member of the Board of Directors of the District.

Board: the Board of Directors of the District.

Bonds: the Subordinate General Obligation Limited Tax Bonds, Series 2014, issued in the maximum aggregate principal amount of \$_____, as authorized by this Bond Resolution.

Bond Registrar: UMB Bank, n.a., in Denver, Colorado, or its successor, which shall perform the function of registrar with respect to the Bonds.

Bond Resolution: this resolution which authorizes the issuance of the Bonds.

Bond Year: the period from December 2 of any calendar year to December 1 of the following calendar year.

Certified Public Accountant: a certified public accountant within the meaning of §12-2-115, C.R.S., and any amendment thereto, licensed to practice in the State of Colorado.

Code: the Internal Revenue Code of 1986, as amended to the date of issuance of the Bonds.

C.R.S.: the Colorado Revised Statutes, as amended and supplemented as of the date hereof.

Delegated Authority: the authority delegated by this Bond Resolution to any Authorized Officer to make the following determinations with respect to the Bonds in the Sale Certificate, which determinations shall be subject to the restrictions and parameters set forth below:

- (1) the rate or rates of interest on the Bonds;
- (2) the conditions on which and the prices at which the Bonds may be redeemed before maturity at the option of the District;
- (3) the existence and amount of any capitalized interest or reserve funds;
- (4) the price or prices at which the Bonds will be sold;
- (5) the principal amount of the Bonds;
- (6) the amount of principal maturing in any particular year; and
- (7) the dates on which principal and interest shall be paid.

The foregoing authority shall be subject to the following restrictions and parameters:

(1) the interest rate or rates on the Bonds shall be such that the Bonds bear interest at a net effective interest rate which does not exceed the maximum net effective interest rate authorized for debt issued pursuant to the 2005 Election;

(2) the total repayment cost of the Bonds and the maximum annual repayment costs thereof shall not exceed, respectively, the total repayment cost and maximum annual tax increase limitations of the 2005 Election;

(3) the sale price of the Bonds (*i.e.*, the amount deemed paid under the Reimbursement Agreement) shall be an amount not less than 100% of the aggregate principal amount of the Bonds;

(4) in accordance with the restrictions on "Permitted Subordinate Bonds" set forth in the documents authorizing the Series 2013 Bonds, the Bonds shall be payable as to both principal and interest on an annual basis, on a date which is after the final principal or interest payment date due in that calendar year on all Senior Bonds;

(5) the Bonds shall mature not later than December 15, 2047; and

(6) the principal amount of the Bonds shall not exceed \$_____.

Developer: MREC Oakwood Colorado Ranch LLC, a Delaware limited liability company, and its successors and assigns.

District: Banning Lewis Ranch Metropolitan District No. 2, El Paso County, Colorado.

Event of Default: any one or more of the events set forth in the Section hereof entitled "Events of Default".

Federal Securities: direct obligations of (including obligations issued or held in book entry form on the books of), or obligations the principal of and interest on which are guaranteed by, the United States of America.

Investor Letter: a letter required to be obtained from any transferee of any Bond in substantially the form set forth in Exhibit C attached hereto and incorporated herein by reference.

Maximum Debt Mill Levy Imposition Term: a date which is a date forty (40) years after the year of the initial imposition of the District's debt service mill levy.

Owner: the registered owner of any Bond, as shown by the registration books maintained by the Bond Registrar.

Paying Agent: UMB Bank, n.a., in Denver, Colorado, or its successor, which shall perform the function of paying agent with respect to the Bonds.

Paying Agent and Registrar Agreement: the agreement between the District and the Paying Agent/Bond Registrar, concerning the registration, transfer, exchange, and payment of the Bonds.

Permitted Investments: shall mean any investment or deposit the District is permitted to make under then-applicable law.

Permitted Senior Bonds: any bonds, notes, debentures, or other obligations issued by the District for the purpose of refunding or refinancing the Series 2013 Bonds, which refunding or refinancing obligations may be issued on such terms and in such amounts as may be determined by the District in its absolute discretion, including without limitation amounts sufficient to pay all expenses in connection with the refunding or refinancing of the Series 2013 Bonds, to fund reserve funds, sinking funds, and similar funds, and to pay the costs of letters of credit, credit facilities, interest rate exchange agreements, bond insurance, or other financial products pertaining to the refunding or refinancing; provided that the maximum annual debt service in any year with respect to any Permitted Senior Bonds shall not exceed the maximum annual debt service for that year as shown in Exhibit B attached hereto and incorporated herein by reference.

Placement Agent Agreement: the agreement between the District and D.A. Davidson & Co. pertaining to the placement of the Bonds with an investor.

Record Date: if interest on the Bonds is payable on the first day of any month, the fifteenth (15th) day of the calendar month next preceding each interest payment date; if interest on the Bonds is payable on the 15th day of any month, the last day of the calendar month next preceding each interest payment date; and if interest on the Bonds is payable on any other day of the month, a date which is 15 days prior to such payment date.

Reimbursement Agreement: that certain Restated Public Facilities and Operations Funding Agreement, dated as of November 1, 2011, between the District and the Developer, as amended by that certain First Amendment to Restated Public Facilities and Operations Funding Agreement, dated as of March 1, 2013, between the District and the Developer.

Sale Certificate: a certificate executed by an Authorized Officer pursuant to the Delegated Authority, dated on or before the date of delivery of the Bonds, setting forth the matters to be determined pursuant to the Delegated Authority.

Series 2013 Bonds: the District's General Obligation Limited Tax Bonds, Series 2013, originally issued in the aggregate principal amount of \$8,250,000.

Series 2013 Bond Event of Default: an "Event of Default" as defined in the resolution authorizing the issuance of the Series 2013 Bonds.

Senior Bonds: the Series 2013 Bonds, any Permitted Senior Bonds, and any other bonds, notes, debentures, or other multiple fiscal year financial obligations payable in whole or in part from the Senior Bond Mill Levy, issued by the District in accordance with the limitations herein.

Senior Bond Mill Levy: the ad valorem mill levy pledged to any Senior Bonds by the documents pursuant to which such Senior Bonds are issued.

Special Record Date: the record date for determining Bond ownership for purposes of paying defaulted interest, as such date may be determined pursuant to this Bond Resolution.

Specific Ownership Tax: the specific ownership taxes collected by the county and remitted to the District pursuant to §42-3-107, C.R.S., or any successor statute.

Subordinate Bond Fund: the "Banning Lewis Ranch Metropolitan District No. 2 Subordinate General Obligation Limited Tax Bonds, Series 2014, Subordinate Bond Fund", established by the provisions hereof for the purpose of paying the principal of, premium if any, and interest on the Bonds.

Subordinate Bonds: the Bonds and any other bonds, notes, debentures, or other multiple fiscal year financial obligations payable in whole or in part from FIRST of the Section hereof entitled "Flow of Funds".

