

RESOLUTION NO. 2006-12-02
PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3
PUBLIC IMPROVEMENTS FEE RESOLUTION

WHEREAS, THF Prairie Center Development, L.L.C., a Colorado limited liability company (the "Developer") has recorded that certain Declaration of Covenants Imposing and Implementing the Prairie Center Primary Public Improvements Fee in the real property records of Adams County (the "Records") on December 27, 2006, at Reception No. 2006001013015 (the "Primary PIF Covenant") against certain property as more particularly described therein (the "Primary PIF Property"); and

WHEREAS, the Developer has recorded that certain Amended and Restated Declaration of Covenants Imposing and Implementing the Prairie Center Public Improvements Fee in the Records on December 27, 2006, at Reception No. 2006001013014 (the "Major Retail PIF Covenant" and, together with the Primary PIF Covenant, the "PIF Covenants") against certain property as more particularly described therein (the "Major Retail PIF Property" and, together with the Primary PIF Property, the "PIF Property"). Capitalized terms used in this Resolution but not defined herein have the meanings given for them in the PIF Covenants; and

WHEREAS, pursuant to the PIF Covenants, a public improvements fee ("Public Improvements Fee" or "PIF") is imposed on all PIF Sales and Use Tax Activities that occur within the PIF Property for the purpose of paying Public Improvement Costs; and

WHEREAS, Prairie Center Metropolitan District No. 3 (the "District"), is a quasi-municipal corporation and political subdivision of the State of Colorado, which provides services to, among other properties, the PIF Property; and

WHEREAS, under the PIF Covenants and subject to certain limitations therein, the District is expressly authorized to collect, receive, use for payment of Public Improvement Costs or otherwise as expressly provided in the PIF Covenants, any applicable Agreements with the City and/or Public Financing Documents, and/or pledge for the payment of Bond Requirements all or any portion of the Public Improvements Fee revenues; and

WHEREAS, pursuant to Section 3 of the PIF Covenants and subject to certain limitations therein, the District is authorized to set the rate of the Public Improvements Fees from time to time, expressed in each case as a percentage which shall be applicable to PIF Sales and Use Tax Activities occurring within the PIF Property, a notice of such Public Improvements Fee rates to be recorded in the Records; and

WHEREAS, pursuant to Section 10(c) of the PIF Covenants, any Public Improvements Fees not paid when due will bear interest at the Default Rate, which is defined as 12% per annum, provided that if such rate exceeds the maximum interest rate permitted by applicable law, the rate will be reduced to the highest rate allowed by applicable law under the circumstances; and

WHEREAS, pursuant to that certain Assignment of Comprehensive Agreement by and among the District, Prairie Center Metropolitan District No. 1 ("District No. 1") and Prairie

Center Metropolitan District No. 2 (“District No. 2”) dated November 8, 2006, District No. 1 and District No. 2 assigned to the District and the District has assumed the rights and responsibilities of District Nos. 1 and 2 contained in that certain Comprehensive Funding Plan, Master Development Agreement, Pre-Annexation Agreement, and Intergovernmental Agreement for Prairie Center Brighton, Colorado dated as of December 5, 2005, with the City of Brighton, Colorado (the “City”), the City of Brighton Water, Sewer and Drainage Enterprise, the Developer, THF Prairie Center Retail One, L.L.C., District No. 1 and District No. 2 recorded in the Records on December 16, 2005 at Reception No. 20051216001378220 (the “Comprehensive Agreement”); and

WHEREAS, pursuant to the Comprehensive Agreement, the parties thereto, agreed upon, *inter alia*, certain matters concerning the PIF Covenants, to wit: (a) the percentage rate of the Public Improvements Fee will be 2.25%, conditioned on the City meeting its obligations under the Comprehensive Agreement with respect to the “Credit PIF” as defined in the Comprehensive Agreement; (b) the portion of the Public Improvements Fee that is described in the Comprehensive Agreement as the “Credit PIF” will be applied to sales of food for domestic home consumption for so long as the City continues to impose its sales tax on the sale of food for domestic home consumption; and (c) the portion of the Public Improvements Fee that is described in the Comprehensive Agreement as the “Add-On PIF” as defined in the Comprehensive Agreement will not be imposed on food sales for domestic home consumption; and

WHEREAS, in accordance with and pursuant to the PIF Covenants, the Board of Directors of the District desires to: (a) clarify which transactions will be subject to the Public Improvements Fee under the PIF Covenants; (b) establish the percentage rate for the Public Improvements Fee (the “PIF Rate”); (c) establish the Default Rate as the rate of interest that accrues on Public Improvements Fee that are not paid when due; (d) provide for application of the Public Improvements Fee to sales of food for domestic home consumption in accordance with the terms of the Comprehensive Agreement; and (e) authorize the execution and recording and delivery to retailers within the PIF Property of a public notice as required by the PIF Covenants.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT AS FOLLOWS:

