

MOSAIC DISTRICT COMMUNITY DEVELOPMENT AUTHORITY
FAIRFAX COUNTY, VIRGINIA

Rate And Method of Apportionment
Of Special Assessments

A. INTRODUCTION

Special Assessments shall be imposed on and collected from real property within the Mosaic District Community Development Authority district (the "Mosaic District"), created by the Board of Supervisors by the Ordinance, through the application of the procedures described below. The Board of Directors of the Mosaic District Community Development Authority (the "Authority") or their designee shall make all determinations in this Rate and Method of Apportionment of Special Assessments unless stated otherwise.

The Special Assessments are being accounted for in two parts: Special Assessment Part A and Special Assessment Part B, each as defined below. These separate parts of the Special Assessments are an accounting convention utilized to account for the portion of the Special Assessments to repay each series of Bonds, with the Special Assessment Part A applied to repay the Tax Revenue Bonds and the Special Assessment Part B applied to repay the Special Assessment Bonds.

The Special Assessment for each Parcel represents the total obligation of a Parcel, including the Parcel's share of principal and interest on the Bonds and Administrative Expenses of the Authority related to the Bonds. The Special Assessments may be prepaid at any time as the Principal Portion of the Special Assessment. If not prepaid, the Special Assessments are payable annually as the Annual Installments. Tax Increment Revenues may be available to apply to the repayment of the Tax Revenue Bonds. As a result, it may not be necessary to collect the full amount of the Annual Installment Part A to repay the Tax Revenue Bonds. The portion of the Annual Installment required to be collected each year to repay the Bonds and to pay Administrative Expenses is the Annual Payment.

Terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Memorandum of Understanding.

B. DEFINITIONS

The terms used herein shall have the following meanings:

“Act” means the Virginia Water and Waste Authorities Act, beginning with §15.2-5100 *et seq.* of the Code of Virginia, 1950, as it may be amended from time to time.

“Adjusted Annual Installment Part A” means the amount calculated as the Adjusted Annual Installment Part A for each Parcel pursuant to Section D.2.

“Administrative Expenses” means the following costs directly related to the administration of the Authority: the actual costs of computing the Annual Payments; the actual costs of collecting

the Annual Payments (whether by the County or otherwise); the actual costs of remitting the Annual Payments to the Trustee; the actual costs of the Administrator and Trustee (including legal counsel) in the discharge of their duties; the costs of the Authority of complying with arbitrage rebate requirements; the costs of the Authority of complying with securities disclosure requirements; and any other costs of the Authority or the County in any way related to the administration and operation of the Authority, including, without limitation, the costs of official meetings of the Authority, the costs of legal counsel and other consultants and advisors, and costs related to commencing foreclosure and pursuing collection of delinquent Annual Payments.

“Administrator” means the official or designee of the Authority who shall be responsible for determining the Annual Revenue Requirement, calculating the Equivalent Units, preparing the update of the Special Assessment Roll, and such other responsibilities as provided herein, in the Bond Indenture, or by the Board of Directors.

“Annual Part A Credit” means the amount calculated as the Annual Credit for each Parcel pursuant to Section D.3.

“Annual Installment” means the Annual Installment Part A and the Annual Installment Part B.

“Annual Installment Part A” means the portion of the Special Assessment Part A to be set forth in the Special Assessment Roll A that may be collected each Assessment Year from all Parcels in the Mosaic District pursuant to Virginia Code section 15.2-5158(A)(5) and the provisions herein. The Annual Installment Part A for each year as shown on the Special Assessment Roll A may be revised by the Board of Directors to better match the expenses of the Authority as long as the total of the Special Assessment Part A is not exceeded.

“Annual Installment Part B” means the portion of the Special Assessment Part B to be set forth in the Special Assessment Roll B that may be collected each Assessment Year from all Parcels in the Mosaic District pursuant to Virginia Code section 15.2-5158(A)(5) and the provisions herein. The Annual Installment Part B for each year as shown on the Special Assessment Roll B may be revised by the Board of Directors to better match the expenses of the Authority as long as the total of the Special Assessment Part B is not exceeded.

“Annual Parcel Installment” means either or both of the Annual Parcel Installment Part A and the Annual Parcel Installment Part B.

“Annual Parcel Installment A” means the allocation of the Annual Installment Part A to each Parcel pursuant to Section C.

“Annual Parcel Installment B” means the allocation of the Annual Installment Part B to each Parcel pursuant to Section C.

“Annual Payment” means either or both the Annual Payment Part A and the Annual Payment Part B. The Annual Payment for any Parcel may be less than but may not exceed the Annual Installment for such Parcel for any Assessment Year.

“Annual Payment Part A” means the portion of the Annual Installment Part A to be collected each Assessment Year as determined by the provisions of Section D.1.

“Annual Payment Part B” means the portion of the Annual Installment Part B to be collected each Assessment Year as determined by the provisions of Section D.4.

“Annual Revenue Requirement” means either or both the Annual Revenue Requirement Part A and the Annual Revenue Requirement Part B.