Subordinate Pledged Revenue: the moneys derived by the District from the following sources, after payment of any costs of collection:

- (a) the Subordinate Required Mill Levy;
- (b) the portion of the Specific Ownership Tax allocable to the amount of the Subordinate Required Mill Levy; and
- (c) any other legally available moneys which the Board determines in its sole discretion to apply as Subordinate Pledged Revenue.

Subordinate Required Mill Levy: shall have the following meaning:

(a) Subject to paragraph (b) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in the amount of thirty (30) mills less the amount of the Senior Bond Mill Levy, or such lesser mill levy which, when combined with other Subordinate Pledged Revenue then held in the Subordinate Bond Fund, will permit the District to fully pay and discharge all of the Bonds in the calendar year in which the proceeds of such lesser mill levy are received; provided however: (i) in the event the method of calculating assessed valuation is or was changed after January 1, 2007, the thirty (30) mill levy limitation provided herein will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes, and (ii)

notwithstanding the foregoing or anything else herein to the contrary, in no event will such adjustment cause the Subordinate Required Mill Levy, as adjusted, to exceed fifty (50) mills. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. It is the intent hereof that if the amount of the Senior Bond Mill Levy equals or exceeds the maximum Subordinate Required Mill Levy provided hereby, the Subordinate Required Mill Levy for that year shall be zero.

(b) Notwithstanding anything herein to the contrary, in no event may the Subordinate Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Subordinate Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Subordinate Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

Supplemental Act: the "Supplemental Public Securities Act", being Title 11, Article 57, Part 2, C.R.S.

Termination Agreement: an agreement between the District and the Developer in substantially the form set forth in Exhibit D attached hereto and incorporated herein by reference.

Section 2. Authorization. In accordance with the Constitution of the State of Colorado; Title 32, Article 1, Part 11, C.R.S.; the Supplemental Act; and all other laws of the State of Colorado thereunto enabling, there shall be issued the Bonds for the purposes of reimbursing amounts due under the Reimbursement Agreement. The District hereby elects to apply all of the provisions of the Supplemental Act to the Bonds.

Section 3. Termination Agreement. As a condition to the issuance of the Bonds, the District and the Developer shall execute and deliver the Termination Agreement. The President and Secretary or an Assistant Secretary of the District are hereby authorized and directed to execute the Termination Agreement concurrently with the issuance of the Bonds.

Section 4. Limited Tax Obligations; Payment Restrictions. The Bonds shall constitute subordinate, limited tax obligations of the District as provided herein. All of the Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable solely from and to the extent of the Subordinate Pledged Revenue, and the Subordinate Pledged Revenue is hereby pledged to the payment of the Bonds. The Bonds shall constitute an irrevocable lien upon the Subordinate Pledged Revenue, but not necessarily an exclusive such lien.

Notwithstanding anything herein to the contrary, no amounts may be paid on the Bonds if any payment of principal of or interest on the Series 2013 Bonds is due but has not been paid, or if a Series 2013 Bond Event of Default shall have occurred and be continuing.

Section 5. Bond Details. The Bonds shall be issued only as fully registered Bonds without coupons in Authorized Denominations, provided that no individual Bond may be

in an amount which exceeds the principal amount coming due on any maturity date. Unless the District shall otherwise direct, the registered Bonds shall be numbered separately from 1 upward, with the number of each Bond preceded by "R-". The Bonds shall be dated as of the date of issuance.

To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate then borne by the Bond. To the extent interest on any Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Bond. Notwithstanding the foregoing or anything else herein to the contrary, the District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount.

The maximum net effective interest rate authorized for this issue of Bonds by the 2005 Election is 18.00%, and in accordance with the restrictions of the Delegated Authority, the actual net effective interest rate of the Bonds shall not exceed such maximum rate.

Section 6. Payment of Bonds; Paying Agent and Bond Registrar. The principal of and premium, if any, on the Bonds are payable in lawful money of the United States of America to the Owner of each Bond upon maturity or prior redemption and presentation at the principal office of the Paying Agent. The interest on any Bond is payable to the person in whose name such Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the District by the Bond Registrar, at the close of business on the Record Date, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date; provided that any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Bond Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners of the Bonds not less than ten (10) days prior to the Special Record Date by first-class mail to each such Owner as shown on the registration books kept by the Bond Registrar on a date selected by the Bond Registrar. Such notice shall state the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

Interest payments shall be paid by check or draft of the Paying Agent mailed on or before the interest payment date to the Owners. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Paying Agent; provided that the District shall not be required to make funds available to the Paying Agent prior to the dates on which such interest would otherwise be payable hereunder, nor to incur any expenses in connection with such alternative means of payment.

The principal of, premium if any, and interest on the Bonds shall be paid in accordance with the terms of the Paying Agent and Registrar Agreement and the Letter of Representations.

Section 7. Prior Redemption. The Bonds shall be subject to redemption prior to maturity on the date or dates, and at the prices, and on the terms and conditions, as may be set forth in the Sale Certificate. In addition, the Bonds are subject to mandatory redemption on any date, in whole or in part, at a price of par and accrued interest, without redemption premium, as set forth in the Section hereof entitled "Subordinate Bond Fund; Mandatory Redemption".

With respect to each maturity of the Bonds subject to mandatory sinking fund redemption, if any, on or before forty-five (45) days prior to each sinking fund installment date for such maturity as set forth above, the Bond Registrar shall select for redemption, by lot in such manner as the Bond Registrar may determine, from the outstanding Bonds of that maturity, a principal amount of such Bonds equal to the applicable sinking fund installment. The amount of the applicable sinking fund installment for any particular date and maturity may be reduced by the principal amount of any Bonds of that maturity which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, shall be applied in such year or years as may be determined by the District.

If less than all of the Bonds within a maturity are to be redeemed on any prior redemption date, the Bonds to be redeemed shall be selected by lot prior to the date fixed for redemption, in such manner as the Bond Registrar shall determine. The Bonds shall be redeemed only in integral multiples of \$1,000. In the event a Bond is of a denomination larger than \$1,000, a portion of such Bond may be redeemed, but only in the principal amount of \$1,000 or any integral multiple thereof. Such Bond shall be treated for the purpose of redemption as that number of Bonds which results from dividing the principal amount of such Bond by \$1,000. In the event a portion of any Bond is redeemed, the Bond Registrar shall, without charge to the Owner of such Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion thereof.

Except as otherwise provided in the Sale Certificate, in the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Bond Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid), not less than thirty (30) days prior to the date fixed for redemption, to the Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the District by the Bond Registrar. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice. Failure to give such notice by mailing to any Owner, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or defect exists. All Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

Section 8. Form and Execution of Bonds. The Bonds shall be signed with the facsimile or manual signature of any Authorized Officer, sealed with a facsimile or manual impression of the seal of the District, and attested by the facsimile or manual signature of any other Authorized Officer. Should any officer whose facsimile or manual signature appears on the

Bonds cease to be such officer before delivery of the Bonds to a purchaser, such facsimile or manual signature shall nevertheless be valid and sufficient for all purposes.