1. In accordance with the PIF Covenants, the PIF Rate shall be 2.25% on or with respect to each transaction or occurrence that is subject to the Public Improvements Fee pursuant to the PIF Covenants, with 1.00% of such amount being the “Add-On PIF” as defined in the Comprehensive Agreement and 1.25% of such amount being the “Credit PIF” as defined in the Comprehensive Agreement. The District reserves the right to change the PIF Rate, pursuant to the terms of the PIF Covenants, at any time, but subject to the terms of the Comprehensive Agreement.

2. The District hereby directs that the Public Improvements Fee shall be payable upon those transactions upon which municipal sales tax (“City Sales Tax”) is payable pursuant to Section 1 of that certain City Sales Tax Ordinance effective January 1, 2003, as codified in Chapter 3, Article 28, of the City Municipal Code, and any regulations promulgated pursuant

thereto, as they exist on the date the PIF Covenants are recorded; provided, however, that (a) the Credit PIF (i.e., 1.25% of the total 2.25% PIF Rate) will apply to PIF Sales of "Food" (as defined in the following sentence) for only so long as such sales of Food are subject to the City's Sales Tax; and (b) the Add-On PIF (i.e., 1% of the total 2.25% PIF Rate) will not apply to any PIF Sales of Food. The term "Food" means food for domestic home consumption as defined in Section 39-26-102(4.5), C.R.S., as amended.

3. Pursuant to the PIF Covenants, the Public Improvements Fee shall be payable upon all Use Tax Activities. With respect to each Use Tax Activity, the Public Improvements Fee is 2.25% of fifty percent (50%) of the total cost of the project giving rise to the given Use Tax Activity as indicated on the application for the City building permit for the project. "Use Tax Activity" means the use of building and construction materials for incorporation into any of the following: (i) initial construction (including the initial installation of tenant improvements within an existing commercial building) of any building or structure; (ii) an addition to an existing commercial building or residential structure which results in a net increase in the "floor area" (as defined below in this paragraph) of such building or structure; (iii) the complete replacement of existing tenant improvements within the core and shell of an existing leased premises with new tenant improvements; or (iv) "substantial reconstruction" (as defined below in this paragraph) of any commercial or residential improvements, in each case to the same extent that the use of such building and construction materials are subject to the Use Tax. The term "substantial reconstruction" means any reconstruction or renovation for which the total costs of the project as indicated on the application for a City building permit are: (i) with respect to projects in the Primary PIF Property, equal to or more than 25% of the actual value of the existing structure as listed in the records of the Adams County Assessor (and not taking into account any diminution in such actual value caused by a casualty that is being repaired as part of such reconstruction or renovation); and (ii) with respect to projects in the Major Retail PIF Property, equal to or more than 50% of the actual value of the existing structure as listed in the records of the Adams County Assessor (and not taking into account any diminution in such actual value caused by a casualty that is being repaired as part of such reconstruction or renovation). The term "floor area" has the meaning given for it in the City's Zoning Regulations, as amended from time to time. Except as expressly provided above, the Public Improvements Fee will not apply to subsequent improvements or renovations to existing commercial or residential improvements such as tenant finish remodels, HVAC system installations, homeowner improvements or similar activities.

4. The Default Rate of interest on PIF Revenues not paid when due shall be fixed at 12.00% per annum, subject only to further amendment of the PIF Covenants.

5. Upon adoption of this Resolution by the District Board of Directors, the District President, or any District Officer in the President's absence, is hereby authorized and directed to execute and cause to be recorded a Notice of Public Improvements Fee and Default Rate in the form attached hereto as **Exhibit A**, with such revisions as may be recommended by the District's legal counsel to conform to the PIF Covenants (the "Public Notice").

6. The District hereby authorizes and directs its manager, Special District Management Services, Inc., to mail a copy of the Public Notice to all Prairie Center Owners and

Prairie Center Occupants, Major Retail Owners and Major Retail Occupants within the PIF Property pursuant to the terms of the PIF Covenants.

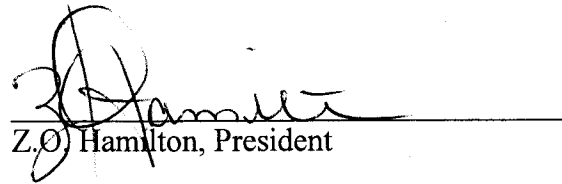
7. The District hereby acknowledges and confirms that the PIF is not a tax in any form and that the District's authority to receive the PIF is derived solely through the PIF Covenants.