“Annual Revenue Requirement Part A” means, for any Assessment Year, the sum of the following: (1) debt service on the Tax Revenue Bonds; (2) periodic costs associated with the Tax Revenue Bonds, including but not limited to, rebate payments and credit enhancement on the Tax Revenue Bonds; (3) Administrative Expenses; and (4) a contingency as determined reasonable by the Board of Directors; less (5) Tax Increment Revenues to be made available to the Authority by the County as provided for in the Memorandum of Understanding, whether or not appropriated by the Board of Supervisors for such purposes; (6) any credits to be applied under the related Bond Indenture, such as capitalized interest or interest earnings on any account balances, and (7) any other funds available to the Authority that may be applied to the Annual Revenue Requirement Part A.

“Annual Revenue Requirement Part B” means, for any Assessment Year, the sum of the following: (1) debt service on the Special Assessment Bonds; (2) periodic costs associated with the Special Assessment Bonds, including but not limited to, rebate payments and credit enhancement on the Special Assessment Bonds; (3) Administrative Expenses; and (4) a contingency as determined reasonable by the Board of Directors; less (5) any credits to be applied under the related Bond Indenture, such as capitalized interest or interest earnings on any account balances, and (6) any other funds available to the Authority that may be applied to the Annual Revenue Requirement Part B.

“Area Median Income” means, for each calendar year the metropolitan statistical area median family income as published by the United States Department of Housing and Urban Development for the Washington Standard Metropolitan Statistical Area.

“Assessed Property” means, for any Assessment Year, Parcels within the Mosaic District other than Non-Benefited Property.

“Assessment Year” means the annual cycle in which the Annual Payment is determined each year for each Parcel, the Annual Payment is collected, and these revenues are applied to the payments on the Bonds each year.

“Base Real Property Taxes” means the difference in the total real property taxes and the Tax Increment Revenues for any Assessment Year.

“Board of Supervisors” means the Board of Supervisors of Fairfax County, Virginia.

“Board of Directors” means the Board of Directors of the Authority.

“Bond Indenture” means the indenture or similar document setting forth the terms and other provisions relating to the Bonds, as modified, amended and/or supplemented from time to time.

“Bonds” means either or both of the Tax Revenue Bonds and the Special Assessment Bonds.

“**County**” means the County of Fairfax, Virginia.

“**Equivalent Units**” means, for Land Use Class 1, 2, 3, 4, and 5, the Gross Floor Area in 1,000s of square feet built or that is expected to be built on a Parcel, for Land Use Class 6, the guest rooms built or that is expected to be built on a Parcel, and for Land Use Class 7, 8, 9, 10, 11, 12 and 13 the number of dwelling units built or that is expected to be built on a Parcel, multiplied by the factors for each land use class shown below, which represent an allocation of the costs of the Public Improvements funded by the Bonds:

Land Use Class 1	0.64 per 1,000 SF of GFA
Land Use Class 2	1.26 per 1,000 SF of GFA
Land Use Class 3	2.11 per 1,000 SF of GFA
Land Use Class 4	0.90 per 1,000 SF of GFA
Land Use Class 5	1.23 per 1,000 SF of GFA
Land Use Class 6	0.66 per room
Land Use Class 7	1.00 per unit
Land Use Class 8	0.36 per unit
Land Use Class 9	0.69 per unit
Land Use Class 10	2.78 per unit
Land Use Class 11	2.53 per unit
Land Use Class 12	2.25 per unit
Land Use Class 13	1.88 per unit

The computation of Equivalent Units for each Parcel shall be based on the expected development in substantial conformance with the conceptual/final development plan as approved by the Board of Supervisors, which is expected to be measured by actual development, development plans, the legal maximum development allowed, the acreage of a Parcel and reasonable density ratios, or other reasonable methods.

“**Gross Floor Area**” or “**GFA**” means the sum of the total horizontal area of all of the floors of all buildings on a Parcel, measured from the interior faces of exterior walls. Gross Floor Area shall include basements; elevator shafts and stairwells at each story; floor space used for mechanical equipment with structural headroom of six (6) feet, six (6) inches or more; penthouses, except as qualified below; attic space, whether or not a floor has actually been laid, providing structural headroom of six (6) feet, six (6) inches or more; interior balconies; and mezzanines. Gross Floor Area shall not include cellars; outside balconies which do not exceed a projection of six (6) feet beyond the exterior walls of the building; parking structures below or above grade; rooftop mechanical structures; penthouses enclosing only mechanical equipment; or enclosed or structural walkways designed and used exclusively for pedestrian access between buildings and/or parking structures.

“**Land Use Class 1**” means Assessed Property used or intended to be used primarily for retail sales to the general public consisting of a retailer in excess of 75,000 GFA, including any ancillary uses thereto.

“**Land Use Class 2**” means Assessed Property used or intended to be used primarily for retail sales to the general public consisting of a retailer between 12,500 and 74,999 square feet of GFA, including any ancillary uses thereto.

“Land Use Class 3” means Assessed Property used or intended to be used primarily for retail and/or restaurant sales to the general public, not including Assessed Property classified as Land Use Class 1 or Land Use Class 2, including any ancillary uses thereto.

“Land Use Class 4” means Assessed Property used or intended to be used primarily for a theater space, including any ancillary uses thereto, and any Assessed Property that is not classified as one of the other land use classes.

“Land Use Class 5” means Assessed Property used or intended to be used primarily as office space, including any ancillary uses thereto, and any Assessed Property that is not classified as one of the other land use classes.

“Land Use Class 6” means Assessed Property used or intended to be used primarily as a hotel, including any ancillary uses thereto.