The Bonds shall be in substantially the form set forth as Exhibit A attached hereto, with such changes as may be necessary or appropriate to reflect the terms set forth in the Sale Certificate.

Section 9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Bond Resolution unless and until a certificate of authentication on such Bond substantially in the form herein set forth shall have been duly executed by the Bond Registrar, and such executed certificate of the Bond Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Bond Resolution. The Bond Registrar's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Bond Registrar, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 10. Delivery of Bonds. Upon the adoption of this Bond Resolution, the District shall execute the Bonds and deliver them to the Bond Registrar, and the Bond Registrar shall authenticate the Bonds and deliver them to the Owners thereof, as directed by the District.

Section 11. Registration, Exchange, and Transfer of Bonds; Persons Treated as Owners. The Bond Registrar shall maintain the books of the District for the registration of ownership of each Bond as provided in this Bond Resolution. **Notwithstanding anything herein to the contrary, neither the Bonds nor any beneficial interest therein may be transferred unless at the time of such transfer the District and Bond Registrar receive an Investor Letter signed by the transferee and satisfactory to the District and Bond Registrar, in substantially the form set forth herein.** Subject to the foregoing, Bonds may be exchanged at the principal office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity of other Authorized Denominations. Bonds may be transferred upon the registration books upon delivery of the Bonds to the Bond Registrar, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the Owner of the Bonds to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bonds, along with the social security number or federal employer identification number of such transferee. No transfer of any Bond shall be effective until entered on the registration books.

In all cases of the transfer of a Bond, the Bond Registrar shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of Authorized Denominations of the same maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time. The Bond Registrar shall charge the Owner of a Bond for every such transfer or exchange an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

The District and Bond Registrar shall not be required to issue or transfer any Bonds: (a) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first business day following the ensuing interest payment date; or (b) during the period beginning at the opening of business on a date forty-five (45) days prior to the date of any redemption of Bonds and ending at the opening of business on the first business day following the day on which the applicable notice of redemption is mailed. The Bond Registrar shall not be required to transfer any Bonds selected or called for redemption, in whole or in part.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the District, evidencing the same obligation as the Bonds surrendered, shall be secured by this Bond Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The District, the Paying Agent, and the Bond Registrar may deem and treat the registered Owner of any Bond as the absolute owner thereof for all purposes (whether or not such Bond shall be overdue), and any notice to the contrary shall not be binding upon the District, the Paying Agent, or the Bond Registrar.

Section 12. Cancellation of Bonds. Whenever any Bond shall be delivered to the Bond Registrar for cancellation pursuant to this Bond Resolution and upon payment of the principal amount and interest represented thereby, or whenever any Bond shall be delivered to the Bond Registrar for transfer or exchange pursuant to the provisions hereof, such Bond shall be cancelled by the Bond Registrar and counterparts of a certificate of cancellation evidencing such cancellation shall be furnished by the Bond Registrar to the District.

Section 13. Lost Bonds. Any Bond that is lost, stolen, destroyed, or mutilated may be replaced by the Bond Registrar in accordance with and subject to the limitations of applicable law. The applicant for any such replacement Bond shall post such security, pay such costs, and present such proof of ownership and loss as may be required by applicable law, or in the absence of specific requirements, as may be required by the Bond Registrar. In the event any such lost, stolen, destroyed, or mutilated Bond shall have become due for payment, instead of issuing a replacement Bond as provided above, the District may pay the same, and may charge the Owner the reasonable fees and expenses of the Bond Registrar in connection therewith.

Section 14. Tax Covenants. The District covenants for the benefit of the Owners that it will not take any action or omit to take any action with respect to the Bonds, any funds of the District, or any facilities financed with the Bonds, if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustments applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law.

The payment of any rebate amounts pursuant to Section 148(f) of the Code which may be required by the covenants in this Section supersedes all other provisions of this Bond Resolution concerning the deposit and transfer of interest earnings to or from any other fund or account. Moneys set aside to pay such rebate amounts pursuant to this paragraph are not subject to any lien created hereunder for the benefit of the Owners.

The covenants in this Section shall remain in full force and effect until the date on which all obligations of the District in fulfilling such covenants under the Code and Colorado law have been met, notwithstanding the payment in full or defeasance of the Bonds.

The District hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Section 15. Flow of Funds. The District shall apply the Subordinate Pledged Revenue in the following order of priority. For purposes of the following, when credits to more than one fund, account, or purpose are required at any single priority level, such credits shall rank *pari passu* with each other.

FIRST: To the credit of the Subordinate Bond Fund, the amounts required by the Section hereof entitled "Subordinate Bond Fund", and to the credit of any other fund or account established for the payment of the principal of, premium if any, and interest on any other Subordinate Bonds, including any sinking fund, reserve fund, or similar fund or account established in connection with any Subordinate Bonds, the amounts required by the resolution or other enactment authorizing issuance of the Subordinate Bonds; and

SECOND: To the credit of any other fund or account as may be designated by the District, to be used for any lawful purpose, any Subordinate Pledged Revenue remaining after the payments and accumulations set forth in FIRST hereof.

Section 16. Subordinate Bond Fund; Mandatory Redemption.

(a) *Creation of Fund* - There is hereby created and established the Subordinate Bond Fund, which shall be established and maintained by the District in accordance with the provisions of this Bond Resolution.

(b) *Credit of Subordinate Pledged Revenue* - For so long as the Bonds are the only Subordinate Bonds then outstanding, all Subordinate Pledged Revenue shall be credited to the Subordinate Bond Fund as soon as is practicable after the receipt by the District of any moneys constituting Subordinate Pledged Revenue, until the amount therein is sufficient to fully pay, satisfy, and discharge all of the Bonds. If any Subordinate Bonds other than the Bonds are issued, the Subordinate Pledged Revenue shall be allocated between the Subordinate Bond Fund and such other fund as may be established for payment of such additional Subordinate Bonds on a *pro rata* basis, in accordance with the relative outstanding principal amounts of such issues.

(c) *Use of Moneys* - Moneys in the Subordinate Bond Fund shall be used by the District solely to pay the principal of and interest on the Bonds, in the following order:

- FIRST: to the payment of interest due in connection with the Bonds (including without limitation current interest, accrued but unpaid interest, and interest due as a result of compounding, if any); and
- SECOND: to the extent any moneys are remaining in the Subordinate Bond Fund after the payment of such interest, to the payment of the principal of the Bonds, whether due at maturity or upon prior redemption.