8. This Resolution shall take effect upon its approval and adoption.

RESOLUTION APPROVED AND ADOPTED on December 19, 2006.

PRAIRIE CENTER METROPOLITAN
DISTRICT NO. 3, a quasi-municipal
corporation and political subdivision of the State
of Colorado

By:


Z.O. Hamilton, President

Attest:

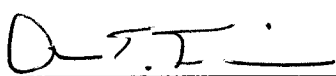

Secretary

EXHIBIT A
FORM OF PUBLIC NOTICE
[SEE ATTACHED PAGES]

When recorded, mail to:
Otten Johnson Robinson Neff & Ragonetti, P.C.
Attn: Bart Johnson
420 E. Main Street, Suite 210
Aspen, CO 81611

NOTICE OF PUBLIC IMPROVEMENTS FEE RATE AND DEFAULT RATE

THIS NOTICE OF PUBLIC IMPROVEMENTS FEE RATE AND DEFAULT RATE (this "Notice") is made this ___ day of _____ 200__ by PRAIRIE CENTER METROPOLITAN DISTRICT NO. 3, a Colorado quasi municipal corporation and political subdivision of the State of Colorado (the "District").

RECITALS

A. The District was formed pursuant to Colorado Special Districts Act, C.R.S. § 32-1-101, *et seq.*, and is authorized thereby to facilitate, among other things, the implementation of the "Public Improvements Fee" (or "PIF") pursuant to: (i) that certain Declaration of Covenants Imposing and Implementing the Prairie Center Primary Public Improvements Fee in the real property records of Adams County (the "Records") on _____, 200_____, at Reception No. _____ (the "Primary PIF Covenant"); and (ii) that certain Amended and Restated Declaration of Covenants Imposing and Implementing the Prairie Center Public Improvements Fee in the Records on _____, 200_____, at Reception No. _____ (the "Major Retail PIF Covenant" and, together with the Primary PIF Covenant, the "PIF Covenants"). Capitalized terms used in this Notice but not defined herein have the meanings given for them in the PIF Covenants.

B. Pursuant to Section 12 of the PIF Covenants, the District is currently the PIF Collecting Agent, and in its capacity as the PIF Collecting Agent, is the entity designated to receive the PIF revenues and remit the same to the party entitled thereto pursuant to the applicable Public Financing Documents.

C. Pursuant to Section 3 of the PIF Covenants, the District has the authority to establish the percentage rate of the PIF payable within the property legally described on **Exhibit A** of the Primary PIF Covenant, as may be amended from time to time ("Primary PIF Property"), and the property legally described on **Exhibit A** of the Major Retail PIF Covenant, as may be amended from time to time ("Major Retail PIF Property" and, together with the Primary PIF Property, the "PIF Property").

D. Pursuant to Section 10(c) of the PIF Covenants, any Public Improvements Fee not paid when due will bear interest at the Default Rate, which is 12% per annum.

E. The District (by assumption of the rights and responsibilities of Prairie Center Metropolitan District Nos. 1 and 2) and the developers of Prairie Center are now parties to that certain Comprehensive Funding Plan, Master Development Agreement, Pre-Annexation Agreement, and Intergovernmental Agreement for Prairie Center Brighton, Colorado, by and among the City of Brighton, Colorado, the City of Brighton Water, Sewer and Drainage Enterprise, THF Prairie Center Development, L.L.C., THF Prairie Center Retail One, L.L.C., and

Prairie Center Metropolitan District Nos. 1 and 2, dated as of December 5, 2005, and recorded in the real property records of Adams County, Colorado on December 16, 2005, at Reception No. 20051216001378220 (the "Comprehensive Agreement").

F. In furtherance of the Comprehensive Agreement and the implementation of the PIF Covenants, the District Board of Directors duly adopted that certain Public Improvements Fee Resolution, Resolution No. 2006-12-_____, dated December 19, 2006 ("PIF Resolution"), which PIF Resolution: (a) clarifies which transactions will be subject to the Public Improvements Fee under the PIF Covenants; (b) establishes the percentage rate for the Public Improvements Fee (the "PIF Rate"); (c) establishes the Default Rate as the rate of interest that accrues on Public Improvements Fee that are not paid when due; (d) provides for application of the Public Improvements Fee to sales of food for domestic home consumption in accordance with the terms of the Comprehensive Agreement; and (e) authorizes the execution and recording of this Notice. This Notice is being recorded in the real property records of Adams County, Colorado in order to notify Prairie Center Owners and Prairie Center Occupants, Major Retail Owners, Major Retail Occupants and the public of the PIF Rate, clarify which transactions are included in the definitions of PIF Sales and Use Tax Activities and provide notice of the Default Rate.