“Land Use Class 7” means Rental Residential used or intended to be used primarily as market rate rental units, including any ancillary uses thereto, excluding Land Use Class 8 and Land Use Class 9.

“Land Use Class 8” means Rental Residential used or intended to be used primarily as affordable rental units as determined pursuant to the Fairfax County Affordable Dwelling Unit Program as defined in Section 2-8111, Part 8, Article 2 of Chapter 112 Zoning Ordinance of the Fairfax County Code, including any ancillary uses thereto.

“Land Use Class 9” means Rental Residential used or intended to be used primarily as workforce rental units and limited to households with incomes not exceeding a certain percentage of Area Median Income for workforce rental housing to be established by the County, including any ancillary uses thereto.

“Land Use Class 10” means Residential Property that is not classified as Multifamily Dwellings developed or intended to be developed with units with GFA of living area greater than 2,200 square feet, including any ancillary uses thereto.

“Land Use Class 11” means Residential Property that is not classified as Multifamily Dwellings developed or intended to be developed with units with GFA of living area between 2,000 and 2,199 square feet, including any ancillary uses thereto.

“Land Use Class 12” means Residential Property that is not classified as Multifamily Dwellings developed or intended to be developed with units with GFA of living area up to 1,999 square feet, including any ancillary uses thereto.

“Land Use Class 13” means Multiple Family Dwellings not classified as Rental Residential.

“Mandatory Special Assessments Prepayment” shall mean a mandatory prepayment of Special Assessments pursuant to Section J.

“Maximum Special Assessment” means the Maximum Special Assessment Part A per Equivalent Unit and the Maximum Special Assessment Part B per Equivalent Unit, if any, as set forth in the Bond Indenture.

“Memorandum of Understanding” means the memorandum of understanding or similar document among the County, the Authority, and the Developer, as defined therein, setting forth the terms and other provisions relating to the Bonds, as modified, amended and/or supplemented from time to time.

“Multiple Family Dwelling” means Residential Property that has a common outside entrance or entrances for all the dwelling units with units that are generally designed to occupy a single floor one above another.

“Non-Benefited Property” means Public Property, Owner Association Property, or easements that create an exclusive use for a public utility provider.

“Ordinance” means the ordinance adopted by the Board of Supervisors on April 27, 2009, as amended by ordinance dated April 27, 2010, creating the Authority and the Mosaic District.

“Owner Association Property” means Parcels within the boundaries of the Mosaic District owned by or irrevocably offered for dedication to a property owners’ association (if not used in a trade or business) and available for use by property owners in general.

“Parcel” means a lot or parcel of real property within the Mosaic District with a parcel number assigned by the County for real property tax purposes.

“Principal Portion of Special Assessments” means either or both of the Principal Portion of Special Assessment Part A and the Principal Portion of Special Assessment Part B.

“Principal Portion of Special Assessment Part A” means the portion of the Special Assessments equal to the outstanding principal amount of the Tax Revenue Bonds. The Principal Portion of Special Assessment Part A shall initially be allocated to Assessed Property proportionate to the Special Assessment Part A as set forth in Section C hereof. The Principal Portion of Special Assessment Part A may be increased for each Parcel of Assessed Property pro rata to the Equivalent Units of each Parcel for refunding bonds or other reasons as long as the total of the Special Assessment Part A is not increased to more than the amount set forth in the Special Assessment Roll A.

“Principal Portion of Special Assessment Part B” means the portion of the Special Assessments equal to the outstanding principal amount of the Special Assessment Bonds. The Principal Portion of Special Assessment Part B shall initially be allocated to Assessed Property proportionate to the Special Assessment Part B as set forth in Section C hereof. The Principal Portion of Special Assessment Part B may be increased for each Parcel of Assessed Property pro rata to the Equivalent Units of each Parcel for refunding bonds or other reasons as long as the total of the Special Assessment Part B is not increased to more than the amount set forth in the Special Assessment Roll B.

“Public Improvements” means those improvements that the Authority has been authorized to provide pursuant to the Memorandum of Understanding.

“Public Property” means, for any Assessment Year, property within the boundaries of the Mosaic District owned by or irrevocably offered for dedication to the federal government,

Commonwealth of Virginia, the County, the Authority, or any other public agency, political subdivision, or entity, whether in fee simple or any other property ownership interest that creates a substantially exclusive use by the public entity in the property.

“Rental Residential” means Multiple Family Dwellings, all the units of which within a project are under common management and ownership, including any ancillary uses thereto.

“Residential Property” means Assessed Property used or intended for use primarily for residential dwelling units, including any ancillary uses thereto.

“Special Assessment Bonds” means any bonds issued pursuant to the Bond Indenture payable from and secured by revenues derived from the imposition and collection of the Special Assessment Part B, whether in one or more series, including any bonds issued to refund such bonds.

“Special Assessments” means the Special Assessments on each Parcel as shown on the Special Assessment Roll as permitted by Virginia Code Ann. § 15.2-5158(A)(5) (Supp. 2010) and as calculated by the Administrator and confirmed by the Board of Directors pursuant to the provisions of Section C.1., as it may be reapportioned or reduced according to the provisions herein.

“Special Assessment Part A” means a portion of the Special Assessments, which is to be shown on the Special Assessment Roll A, as determined by the Board of Directors pursuant to the provisions of Section C.1., as it may be reapportioned or reduced according to the provisions herein.