In the event that available moneys in the Subordinate Bond Fund are insufficient for the payment of the principal of and interest due on the Bonds on any due date, the District shall apply such amounts on such due date as follows:

- FIRST: the District shall pay such amounts as are available, proportionally in accordance with the amount of interest due on each Bond.
- SECOND: the District shall apply any remaining amounts to the payment of the principal of as many Bonds as can be paid with such remaining amounts, such payments to be in increments of \$1,000 or any integral multiple thereof. Bonds or portions thereof to be redeemed pursuant to such partial payment shall be selected by lot from the Bonds the principal of which is due and owing on the due date.

(d) *Mandatory Redemption* - On each December 2 the District shall determine the amount credited to the Subordinate Bond Fund and, to the extent the amount therein is in excess of the amount required to pay interest on the Bonds due on the next succeeding interest payment date (including current interest, accrued but unpaid interest, and interest due as a result of compounding, if any), the District shall promptly take the actions necessary to redeem as many Bonds as can be redeemed with such excess moneys. Such redemptions shall be made on the earliest practicable date, and shall be in Authorized Denominations. Amounts insufficient to redeem at least one Bond in the minimum Authorized Denomination will be retained in the Subordinate Bond Fund.

(e) *Investments* - Moneys credited to the Subordinate Bond Fund may be invested or deposited in Permitted Investments only and in accordance with the laws of the State of Colorado. The investment of moneys credited to the Subordinate Bond Fund shall, however, be subject to the covenants and provisions of the Section hereof entitled "Tax Covenants". All interest income from the investment or reinvestment of moneys credited to the Subordinate Bond Fund shall remain in and become part of the Subordinate Bond Fund.

Section 17. Imposition of Subordinate Required Mill Levy. For the purpose of paying the principal of, premium if any, and interest on the Bonds, there shall be levied on all taxable property of the District, in addition to all other taxes, direct annual taxes in the amount of the Subordinate Required Mill Levy, such Subordinate Required Mill Levy to be

imposed in each of the years 2014 to the year prior to the final maturity of the Bonds, inclusive, as determined by the Sale Certificate (and to the extent necessary to repay any unpaid amounts due on the Bonds, in each year thereafter until the Bonds are fully paid, satisfied, and discharged, but not beyond the Maximum Debt Mill Levy Imposition Term except as may be permitted by the Service Plan). Nothing herein shall be construed to require the District to levy an ad valorem property tax for payment of the Bonds in excess of the Subordinate Required Mill Levy.

The foregoing provisions of this Bond Resolution are hereby declared to be the certificate of the Board to the board or boards of county commissioners of the county or counties in which taxable real or personal property of the District is located, showing the aggregate amount of taxes to be levied from time to time, as required by law, for the purpose of paying the principal of, premium if any, and the interest on the Bonds.

The amounts necessary to pay all costs and expenses incidental to the issuance of the Bonds and to pay the principal of, premium if any, and interest on the Bonds when due are hereby appropriated for said purposes, and such amounts as appropriate for each year shall also be included in the annual budget and the appropriation bills to be adopted and passed by the Board in each year, respectively, until the Bonds have been fully paid, satisfied, and discharged.

It shall be the duty of the Board, annually, at the time and in the manner provided by law for levying other District taxes, to ratify and carry out the provisions hereof with reference to the levying and collection of taxes; and the Board shall levy, certify, and collect said taxes in the manner provided by law for the purpose of paying the principal of, premium if any, and interest on the Bonds.

Section 18. Limitations Upon Issuance of Additional Bonds.

(a) After the issuance of any of the Bonds, the District shall not issue any Additional Bonds except as provided in this Section. Nothing herein shall prevent the District from issuing obligations other than Additional Bonds.

(b) The District may issue Permitted Senior Bonds at such time or times and in such amounts as may be determined by the District in its absolute discretion.

(c) Except for the Permitted Senior Bonds, the District may issue Additional Bonds only if the Owners of a majority in aggregate principal amount of the Bonds then outstanding consent to the issuance of such Additional Bonds.

Section 19. Defeasance. When all principal, interest, and premiums, if any, in connection with any Bond have been duly paid, the pledge and lien and all obligations of the District hereunder with respect to such Bond shall thereby be discharged and such Bond shall no longer be deemed to be outstanding within the meaning of this Bond Resolution. There shall be deemed to be such due payment when the District has placed in escrow and in trust with a commercial bank located within or without the State of Colorado, and exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be initially invested, which Federal Securities shall not be subject to redemption or prepayment at the option of the issuer) to meet all requirements of principal, interest, and premiums, if any, on such Bond or Bonds, as the same become due to their final maturities or

upon designated prior redemption dates. The Federal Securities shall not be subject to redemption or prepayment at the option of the issuer, and shall become due at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. The sufficiency of any such escrow funded with Federal Securities shall be determined by a Certified Public Accountant.

Section 20. Events of Default. The occurrence or existence of any one or more of the following events shall be an Event of Default hereunder, and there shall be no default or Event of Default hereunder except as provided in this Section:

(a) the District fails or refuses to impose the Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required by the terms of this Bond Resolution;

(b) the District defaults in the performance of any other of its covenants in this Bond Resolution, and such default continues for sixty (60) days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding; or

(c) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the debt represented by the Bonds.

It is acknowledged that due to the limited nature of the Subordinate Pledged Revenue, failure to pay principal or interest on the Bonds when due shall not, of itself, constitute an Event of Default hereunder.

Section 21. Remedies For Events of Default. Upon the occurrence and continuance of an Event of Default, the Owner of any Bond may proceed to protect and enforce the rights of any Owner under this Bond Resolution by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction. All such proceedings shall be instituted, had, and maintained for the equal benefit of all Owners of the Bonds then outstanding.

Section 22. Permitted Amendments to Bond Resolution. The District may, without the consent of or notice to the Owners, adopt amendments or supplements to this Bond Resolution, which amendments or supplements shall thereafter form a part hereof, for any one or more of the following purposes:

(a) to cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in this Bond Resolution, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under this Bond Resolution, or to make any provisions for any other purpose, if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners of the Bonds;

(b) to subject to this Bond Resolution or pledge to the payment of the Bonds additional revenues, properties, or collateral; and

(c) to grant or confer upon the Owners any additional rights, remedies, powers, or authority that may be lawfully granted to or conferred upon the Owners.

Section 23. Amendments Requiring Consent. Except for amendatory or supplemental resolutions adopted pursuant to the Section hereof entitled "Permitted Amendments to Bond Resolution", the Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the adoption by the District of such resolutions amendatory or supplemental hereto as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Bond Resolution; provided however, that without the consent of the Owners of all the Bonds affected thereby, nothing herein contained shall permit, or be construed as permitting:

(a) a change in the terms of the maturity of any Bond, in the principal amount of any Bond or the rate of interest thereon, or in the terms of prior redemption of any Bond;

(b) an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of, premium if any, or interest on the Bonds when due;

(c) a privilege or priority of any Bond or any premium or interest payment over any other Bond or premium or interest payment; or

(d) a reduction in the percentage in principal amount of the Bonds the consent of whose Owners is required for any such amendatory or supplemental resolution.