NOTICE

WHEREFORE, pursuant to the terms of the PIF Covenants and the PIF Resolution, the District hereby provides notice as follows:

1. In accordance with the PIF Covenants, the PIF Rate shall be 2.25% until it is changed pursuant to the terms of the PIF Covenants, with 1.00% of such amount being the "Add-On PIF" as defined in the Comprehensive Agreement and 1.25% of such amount being the "Credit PIF" as defined in the Comprehensive Agreement. The PIF Rate may be changed at any time pursuant to the PIF Covenants, subject to the terms of the Comprehensive Agreement.

2. PIF Sales means any exchange of goods or services for money or other media of exchange initiated, consummated, conducted, transacted or otherwise occurring from or within any portion of the PIF Property upon which the City of Brighton, Colorado ("City"), levies Sales Tax pursuant to Section 1 of that certain City Sales Tax Ordinance effective January 1, 2003, as amended, and as codified in Chapter 3, Article 28, of the City Municipal Code, and any regulations promulgated pursuant thereto, as they existed on _____, 2006 [**insert date of recording of PIF Covenants**]; provided, however, (a) the Credit PIF (i.e., 1.25% of the total 2.25% PIF Rate) will apply to PIF Sales of "Food" (as defined in the following sentence) for only so long as such sales of "Food" are subject to the City's Sales Tax; and (b) the Add-On PIF (i.e., 1% of the total 2.25% PIF Rate) will not apply to any PIF Sales of "Food" (as defined in the following sentence). The term "Food" means food for domestic home consumption as defined in Section 39-26-102(4.5), C.R.S., as amended.

3. Pursuant to the PIF Covenants, the Public Improvements Fee shall be payable upon all Use Tax Activities. With respect to each Use Tax Activity, the Public Improvements Fee is 2.25% of fifty percent (50%) of the total cost of the project giving rise to the given Use Tax Activity as indicated on the application for the City building permit for the project. "Use

Tax Activity” means the use of building and construction materials for incorporation into any of the following: (i) initial construction (including the initial installation of tenant improvements within an existing commercial building) of any building or structure; (ii) an addition to an existing commercial building or residential structure which results in a net increase in the “floor area” (as defined below in this paragraph) of such building or structure; (iii) the complete replacement of existing tenant improvements within the core and shell of an existing leased premises with new tenant improvements; or (iv) “substantial reconstruction” (as defined below in this paragraph) of any commercial or residential improvements, in each case to the same extent that the use of such building and construction materials are subject to the Use Tax. The term “substantial reconstruction” means any reconstruction or renovation for which the total costs of the project as indicated on the application for a City building permit are: (i) with respect to projects in the Primary PIF Property, equal to or more than 25% of the actual value of the existing structure as listed in the records of the Adams County Assessor (and not taking into account any diminution in such actual value caused by a casualty that is being repaired as part of such reconstruction or renovation); and (ii) with respect to projects in the Major Retail PIF Property, equal to or more than 50% of the actual value of the existing structure as listed in the records of the Adams County Assessor (and not taking into account any diminution in such actual value caused by a casualty that is being repaired as part of such reconstruction or renovation). The term “floor area” has the meaning given for it in the City’s Zoning Regulations, as amended from time to time. Except as expressly provided above, the Public Improvements Fee will not apply to subsequent improvements or renovations to existing commercial or residential improvements such as tenant finish remodels, HVAC system installations, homeowner improvements or similar activities.

4. Pursuant to the PIF Covenants, the Default Rate of interest on any and all Public Improvements Fees not paid when due shall be 12.00% per annum.

5. The PIF is not a tax in any form and the District’s authority to receive the PIF is derived solely through the PIF Covenants.

6. Please contact the District at the following address if you have any questions regarding the information contained in this Notice.

Prairie Center Metropolitan District No. 3
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228
Attn: Ann Finn
Facsimile: (303) 987-2032
Telephone: (303) 987-0835

7. This Notice shall be recorded in the real property records of Adams County, Colorado.

IN WITNESS WHEREOF, this Notice is made as of the date first given above.

PRAIRIE CENTER METROPOLITAN
DISTRICT NO. 3, a quasi-municipal
corporation and political subdivision of the State
of Colorado

By: _____
Z.O. Hamilton, President

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____,
200____, by Z.O. Hamilton, as President of Prairie Center Metropolitan District No. 3, a quasi-
municipal corporation and political subdivision of the State of Colorado.

Witness my hand and official seal.

My commission expires: _____

Notary Public