“Special Assessment Part B” means a portion of the Special Assessments, which is to be shown on the Special Assessment Roll B, as determined by the Board of Directors pursuant to the provisions of Section C.1., as it may be reapportioned or reduced according to the provisions herein.

“Special Assessment Roll” means the document attached hereto as Appendix A, as updated from time to time by the Board of Directors of the Authority in accordance with the procedures set forth herein, which shall include both of the Special Assessment Roll A and the Special Assessment Roll B.

“Special Assessment Roll A” means the document attached hereto as Appendix A-1, as updated from time to time by the Board of Directors of the Authority in accordance with the procedures set forth herein.

“Special Assessment Roll B” means the document attached hereto as Appendix B-1, as updated from time to time by the Board of Directors of the Authority in accordance with the procedures set forth herein.

“Tax Increment Financing Fund” means the fund by that name as provided for in the Memorandum of Understanding.

“Tax Increment Revenues” means the County Advanced Revenues to be deposited into the Tax Increment Financing Fund by the County and available to the Authority to repay the Tax Revenue Bonds as provided for in the Memorandum of Understanding.

“Tax Revenue Bonds” means any bonds issued pursuant to the Bond Indenture payable from and secured by revenues derived from the imposition and collection of the Special Assessment Part A and Tax Increment Revenues, whether in one or more series, including any bonds issued to refund such bonds.

“Trustee” means the trustee pursuant to the Bond Indenture for the Tax Revenue Bonds, the trustee pursuant to the Bond Indenture for the Special Assessment Bonds, or both, as appropriate in context.

C. SPECIAL ASSESSMENTS

1. The Amount of the Special Assessments

The total of the Special Assessments is equal to the amounts set forth in the Special Assessment Roll as it may be updated from time to time as provided for herein. The Special Assessments for each Parcel shall be set by the Board of Directors prior to the issuance of the Bonds and shall not be changed thereafter except pursuant to the provisions hereof. The Board of Directors shall set the Special Assessments on each Parcel according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

- A = the Special Assessments for any particular Parcel "X"
- B = the total of the Special Assessments for all Parcels in the Mosaic District as shown in the Special Assessment Roll prior to the issuance of Bonds
- C = the Equivalent Units of Parcel "X"
- D = the sum of the Equivalent Units of all of the Parcels in the Mosaic District immediately prior to the issuance of Bonds

The Special Assessments allocated to the Special Assessment Part A and the Special Assessment Part B shall be set by the Board of Directors prior to the issuance of the Bonds and shall not be changed thereafter except pursuant to the provisions herein. The Board of Directors shall set the Special Assessment Part A in the amount required to repay the Tax Revenue Bonds and the Special Assessment Part B in the amount required to repay the Special Assessment Bonds, in each case including Administrative Expenses allocated to each series of Bonds.

2. Reapportionment of Special Assessments

a. Subdivision of a Parcel

Upon the subdivision of any Parcel, the Special Assessments of the Parcel prior to the subdivision shall be reallocated to each new Parcel in proportion to the Equivalent Units of each Parcel and the Special Assessments for the Parcel prior to the subdivision. The reapportionment of the Special Assessments shall be represented by the formula:

$$E = F \times (G \div H)$$

Where the terms have the following meanings:

- E = the Special Assessment for a new Parcel "X" resulting from a subdivision
- F = the Special Assessments for the Parcel or Parcels existing immediately prior to the subdivision from which Parcel "X" was subdivided
- G = the Equivalent Units of Parcel "X" as determined and described below
- H = the sum of the Equivalent Units of all Parcels resulting from the subdivision of the prior Parcel or Parcels

The computation of the Equivalent Units shall be made by the Administrator based on the information available regarding the Parcel. The Administrator shall use consistent standards in preparing the calculations and shall prepare and keep in the records of the Authority the computations made according to this section.

The Special Assessment Part A and the Special Assessment Part B shall be calculated separately for purposes of reallocating the Special Assessments. In all cases, the Special Assessment Part A and Special Assessment Part B after the subdivision of a Parcel shall equal the sum of the Special Assessment Part A and Special Assessment Part B, respectively, immediately before the subdivision of the Parcel.

b. Consolidation of a Parcel

Upon the consolidation of two or more Parcels, the Special Assessments for the consolidated Parcel shall equal the sum of the Special Assessments for the Parcels immediately prior to the consolidation.

The Special Assessment Part A and the Special Assessment Part B shall be calculated separately for purposes of consolidating the Special Assessments. In all cases, the sum of the Special Assessment Part A and the Special Assessment Part B after the consolidation of two or more Parcels shall equal the total of the Special Assessment Part A and the Special Assessment Part B, respectively, immediately before the consolidation of the Parcels.

c. Request of a Parcel Owner

The Special Assessments on some or all of the Parcels may be reallocated upon the unanimous request of the owners of the Parcels for which the Special Assessments are to be reallocated if there has been a change in the estimate of the Equivalent Units applicable to one of the Parcels.