If at any time the District shall desire to adopt an amendatory or supplemental resolution for any of the purposes of this Section, the District shall cause notice of the proposed adoption of such amendatory or supplemental resolution to be given by mailing such notice by certified or registered first-class mail to each Owner of a Bond at the address shown on the registration books of the Bond Registrar. Such notice shall briefly set forth the nature of the proposed amendatory or supplemental resolution and shall state that copies thereof are on file at the offices of the District or some other suitable location for inspection by all Owners. If the Owners of not less than the required percentage in aggregate principal amount of the Bonds then outstanding at the time of the execution of any such amendatory or supplemental resolution shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the adoption and effectiveness thereof, or to enjoin or restrain the District from adopting the same or from taking any action pursuant to the provisions thereof.

Section 24. Effect of Amendment. Upon the execution of any amendatory or supplemental resolution pursuant to this Bond Resolution, this Bond Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Bond Resolution of the District, the Bond Registrar, the Paying Agent, and

all Owners of Bonds then outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments.

Section 25. Removal or Resignation of Bond Registrar or Paying Agent; Successors. The Paying Agent and Bond Registrar may resign, or may be removed by the District at any time, with or without cause. In the event of the removal or resignation of the Bond Registrar or Paying Agent, the District shall appoint a successor as soon thereafter as may be practicable, and in such event, shall give written notice thereof to each Owner by mailing to the addresses shown on the registration books for the Bonds. Any successor Paying Agent shall:

- (a) be a trust company or bank in good standing located in or incorporated under the laws of the State of Colorado;
- (b) be duly authorized to exercise trust powers;
- (c) be subject to examination by a federal or state authority; and
- (d) maintain a reported capital and surplus of not less than ten million dollars (\$10,000,000).

Section 26. Pledge of Revenues. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Bonds shall be governed by §11-57-208 of the Supplemental Act and this Bond Resolution. The Subordinate Pledged Revenue shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge on the Subordinate Pledged Revenue shall be on a parity with all other Subordinate Bonds, and shall have priority over any and all other obligations and liabilities of the District, except as may be otherwise provided in the Supplemental Act, in this Bond Resolution, or in any other instrument, but subject to any prior pledges and liens. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the District irrespective of whether such persons have notice of such liens.

Section 27. No Recourse against Officers and Agents. Pursuant to §11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Bonds. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

Section 28. Conclusive Recital. Pursuant to §11-57-210 of the Supplemental Act, the Bonds may contain a recital that they are issued pursuant to certain provisions of the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

Section 29. Limitation of Actions. Pursuant to §11-57-212, C.R.S., no legal or equitable action brought with respect to any legislative acts or proceedings in connection with

the authorization or issuance of the Bonds shall be commenced more than thirty days after the authorization of the Bonds.

Section 30. Authorization to Execute Documents. The President and Secretary or an Assistant Secretary of the District shall, and they are hereby authorized and directed to take all actions necessary or appropriate to effectuate the provisions of this Bond Resolution, including, but not limited to, the execution of the Paying Agent and Registrar Agreement and the Placement Agent Agreement in substantially the forms presented to this meeting of the Board, and such certificates and affidavits as may be reasonably required under the circumstances. The execution by the President of the District of any document authorized herein shall be conclusive proof of the approval by the District of the terms thereof.

Section 31. Costs and Expenses. All costs and expenses incurred in connection with the issuance of the Bonds shall be paid from legally available moneys of the District, and such moneys are hereby appropriated for that purpose.

Section 32. Holidays. If the date for making any payment or performing any action hereunder shall be a legal holiday or a day on which the principal office of the Paying Agent or Bond Registrar is authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which the principal office of the Paying Agent or Bond Registrar is authorized or required by law to remain closed.

Section 33. Ratification and Approval of Prior Actions. All actions heretofore taken by the officers of the District and the members of the Board, not inconsistent with the provisions of this Bond Resolution, relating to the authorization, sale, issuance, and delivery of the Bonds, are hereby ratified, approved, and confirmed.

Section 34. Bond Resolution Irrepealable. After any of the Bonds have been issued, this Bond Resolution shall constitute a contract between the Owners and the District, and shall be and remain irrepealable until the Bonds and the interest accruing thereon shall have been fully paid, satisfied, and discharged, as herein provided.

Section 35. Repealer. All orders, bylaws, and resolutions of the District, or parts thereof, inconsistent or in conflict with this Bond Resolution, are hereby repealed to the extent only of such inconsistency or conflict.

Section 36. Severability. If any section, paragraph, clause, or provision of this Bond Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Bond Resolution, the intent being that the same are severable.

Section 37. Effective Date. This Bond Resolution shall take effect immediately upon its adoption and approval.

ADOPTED AND APPROVED This ____ day of _____, 2014.

(S E A L)

President

ATTEST:

Secretary or Assistant Secretary

EXHIBIT A

to

BOND RESOLUTION

[Form of Bond]

No. R-__

\$_____

**UNITED STATES OF AMERICA
STATE OF COLORADO
COUNTY OF EL PASO
BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2
GENERAL OBLIGATION LIMITED TAX BOND, SERIES 2014**

INTEREST RATE

MATURITY DATE

**ORIGINAL
ISSUE DATE**

CUSIP

_____ %

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

Banning Lewis Ranch Metropolitan District No. 2, in the County of El Paso and State of Colorado, a special district duly organized and operating under the constitution and laws of the State of Colorado, for value received, hereby acknowledges itself indebted and promises to pay, solely from and to the extent of the Subordinate Pledged Revenue (as defined by the Bond Resolution described below), to the registered owner named above, or registered assigns, on the maturity date specified above or on the date of prior redemption, the principal amount specified above. In like manner the District promises to pay interest on such principal amount (computed on the basis of a 360-day year of twelve 30-day months) from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated prior to _____, in which event this Bond shall bear interest from _____, at the interest rate specified above, payable on December __ each year, commencing on _____, until the principal amount is paid at maturity or upon prior redemption. To the extent not paid when due, such interest shall compound on each interest payment date, at the rate then borne by this Bond; provided however, that notwithstanding anything herein to the contrary, the District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount.

The principal of this Bond and premium, if any, are payable in lawful money of the United States of America to the registered owner hereof upon maturity or prior redemption and presentation at the principal office of UMB Bank, n.a., in Kansas City, Missouri, or its

successor, as Paying Agent. Payment of each installment of interest shall be made to the registered owner hereof whose name shall appear on the registration books of the District maintained by or on behalf of the District by UMB Bank, n.a., in Denver, Colorado, or its successor, as Bond Registrar, at the close of business on the last day of the calendar month next preceding each interest payment date (the "Record Date"), and shall be paid by check or draft of the Paying Agent mailed on or before the interest payment date to such registered owner at his address as it appears on such registration books. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the registered owner of such Bond and the Paying Agent as provided in the resolution authorizing the issuance of this Bond (the "Bond Resolution"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (the "Special Record Date") established for the payment of any defaulted interest. Notice of the Special Record Date and the date fixed for the payment of defaulted interest shall be given by first-class mail to the registered owner hereof as shown on the registration books on a date selected by the Bond Registrar.