The reallocation of the Special Assessments shall be made pursuant to the following formula, with the Special Assessment Part A and the Special Assessment Part B calculated separately:

$$J = K \times (L \div M)$$

Where the terms have the following meanings:

- J = the Special Assessment after reallocation for each Parcel "X" for which the Special Assessments are being reallocated
- K = the sum of the Special Assessments immediately prior to reallocation of the Parcels for which the Special Assessments are being reallocated
- L = the Equivalent Units of Parcel "X" after the reallocation
- M = the sum of the Equivalent Units after the reallocation for all of the Parcels for which Special Assessments are being reallocated

In all cases, the sum of the Special Assessment Part A and the Special Assessment Part B after the reallocation of Special Assessments shall equal the total of the Special Assessment Part A and Special Assessment Part B immediately prior to such reallocation of Special Assessments.

d. Principal Portion of Special Assessments and Annual Installment

The Principal Portion of Special Assessments and Annual Installment shall be set and reallocated in the same manner as the Special Assessments.

3. Reduction in the Special Assessments

a. Reduction in Costs

If the Board of Directors resolves that the total actual costs to be incurred by the Authority, including the costs of the Public Improvements and the costs related to the issuance and repayment of the Bonds, including refunding Bonds, and Administrative Expenses are less than the total amount of the Special Assessments, then the Board of Directors shall reduce the Special Assessments such that the sum of Special Assessments equals the total costs incurred or to be incurred. The Special Assessments shall be reduced for every Parcel of Assessed Property in the Mosaic District in the following manner.

First, if the Public Improvements were not completed using bond proceeds and, in the judgment of the Board of Directors, any Parcels were not fully benefitted by the Public Improvements, the Special Assessments shall be reduced on these Parcels to represent what the Board of Directors, in the reasonable exercise of its discretion, determines to be the peculiar benefit to these Parcels of such Public Improvements compared to the peculiar benefit of such Public Improvements to the other Parcels. The Board of Directors may provide for the reduction in the Special Assessments by equal percentage for each Parcel or some other means if the Board of Directors determines this would be the most fair or practical method of reducing the Special Assessments.

Second, if additional reductions are to be made in the Special Assessments, the Special Assessments shall be reduced by an equal percentage such that the sum of the resulting Special Assessments for every Parcel equals the actual costs to be incurred by the Authority.

The Special Assessments as reduced according to the provisions of this section shall not be reduced to an amount that is less than the outstanding amount of the related Bonds, debt service on the outstanding related Bonds, and estimated Administrative Expenses.

The reduction in Special Assessments is to be applied to the Special Assessment Part A and Special Assessment Part B according to which Bonds are called or reduced, pursuant to the Bond Indenture for each series of Bonds.

The Principal Portion of Special Assessments shall be reduced in the same manner as the reduction in the Special Assessments such that the total of the Principal Portion of the Assessments is equal to the total principal of the outstanding related Bonds and any to be issued (including refunding Bonds).

b. Repayment of the Bonds

The Special Assessment Part A and the Annual Parcel Installment A applicable to any Parcel shall be reduced each Assessment Year in an amount equal to the Annual Payment Part A collected from such Parcel. The Principal Portion of Special Assessment Part A shall be reduced for the principal portion of the Annual Payment Part A collected from each Parcel.

The Special Assessment Part B and the Annual Parcel Installment B applicable to any Parcel shall be reduced each Assessment Year in an amount equal to the Annual Payment Part B collected from such Parcel. The Principal Portion of Special Assessment Part B shall be reduced for the principal portion of the Annual Payment Part B collected from each Parcel.

c. Prepayment of Special Assessment

The Special Assessments and the Principal Portion of Special Assessments applicable to any Parcel shall be reduced or eliminated, as the case may be, as the result of any prepayment of Special Assessments for the Parcel.

D. METHOD OF DETERMINING THE ANNUAL PAYMENT

Commencing with the Annual Payment to be collected in the 2011-2012 Assessment Year and for each following Assessment Year, the Administrator shall calculate and the Board of Directors shall confirm the Annual Payment on each Parcel pursuant to the following provisions.

1. The Annual Payment Part A

The Annual Payment Part A shall be paid each year for any Parcel for which the Special Assessment Part A has not been paid in full in an amount equal to the lesser of (i) the Annual Installment Part A for the Parcel and (ii) an amount calculated pursuant to the following formula:

$$a = b \times (c \div d)$$

Where the terms have the following meanings:

- a = the Annual Payment Part A for a Parcel;
- b = the Annual Revenue Requirement Part A for the Assessment Year for which the Annual Payment Part A is being calculated;
- c = the Adjusted Annual Installment Part A for the Parcel;
- d = the Adjusted Annual Installment Part A for all Parcels in the Mosaic District.

2. The Adjusted Annual Installment Part A

The Adjusted Annual Installment Part A for a Parcel shall equal the Annual Installment Part A for such Parcel less the Annual Part A Credit for the Parcel.

3. The Annual Part A Credit

The Annual Part A Credit for each Parcel for each Assessment Year shall be equal to the Tax Increment Revenues included in the calculation of the Annual Revenue Requirement Part A for that Assessment Year produced by that Parcel. For purposes of calculating the Tax Increment Revenues for each Parcel, the base year tax revenues for each tax included in the Tax Increment Revenues shall be allocated to each Parcel on the basis of the total of the tax revenues from which the Tax Increment Revenues are calculated. For example, the base real property tax revenues would be allocated to each Parcel in proportion to the total real property tax revenues of the Parcel divided by the total real property taxes of all Parcels in the Mosaic District (using the total real property tax revenues from which the Tax Increment Revenues are calculated).

The Annual Part A Credit for each Parcel for each Assessment Year shall be an amount calculated pursuant to the following formula:

$$e = f - g - h$$

Where the terms have the following meanings:

- e = the Annual Part A Credit for a Parcel;
- f = the real property taxes to be collected from the Parcel as included in the calculation of the Tax Increment Revenues for the Assessment Year;
- g = the Base Real Property Taxes as allocated to the Parcel by the formula below;
- h = any unpaid real property taxes for which the Annual Part A Credit was based in the previous Assessment Year for the Parcel.

The Base Real Property Taxes allocated to a Parcel shall be an amount calculated pursuant to the following formula:

$$j = k \times (m \div n)$$

Where the terms have the following meanings:

- j = the Base Real Property Taxes allocated to a Parcel for an Assessment Year;
- k = the Base Real Property Taxes for the Assessment Year;
- m = the real property assessed value for the Parcel as used to determine the real property taxes in the formula for the Annual Part A Credit for the Parcel in the formula above;
- n = the real property assessed value for all Parcels as used to determine the Tax Increment Revenues for that Assessment Year.

4. The Annual Payment Part B

The Annual Payment Part B shall be paid each year for any Parcel for which the Special Assessment Part B has not been paid in full in an amount equal to the lesser of (i) the Annual Installment Part B for the Parcel and (ii) an amount calculated pursuant to the following formula:

$$p = q \times (r \div s)$$

Where the terms have the following meanings:

- p = the Annual Payment Part B for a Parcel;
- q = the Annual Revenue Requirement Part B for the Assessment Year for which the Annual Payment Part B is being calculated;
- r = the Annual Installment Part B for the Parcel;
- s = the Annual Installment Part B for all Parcels in the Mosaic District

E. UPDATING THE ASSESSMENT ROLL

The Board of Directors shall update the Special Assessment Roll from time to time in accordance with the provisions herein in order to maintain records for the collection of Special Assessments. The Special Assessment Roll shall be updated each Assessment Year to reflect (i) the current Parcels in the Mosaic District, (ii) the Special Assessments allocated to each Parcel, including any adjustments to the Special Assessments as provided for herein, (iii) the Principal Portion of Special Assessments for each Parcel; (iv) the Annual Installment for each Parcel for the Assessment Year, (v) the Annual Payment for each Parcel for the Assessment Year, (vi) prepayments of Special Assessments, (vii) termination of the collection of Special Assessments, and (viii) any other information helpful to the collection of Special Assessments. All information shall be updated for the Special Assessment Part A and the Special Assessment Part B.

F. MANNER OF COLLECTION OF THE ANNUAL PAYMENT

The Annual Payment shall be collected in the same manner and at the same time as regular property taxes of the County and shall be subject to the same penalties, procedures, sale, and lien priorities in case of delinquencies as are provided for regular property taxes of the County. The Authority shall notify the County of the amount of the Annual Payment to be collected on each Parcel each Assessment Year in a timely manner to allow the collection of the Annual Payment by the County. The Board of Directors may provide for other means of collecting the Annual Payment, to the extent permitted under the Act and agreed to by the County's Board of Supervisors.

G. ADMINISTRATIVE REVIEW

An owner of a lot claiming that a calculation error has been made in the update of Special Assessment Roll in any Assessment Year shall send a written notice describing the error to the Board of Directors not later than one year after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Board of Directors shall promptly review the notice, and if necessary, meet with the property owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Board of Directors determines that a calculation error has been made that requires the Special Assessment Roll to be modified or changed in favor of the property owner, a cash refund may not be made for any amount previously paid by the owner (except for the final Assessment Year during which the Special Assessment shall be collected or if a determination is made that there will otherwise be sufficient funds available to meet the Annual Revenue Requirement for an Assessment Year), but an adjustment shall be made in the amount of the Annual Payment to be paid in the following Assessment Year. The decision of the Board of Directors regarding a calculation error relating to the Special Assessment Roll shall be conclusive as long as there is a rational basis for the determination.

H. TERMINATION OF COLLECTION OF SPECIAL ASSESSMENTS

Except for any delinquent Annual Payment and related penalties and interest, the Annual Payment may be collected for a term not to exceed the term of all of the Bonds. In no event shall the Annual Payment be collected beyond the period in which the Special Assessments or the Bonds are fully paid as provided for herein.

After the retirement of all Bonds, and the collection of any delinquent Annual Payment, penalties and interest, the Authority shall provide each owner of a Parcel a recordable document (or provide for the recordation of such document) evidencing the termination of the imposition and collection of Special Assessment.

I. PREPAYMENT OF SPECIAL ASSESSMENT

The Special Assessments on any Parcel may be fully paid at any time, the Special Assessments reduced to zero, and the obligation to pay the Annual Installments permanently satisfied by payment of an amount calculated according to the following provisions:

1. A sum equal to the Principal Portion of the Special Assessments for the Parcel, as it may have been set, reapportioned or reduced pursuant to the provisions of Sections C.1., C.2., C.3., and C.4; less,
2. A credit for any reductions in the related Bonds to be issued or related Bonds outstanding due to the redemption of related Bonds as a result of the prepayment; plus,
3. A sum equal to (a) the amount needed to pay interest on the outstanding related Bonds to be redeemed less the investment earnings on the prepayment amount until the related Bonds can be called and redeemed, after taking into consideration the Annual Payment paid or to be paid for the related Bonds but not accounted for in the calculation of the Principal Portion of the Special Assessments for the related Bonds in Step 1 and (b) expenses of the Authority related to the prepayment.