This Bond is one of a series aggregating \$_____ par value, all of like date, tenor, and effect, issued by the Board of Directors of Banning Lewis Ranch Metropolitan District No. 2, in the County of El Paso and State of Colorado, for the purpose of paying the costs of providing certain public improvements for the District, by virtue of and in full conformity with the Constitution of the State of Colorado; Title 32, Article 1, Part 11, C.R.S.; Title 11, Article 57, Part 2, C.R.S.; and all other laws of the State of Colorado thereunto enabling, and pursuant to the duly adopted Bond Resolution. Pursuant to §11-57-210, C.R.S., such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

It is hereby recited, certified, and warranted that all of the requirements of law have been fully complied with by the proper officers in issuing this Bond. It is hereby further recited, certified, and warranted that the total indebtedness of the District, including that of this Bond, does not exceed any limit prescribed by the constitution or laws of the State of Colorado; that at the election lawfully held within the District on November 1, 2005, the incurrence of the indebtedness represented by this Bond was duly authorized by a majority of the electors of the District qualified to vote and voting at said election; and that provision has been made for the levy and collection of an ad valorem tax on all of the taxable property within the District in the amount of the Subordinate Required Mill Levy (as defined in the Bond Resolution) for the purpose of paying the principal of and interest on this Bond as the same respectively become due.

This Bond constitutes a subordinate, limited tax obligation of the District as provided in the Bond Resolution. All of the Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable solely from and to the extent of the Subordinate Pledged Revenue, and the Subordinate Pledged Revenue is pledged to the payment of the Bonds. The Bonds shall constitute an irrevocable lien upon the Subordinate Pledged Revenue, but not necessarily an exclusive such lien. Subject to expressed conditions, obligations in addition to the Bonds of this issue may be issued and made payable from the Subordinate Pledged Revenue having a lien thereon subordinate and junior to the lien of the Bonds of this

issue or, subject to additional expressed conditions, having a lien on the Subordinate Pledged Revenue on a parity with the lien of the Bonds of this issue, in accordance with the provisions of the Bond Resolution.

Notwithstanding anything herein to the contrary, pursuant to the Bond Resolution, no amounts may be paid on the Bonds if any payment of principal of or interest on the Series 2013 Bonds (as defined in the Bond Resolution) is due but has not been paid, or if a Series 2013 Bond Event of Default (as defined in the Bond Resolution) shall have occurred and be continuing.

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for the District.

Reference is hereby made to the Bond Resolution for an additional description of the nature and extent of the security for the Bonds, the funds, accounts, and revenues pledged to the payment thereof, the rights and remedies of the registered owners of the Bonds, the manner in which the Bond Resolution may be amended, and the other terms and conditions upon which the Bonds are issued, copies of which are on file for public inspection at the office of the District Secretary.

Bonds of this issue are subject to redemption prior to maturity as provided in the Bond Resolution and documents executed pursuant thereto. The Bonds will be redeemed only in integral multiples of \$1,000. In the event a Bond is of a denomination larger than \$1,000, a portion of such Bond may be redeemed, but only in the principal amount of \$1,000 or any integral multiple thereof. Such Bond will be treated for the purposes of redemption as that number of Bonds which results from dividing the principal amount of such Bond by \$1,000. In the event a portion of this Bond is redeemed, the Bond Registrar shall, without charge to the registered owner of this Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion.

Notice of any prior redemption, if any, will be given in accordance with the Bond Resolution and documents executed pursuant thereto. All Bonds called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

The District and Bond Registrar shall not be required to issue or transfer any Bonds: (a) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first business day following the ensuing interest payment date; or (b) during the period beginning at the opening of business on a date forty-five (45) days prior to the date of any redemption of Bonds and ending at the opening of business on the first business day following the day on which the applicable notice of redemption is mailed. The Bond Registrar shall not be required to transfer any Bonds selected or called for redemption, in whole or in part.

The District, the Paying Agent, and the Bond Registrar may deem and treat the registered owner of this Bond as the absolute owner hereof for all purposes (whether or not this Bond shall be overdue), and any notice to the contrary shall not be binding upon the District, the Paying Agent, or the Bond Registrar.

This Bond may be exchanged at the principal office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations. **Notwithstanding anything herein or in the Bond Resolution to the contrary, neither the Bonds nor any beneficial interest therein may be transferred unless at the time of such transfer the District and Bond Registrar receive an Investor Letter signed by the transferee and satisfactory to the District and Bond Registrar, in substantially the form set forth in the Bond Resolution.** Subject to the foregoing, this Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing, at the principal office of the Bond Registrar, but only in the manner, subject to the limitations, and upon payment of the charges provided in the Bond Resolution and upon surrender and cancellation of this Bond. This Bond may be transferred upon the registration books upon delivery to the Bond Registrar of this Bond, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of the Bond, along with the social security number or federal employer identification number of such transferee. In the event of the transfer of this Bond, the Bond Registrar shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time. The Bond Registrar shall charge the owner of this Bond for every such transfer or exchange an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

If the date for making any payment or performing any action shall be a legal holiday or a day on which the principal office of the Paying Agent or Bond Registrar is authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which the principal office of the Paying Agent or Bond Registrar is authorized or required by law to remain closed.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the authorizing Bond Resolution until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN TESTIMONY WHEREOF, the Board of Directors of Banning Lewis Ranch Metropolitan District No. 2 has caused this Bond to be signed by the manual or facsimile signature of the President of the District, sealed with a manual impression or a facsimile of the seal of the District, and attested by the manual or facsimile signature of the Secretary or an Assistant Secretary thereof, all as of the original issue date specified above.

(S E A L)

**BANNING LEWIS RANCH
METROPOLITAN DISTRICT NO. 2, EL
PASO COUNTY, COLORADO**

President

ATTEST:

Secretary or Assistant Secretary

[Form of Bond Registrar's Certificate of Authentication for Bonds]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within mentioned Bond Resolution.

Date of Registration and Authentication:

UMB BANK, N.A.
as Bond Registrar

Authorized Signatory

[Form of Transfer for Bonds]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto

Name and address of Assignee:

Social Security or Federal Employer
Identification Number of Assignee:

the within Bond and does hereby irrevocably constitute and appoint _____,
attorney, to transfer said Bond on the books kept for registration thereof with full power of
substitution in the premises.

Dated: _____

Signature of Registered Owner:

NOTICE: The signature to this assignment must
correspond with the name of the registered
owner as it appears upon the face of the within
Bond in every particular, without alteration or
enlargement or any change whatever.