The amounts calculated in the preceding steps shall be paid to the Authority and shall be distributed by the Authority to pay costs related to the prepayment and according to the related Bond Indenture. Upon the payment of such prepayment amount to the Authority, the obligation to pay the Special Assessments for such Parcel shall be deemed to be permanently satisfied, the Special Assessments for such Parcel shall be reduced to zero, the Annual Installment shall not be collected on the Parcel thereafter, and the Authority shall provide to the owner (or cause to be

recorded) a recordable notice of the payment of the Special Assessments within a reasonable period of time of receipt of such prepayment amount.

The Special Assessments may be prepaid in part (including only the Special Assessment Part A or the Special Assessment Part B) in an amount sufficient to allow for a convenient redemption of related Bonds as determined by the Administrator.

J. MANDATORY PREPAYMENT OF SPECIAL ASSESSMENTS

1. Prepayment of Special Assessments for Non-Benefited Property

A Mandatory Prepayment of Special Assessments shall be required on any Parcel that is acquired by an entity that results in the Parcel being classified as Non-Benefited Property, if the Special Assessments may not be reapportioned to a Parcel of Assessed Property pursuant to the provisions of Section C.2. In the event an entire Parcel becomes Non-Benefited Property such that the Special Assessment cannot be reallocated to any other Parcel pursuant to the provisions of Section C, the Special Assessments shall become immediately due and payable by the Parcel, specifically prior to any transfer of the Parcel, but if and to the extent funds are available for that purpose from any of the following sources, may be collected from proceeds of a sale, condemnation, or other form of compensation for the property or from any other legally available source of funds. The prepayment of the Special Assessment shall be calculated as set forth in Section I.

2. Prepayment of Special Assessments Resulting From a Reduction in Equivalent Units

The Special Assessments shall be prepaid in part upon a reduction of the Equivalent Units that results in the Principal Portion of the Special Assessments exceeding the Maximum Special Assessment. The Mandatory Prepayment shall be immediately due and payable by the Parcel (or any resultant Parcels) that results in the application of the provisions of this section.

The Mandatory Prepayment shall be calculated as set forth in Section I, with the Principal Portion of the Special Assessments being prepaid to the amount necessary such that the Principal Portion of the Special Assessments does not exceed the Maximum Special Assessment.

The Mandatory Prepayment shall be due prior to the recordation, conveyance, or other action that results in a change to any Parcel that results in a Mandatory Prepayment. The Mandatory Prepayment shall have the same sale and lien priorities as provided for by law for the Assessments.

The Mandatory Prepayment shall not exceed the principal amount of the outstanding Bonds plus any other amounts owed on the Bonds, including accrued interest and redemption fees.

K. AMENDMENTS

Immaterial amendments may be made to this Rate and Method of Apportionment of Special Assessments by the Board of Directors without further approval by the Board of Supervisors and without further notice under the Act to owners of Assessed Property within the Mosaic District. Immaterial amendments shall be those that (i) clarify or correct minor inconsistencies in the matters set forth herein, (ii) provide for lawful procedures for the collection and enforcement of

Special Assessments and other charges imposed herein so as to assure their efficient collection, and (iii) otherwise improve the ability of the Authority to fulfill its obligations to impose and collect Special Assessments and charges imposed herein and to make it available for the payment of the Bonds, Administrative Expenses, and other costs of the Authority.

Amendments may not be made to this Rate and Method of Apportionment of Special Assessments pursuant to the procedure described above that would increase the total of the Special Assessments or charges as set forth herein.

L. INTERPRETATION OF PROVISIONS

The Board of Directors shall make all interpretations and determinations related to the application of this Rate and Method of Apportionment of Special Assessments, unless stated otherwise herein or in the Bond Indenture, and as long as there is a rational basis for the determination made by the Board of Directors, such determination shall be conclusive.

M. SEVERABILITY

If any section or part of a section of this Rate and Method of Apportionment of Special Assessments is declared invalid or unenforceable, the validity, force, and effect of any other section or part of a section herein shall not thereby be affected or impaired unless such other section or part of a section herein is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unenforceable.

**Mosaic District Community Development Authority
Fairfax County, Virginia**

**APPENDIX A
SPECIAL ASSESSMENT ROLL**

**Mosaic District Community Development Authority
Fairfax County, Virginia**

APPENDIX A

SPECIAL ASSESSMENTS

Tax Parcel Number	Equivalent Units	Special Assessment Part A & B	Principal Portion of Special Assessment Part A & B	Annual Installment Part A & B (2011-2012 Assessment Year) (To Be Updated Annually)		
				Annual Installments	Annual Credit	Annual Payment
0493 01 0080 E	1,142	\$112,343,818	\$51,334,833	\$1,035,428	\$0	\$0
0493T 01 0080 E	0	\$0	\$0	\$0	\$0	\$0
0493 01 0080 F	761	\$74,873,253	\$34,212,883	\$690,077	\$0	\$0
0493 01 0081 A	53	\$5,194,538	\$2,373,613	\$47,876	\$0	\$0
0493T 01 0081 A	0	\$0	\$0	\$0	\$0	\$0
0493 01 0082 A	45	\$4,384,190	\$2,003,329	\$40,407	\$0	\$0
0493T 01 0082 A	0	\$0	\$0	\$0	\$0	\$0
0493 01 0082 B	15	\$1,481,038	\$676,751	\$13,650	\$0	\$0
Parcel B Anchor	108	\$10,578,079	\$4,833,590	\$97,494	\$0	\$0
Total	2,124	\$208,854,917	\$95,435,000	\$1,924,933	\$0	\$0