Signature guaranteed:

(Bank, Trust Company, or Firm)

[End of Form of Bond]

EXHIBIT B

to

BOND RESOLUTION

[Maximum annual debt service limitations for Permitted Senior Bonds]

EXHIBIT C

to

BOND RESOLUTION

[form of Investor Letter for transfers of Bonds]

[Date]

Banning Lewis Ranch Metropolitan District No. 2

UMB Bank, n.a.
1670 Broadway
Denver, Colorado 80202

Re: Subordinate General Obligation Limited Tax Bonds, Series
2014, Banning Lewis Ranch Metropolitan District No. 2, El
Paso County, Colorado

Ladies and Gentlemen:

In connection with our purchase of \$_____ of the above referenced Bonds (the "Bonds") issued by Banning Lewis Ranch Metropolitan District No. 2, El Paso County, Colorado (the "District"), which Bonds were issued pursuant to that certain authorizing Bond resolution adopted by the District on _____, 2014 (the "Bond Resolution"), the undersigned (the "Purchaser") hereby agrees and represents as follows (capitalized terms used herein and not defined shall have the meanings ascribed thereto by the Bond Resolution):

1. The Purchaser hereby certifies that the Purchaser is an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "1933 Act"), by reason of the Purchaser's status as the following *[check appropriate category or categories]*:

_____	Purchaser is a bank as defined in section 3(a)(2) of the 1933 Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the 1933 Act whether acting in its individual or fiduciary capacity.
_____	Purchaser is a broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934.
_____	Purchaser is an insurance company as defined in section 2(13) of the 1933 Act.

_____	Purchaser is an investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of such Act.
_____	Purchaser is a Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958.
_____	Purchaser is a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, and such plan has total assets in excess of \$5,000,000.
_____	Purchaser is an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, and the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser, or the employee benefit plan has total assets in excess of \$5,000,000, or the plan is a self-directed plan and the investment decisions are made solely by persons that are accredited investors.
_____	Purchaser is a private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940.
_____	Purchaser is an organization described in Section 501(c)(3) of the Code, a corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the Bonds, having total assets in excess of \$5,000,000.
_____	Purchaser is a director or executive officer of the District.
_____	Purchaser is a natural person whose individual net worth, or joint net worth with the Purchaser's spouse, at the time of the purchase exceeds \$1,000,000, provided that a person's net worth, or the joint net worth with that person's spouse, does not include the value of their primary residence.
_____	Purchaser is a natural person who had individual income in excess of \$200,000 in each of the two most recent years or joint income with the Purchaser's spouse in excess of \$300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year.
_____	Purchaser is a trust with total assets in excess of \$5,000,000 and which was not formed for the specific purpose of acquiring the Bonds, and the purchase of the Bonds is directed by a person who alone or with his

	purchaser representative(s) has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the investment.
_____	Purchaser is an entity in which all of the equity owners are accredited investors.

2. The Purchaser understands that there is a substantial degree of investment risk in purchasing and holding the Bonds, and has sufficient knowledge and experience in financial and business matters to be capable of evaluating the economic merits and risks of purchasing and holding the Bonds. The Purchaser has made such inquiries and has had such opportunity to review information from the District and others to which the Purchaser, as a reasonable investor, would attach significance in making its investment decision relating to the purchase of the Bonds.

3. The Purchaser understands that: (a) the Bonds are subordinate, limited tax Bonds, payable solely from the Subordinate Pledged Revenue; (b) based upon a projection of Subordinate Pledged Revenue prepared at the time of issuance of the Bonds, it is not expected that the District will be able to pay current interest on the Bonds initially, and that the Bonds are expected to accrue interest for a period of years until the assessed valuation of the District has increased by the amount necessary to produce Subordinate Pledged Revenue in amounts sufficient to pay accrued and current interest; (c) the District has not obligated itself to impose an unlimited mill levy for the payment of the Bonds, and failure to pay the principal of or interest on the Bonds when due, in and of itself, does not constitute a default or an Event of Default; and (d) the ability of the District to impose a mill levy for payment of the Bonds is subject to the Maximum Debt Service Mill Levy Imposition Term under the Service Plan for the District in effect as of the date of issuance of the Bonds, and accordingly, the District may not be permitted and is not necessarily obligated to impose a debt service mill levy for payment of the Bonds for a period of time sufficient to repay all of the Bonds.

4. The Purchaser understands that no steps have been undertaken by the District or its officers, agents, or attorneys to ascertain the accuracy, completeness, or truth of any statement made or omitted concerning any of the material facts relating to the District, the Bonds, the financial condition or future prospects of the owners of property within the District, or the development within the District, and the Purchaser understands that the District and its officers, agents, or attorneys have made no representations concerning such matters. The Purchaser acknowledges that it has not relied upon the District or its officers, agents, or attorneys in this regard, and that it has performed its own financial analysis with regard to the District, the Bonds, such property owners, and the development within the District.

5. The Purchaser understands that (i) the Bonds have not been registered under the 1933 Act, or any applicable state securities or Blue Sky laws, and (ii) the Bonds were issued pursuant to exemptions from the registration requirements of such laws.

6. The Purchaser is purchasing the Bonds for its own account with the present intent of holding them for investment and not with a view to the distribution, transfer, or

resale thereof; provided that nothing herein prohibits the Purchaser from selling the Bonds, or any interest therein, in the future. The Purchaser hereby represents and agrees that it will not sell the Bonds, or any interest therein, except in compliance with applicable laws, including the 1933 Act. The Purchaser understands that there is no established secondary market for the Bonds.

7. The Purchaser has reviewed the Bond Resolution and all other relevant documents and agreements referred to therein and understands the provisions thereof.

8. The Purchaser is aware that no credit rating has been sought or obtained with respect to the Bonds.

The representations made herein shall survive the death or any dissolution or reorganization of the Purchaser.