**Mosaic District Community Development Authority
Fairfax County, Virginia**

APPENDIX A

TOTAL ANNUAL INSTALLMENTS

Assessment Year Beginning	Principal	Interest	Administrative Expense	Annual Installment Part A & B
2010	\$0	\$0	\$0	\$0
2011	\$0	\$1,894,933	\$30,000	\$1,924,933
2012	\$0	\$1,824,000	\$30,000	\$1,854,000
2013	\$0	\$1,824,000	\$30,000	\$1,854,000
2014	\$275,000	\$6,376,450	\$81,600	\$6,733,050
2015	\$410,000	\$6,357,200	\$83,232	\$6,850,432
2016	\$1,125,000	\$6,328,500	\$84,897	\$7,538,397
2017	\$1,320,000	\$6,255,450	\$86,595	\$7,662,045
2018	\$1,530,000	\$6,169,050	\$88,326	\$7,787,376
2019	\$1,760,000	\$6,068,300	\$90,093	\$7,918,393
2020	\$2,000,000	\$5,951,850	\$91,895	\$8,043,745
2021	\$2,265,000	\$5,818,950	\$93,733	\$8,177,683
2022	\$2,550,000	\$5,667,950	\$95,607	\$8,313,557
2023	\$2,865,000	\$5,497,400	\$97,520	\$8,459,920
2024	\$3,200,000	\$5,305,300	\$99,470	\$8,604,770
2025	\$3,555,000	\$5,090,250	\$101,459	\$8,746,709
2026	\$3,945,000	\$4,850,850	\$103,489	\$8,899,339
2027	\$4,365,000	\$4,584,700	\$105,558	\$9,055,258
2028	\$4,815,000	\$4,289,750	\$107,669	\$9,212,419
2029	\$5,300,000	\$3,963,900	\$109,823	\$9,373,723
2030	\$5,820,000	\$3,604,750	\$112,019	\$9,536,769
2031	\$6,380,000	\$3,209,900	\$114,260	\$9,704,160
2032	\$6,990,000	\$2,776,550	\$116,545	\$9,883,095
2033	\$7,635,000	\$2,301,300	\$118,876	\$10,055,176
2034	\$8,340,000	\$1,781,700	\$121,253	\$10,242,953
2035	\$9,090,000	\$1,213,650	\$123,678	\$10,427,328
2036	\$1,760,000	\$594,000	\$47,307	\$2,401,307
2037	\$1,865,000	\$488,400	\$48,253	\$2,401,653
2038	\$1,975,000	\$376,500	\$49,218	\$2,400,718
2039	\$2,090,000	\$258,000	\$50,203	\$2,398,203
2040	\$2,210,000	\$132,600	\$51,207	\$2,393,807
Total	\$95,435,000	\$110,856,133	\$2,563,784	\$208,854,917

**Mosaic District Community Development Authority
Fairfax County, Virginia**

**APPENDIX A-1
SPECIAL ASSESSMENT ROLL**

Special Assessment Part A

**Mosaic District Community Development Authority
Fairfax County, Virginia**

APPENDIX A-1

SPECIAL ASSESSMENT PART A

Tax Parcel Number	Equivalent Units	Special Assessment Part A	Principal Portion of Special Assessment A	Annual Installment Part A (2011-2012 Assessment Year)		
				(To Be Updated Annually)		
				Annual Installments	Annual Credit	Annual Payment
0493 01 0080 E						
0493T 01 0080 E						
0493 01 0080 F						
0493 01 0081 A						
0493T 01 0081 A						
0493 01 0082 A						
0493T 01 0082 A						
0493 01 0082 B						
Parcel B Anchor						
Total						

**Mosaic District Community Development Authority
Fairfax County, Virginia**

APPENDIX A-1

TOTAL ANNUAL INSTALLMENT PART A

Assessment Year Beginning	Principal	Interest	Administrative Expense	Annual Installment Part A
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
<hr/>				
Total				
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**Mosaic District Community Development Authority
Fairfax County, Virginia**

**APPENDIX B-1
SPECIAL ASSESSMENT ROLL**

Special Assessment Part B

**Mosaic District Community Development Authority
Fairfax County, Virginia**

APPENDIX B-1

SPECIAL ASSESSMENT PART B

Tax Parcel Number	Equivalent Units	Special Assessment Part B	Principal Portion of Special Assessment B	Annual Installment Part B (2011-2012 Assessment Year)		
				(To Be Updated Annually)		
				Annual Installments	Annual Credit	Annual Payment
0493 01 0080 E						
0493T 01 0080 E						
0493 01 0080 F						
0493 01 0081 A						
0493T 01 0081 A						
0493 01 0082 A						
0493T 01 0082 A						
0493 01 0082 B						
Parcel B Anchor						
Total						

**Mosaic District Community Development Authority
Fairfax County, Virginia**

APPENDIX B-1

TOTAL ANNUAL INSTALLMENT PART B

Assessment Year Beginning	Principal	Interest	Administrative Expense	Annual Installment Part B
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
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2036				
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2038				
2039				
2040				
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Total				
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