[Purchaser's signature]

[end of form of Investor Letter for transfers of Bonds]

EXHIBIT D

to

BOND RESOLUTION

[Form of Termination Agreement]

TERMINATION AGREEMENT

This **TERMINATION AGREEMENT** (the "Agreement") is entered into between **BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 2, EL PASO COUNTY, COLORADO** (the "District"), and **MREC OAKWOOD COLORADO RANCH LLC**, a Delaware limited liability company (the "Developer") as of the ____ day of _____, 2014:

WITNESSETH:

WHEREAS, the District and BLR I & II REO, LLC, an Ohio limited liability company (the "Predecessor"), have heretofore entered into that certain Restated Public Facilities and Operations Funding Agreement, dated as of November 1, 2011, as amended by that certain First Amendment to Restated Public Facilities and Operations Funding Agreement, dated as of March 1, 2013 (as amended, the "Reimbursement Agreement"), which, *inter alia*, creates a reimbursement obligation of the District for the repayment of certain amounts advanced to the District; and

WHEREAS, pursuant to Section 1.05 of the Reimbursement Agreement and that certain Assignment of Restated Public Facilities and Operations Funding Agreement, dated as of May 12, 2012, between the Predecessor and the Developer, all rights, duties, and obligations of the Predecessor under the Reimbursement Agreement have been assigned to the Developer; and

WHEREAS, based upon the report of CliftonLarsonAllen LLP, the unreimbursed amount due under the Reimbursement Agreement is not less than \$_____; and

WHEREAS, the District is proposing the issuance to the Developer of its Subordinate General Obligation Limited Tax Bonds, Series 2014, in the aggregate principal amount of not less than \$_____ (the "Bonds"), in payment of the District's obligations under the Reimbursement Agreement; and

WHEREAS, it is the intent of the District and the Developer that, upon issuance of the Bonds to the Developer as aforesaid, the Reimbursement Agreement shall be deemed fully performed by both parties, and shall be terminated and no longer of any force or effect; and

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

9. On the Termination Date (defined below), the Reimbursement Agreement shall be deemed fully performed by both parties, shall be terminated, and shall no longer be of any force or effect.

10. The Termination Date shall be any date on or before _____, 2014, on which the Bonds are issued to or to the order of the Developer, which Bonds shall be in form and substance satisfactory to the Developer in its absolute discretion. It is specifically agreed and understood by the parties that: (a) the issuance of the Bonds to the Developer as aforesaid is a condition precedent to the termination of the Reimbursement Agreement; (b) if the Bonds are not issued as aforesaid on or before _____, 2014, this Agreement shall be deemed terminated and of no further force or effect; and (c) if this Agreement is terminated due to the aforementioned condition precedent not being satisfied, the Reimbursement Agreement shall be deemed to have been, and shall remain in, full force and effect, as if this Agreement was never executed.

11. The Developer hereby certifies that the Developer is an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "1933 Act"), by reason of the Developer's status as a corporation not formed for the specific purpose of acquiring the Bonds, having total assets in excess of \$5,000,000.

12. The Developer understands that there is a substantial degree of investment risk in acquiring and holding the Bonds, and has sufficient knowledge and experience in financial and business matters to be capable of evaluating the economic merits and risks of acquiring and holding the Bonds. The Developer has made such inquiries and has had such opportunity to review information from the District and others to which the Developer, as a reasonable investor, would attach significance in making its investment decision relating to the acquisition of the Bonds.

13. The Developer understands that: (a) the Bonds are subordinate, limited tax Bonds, payable solely from the Subordinate Pledged Revenue; (b) based upon a projection of Subordinate Pledged Revenue prepared at the time of issuance of the Bonds, it is not expected that the District will be able to pay current interest on the Bonds initially, and that the Bonds are expected to accrue interest for a period of years until the assessed valuation of the District has increased by the amount necessary to produce Subordinate Pledged Revenue in amounts sufficient to pay accrued and current interest; (c) the District has not obligated itself to impose an unlimited mill levy for the payment of the Bonds, and failure to pay the principal of or interest on the Bonds when due, in and of itself, does not constitute a default or an Event of Default; and (d) the ability of the District to impose a mill levy for payment of the Bonds is subject to the Maximum Debt Service Mill Levy Imposition Term under the Service Plan for the District in effect as of the date of issuance of the Bonds, and accordingly, the District may not be permitted and is not necessarily obligated to impose a debt service mill levy for payment of the Bonds for a period of time sufficient to repay all of the Bonds.

14. The Developer understands that no steps have been undertaken by the District or its officers, agents, or attorneys to ascertain the accuracy, completeness, or truth of any statement made or omitted concerning any of the material facts relating to the District, the Bonds, the financial condition or future prospects of the owners of property within the District, or the development within the District, and the Developer understands that the District and its officers, agents, or attorneys have made no representations concerning such matters. The Developer acknowledges that it has not relied upon the District or its officers, agents, or attorneys in this regard, and that it has performed its own financial analysis with regard to the District, the Bonds, such property owners, and the development within the District.

15. The Developer understands that (i) the Bonds have not been registered under the 1933 Act, or any applicable state securities or Blue Sky laws, and (ii) the Bonds were issued pursuant to exemptions from the registration requirements of such laws.

16. The Developer is acquiring the Bonds for its own account with the present intent of holding them for investment and not with a view to the distribution, transfer, or resale thereof; provided that nothing herein prohibits the Developer from selling the Bonds, or any interest therein, in the future. The Developer hereby represents and agrees that it will not sell the Bonds, or any interest therein, except in compliance with applicable laws, including the 1933 Act. The Developer understands that there is no established secondary market for the Bonds.

17. The Developer has reviewed the Bond Resolution and all other relevant documents and agreements referred to therein and understands the provisions thereof.

18. The Developer is aware that no credit rating has been sought or obtained with respect to the Bonds.

The representations made herein shall survive the death or any dissolution or reorganization of the Developer.

MREC Oakwood Colorado Ranch LLC
a Delaware limited liability company

By: _____

As: _____

**Banning Lewis Ranch Metropolitan District
No. 2, El Paso County, Colorado**
a Colorado special district

By: _____

President

Thereupon, Director _____ moved the adoption of the foregoing resolution. The motion to adopt the resolution was duly seconded by Director _____, put to a vote, and carried on the following recorded vote:

Those voting AYE:

Those voting NAY:

Thereupon the President, as Chairman of the meeting, declared the Bond Resolution duly adopted and the Secretary was directed to enter the foregoing proceedings and resolution upon the minutes of the Board.

Thereupon, after consideration of other business before the Board, the meeting was adjourned.

STATE OF COLORADO)
)
EL PASO COUNTY)
)
BANNING LEWIS RANCH METROPOLITAN)
DISTRICT NO. 2)

The undersigned, as Secretary or Assistant Secretary of Banning Lewis Ranch Metropolitan District No. 2, El Paso County, Colorado, does hereby certify that the foregoing pages constitute a true and correct copy of that portion of the record of proceedings of the Board of Directors of said District relating to the adoption of a resolution authorizing the issuance of subordinate general obligation limited tax bonds, adopted at a _____ meeting of the Board held at the offices of Oakwood Homes, HC Development & Management Services, Inc., 1290 North Newport Road, in Colorado Springs, Colorado, on _____, 2014, at the hour of 9:00 a.m., as recorded in the official record of proceedings of said District kept in my office; that the proceedings were duly had and taken; that the meeting was duly held; that the persons therein named were present at said meeting and voted as shown therein; ***that each director of the Board was informed of the date, time, place, and purpose of the special meeting;*** and that a notice of meeting, in the form herein set forth at page 1, was posted at three public places within the District, and at the office of the clerk and recorder of the county or counties in which the District is located, at least 72 hours prior to the meeting, in accordance with law.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the District, as of the ____ day of _____, 2014.

(S E A L)

Secretary or Assistant Secretary