

APPENDIX D

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions contained in the Indenture and does not purport to be a complete statement of all the provisions of such documents. See also the front portion of the Limited Offering Memorandum section "THE 2011A BONDS" and "SECURITY FOR THE 2011A BONDS".

DEFINITIONS OF CERTAIN TERMS

The following terms used throughout the Limited Offering Memorandum have the respective meanings set forth below:

"Additional Bonds" means any Bond other than the 2011 Bonds issued under the Indenture pursuant to a Supplemental Indenture.

"Administrative Expenses" means costs directly related to the administration of the Authority including the costs of computing the Special Assessments and preparing the annual Special Assessment collection schedules and the costs of collecting the Special Assessments and the County Advanced Revenues (whether by the County or otherwise); the costs of remitting the Pledged Revenues to the Trustee; the fees and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the fees and costs of the Administrator in the discharge of the duties required of it under the Indenture and the Administrator Agreement; any administrative expenses of the Authority (including costs of official meetings of the Authority, fees paid to its board members and to its legal counsel and other consultants and advisors); the costs of the Authority of complying with arbitrage rebate requirements; and the costs of the County or the Administrator related to any appeal of the Special Assessments or the Special Taxes. Administrative Expenses shall also include amounts advanced or costs incurred by the County, the Authority or the Administrator for any administrative purpose of the Authority, including costs in connection with establishing the Authority, costs related to assessing and collecting Pledged Revenues and prepayments of Special Assessments or the Special Taxes, recordings or other filings related to such prepayments and satisfaction of Special Assessments or the Special Taxes, amounts paid by the Authority to make rebate payments, costs of complying with securities disclosure requirements, and the costs incurred by the Administrator or the County, if any, in connection with collection or foreclosure of delinquent Special Assessments or Special Taxes.

"Administrative Expense Fund" means the fund of such name established by the Indenture.

"Administrator" means the entity selected by the Authority to perform any and all tasks described under the caption "The Administrator" herein and those tasks specified in the Administrator Agreement, initially, MuniCap, Inc., a Maryland corporation.

"Administrator Agreement" means the Agreement for Administrative Services, dated as of _____, 2011, by and between the Authority and the Administrator, as such Agreement may be amended from time to time.

"Authorized Authority Representative" means the Chairman or Vice-Chairman of the Authority or any person or persons designated to act on behalf of the Authority by a certificate signed by the Chairman and filed with the Trustee.

"Authority-Owned Facilities" means those Facilities owned by the Authority and financed as in whole or in part with the proceeds of the Bonds.

"Beneficial Owners" means, during any period when the Bonds are held in book entry form, any owner of any Bonds as shown on the records of the participants of DTC or any successor securities depository, and during any period when the Bonds are issued in certificated form, any registered owner of any Bonds.

"Bond" or "Bonds" means the 2011A Bonds issued pursuant to the Indenture, and any Additional Bonds issued under the Indenture, but will not include any subordinate debt or any bonds or other evidence of indebtedness of the Authority issued from time to time under any other indenture, trust agreement, resolution or similar instrument.

"Bond Counsel" means Sidley Austin LLP or a firm of attorneys (designated by the Authority) of nationally recognized standing in matters pertaining to the validity of and the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"Bond Fund" means the fund of such name established by the Indenture.

"Business Day" means any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in the Commonwealth, or the County in which the designated corporate trust office of the Trustee or the Paying Agent is located, are authorized by law to close, (iii) a day on which the New York Stock Exchange is closed, or (iv) such other days as may be specified in a Supplemental Indenture.

"Capitalized Interest Account" means the Capitalized Interest Account of the Project Fund established by the Indenture.

"Capitalized Interest Period" means the period of time from the date of issuance of the 2011 Bonds through _____.

"Chairman" means the Chairman of the Authority.

"Closing" means the date the Bonds are issued and delivered by the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations and revenue rulings, and any successor codification.

"Commonwealth" means the Commonwealth of Virginia.

"Completion Date" means the date of completion of the Facilities as determined under the Indenture.

"Cost" or "Cost of the Facilities" means all costs incurred by or on behalf of the Authority in connection with the acquisition, expansion, construction, development, improvement, equipping, planning and financing of the Facilities or any portion of the Facilities, including, without limitation, the payment or reimbursement of costs of issuance of the Bonds, including without limitation the reasonable costs of legal and financial consultants incurred by the Authority, the County, the Developer and the Trustee in connection with the creation of the Authority and the issuance of the Bonds, and the funding of such funds and accounts as are provided in the Indenture, the cost of all lands, properties, rights, easements, franchises and permits acquired, the cost of all machinery and equipment, financing charges, interest prior to and during construction and for up to approximately one year after completion of construction, cost of engineering and legal expenses, plans, specifications, and other expenses necessary or incident to construction of the Facilities.

"Counsel" means such attorney or firm of attorneys selected or approved by the Authority who are duly admitted to practice law before the highest court of any state of the United States of America, who, unless otherwise provided in the Indenture, may be an employee of the Authority or an employee or officer of the Trustee.

"County" means the County of Fairfax, Virginia.

"County Advanced Revenues" means the County Advanced Revenues, as defined in the Memorandum of Understanding, collected by the County and paid to the Trustee in accordance therewith.

"County Representative" means the County Executive or such officer's designee.

"Debt Service Reserve Fund" means the fund of such name established by the Indenture.

"Debt Service Reserve Requirement" means an amount equal to the least of (i) the maximum principal and interest due on the Bonds in the then current or any future Fiscal Year, (ii) ten percent of the original stated principal amount of the Bonds (or ten percent of the issue price of such Bonds if required by the Code), or (iii) 125 percent of the average annual principal and interest due on the Outstanding Bonds in the then current or any future Fiscal Year.

"Delinquent Payments Account" means the Delinquent Payments Account established by the Indenture.

"Developer" means collectively, Eskridge (E&A), LLC, a South Carolina limited liability company, or its successors and assigns, and Eskridge Properties (E&A), LLC, a South Carolina limited liability company, or its successors and assigns.

"Development Agreement" means the Development/Acquisition Agreement, dated as of _____ 1, 2011, among the Authority, the County and the Developer, as such Agreement may be amended from time to time.

"District" means the Mosaic District, the portion of the County comprising the Authority created pursuant to the Ordinance.

"Engineer" means any independent engineering or architectural firm or individual architect or engineer retained or approved by the Authority as Engineer for purposes of the Indenture which Engineer may be an employee of the Authority or the County, unless otherwise provided in the Indenture.

"Event of Default" means any Event of Default specified under the caption "Events of Default".

"Facilities" means [infrastructure improvements consisting of roads and road improvements and water and sewer improvements], generally as defined in the Petition and financed with proceeds of the 2011A Bonds and 2011B Bonds.

"Fiscal Year" means the period of twelve months beginning each July 1 and ending each June 30 or such other period of twelve months as may be established by the Authority as its annual accounting period.

"Fitch" means Fitch, Inc., its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized rating agency designated by the Authority.

"Government Certificates" mean certificates representing ownership of either United States Treasury bond principal at maturity or coupons for accrued periods of interest, which bonds or coupons are held by a bank or trust company, organized and existing under the laws of the United States of America or any of its states acceptable to the Trustee and the Authority, in the capacity of custodian independent of the seller of the certificates.

"Government Obligations" mean bonds, notes and other obligations of the United States of America and securities unconditionally guaranteed as to the payment of principal and interest by the United States of America or any agency thereof. Such evidences of indebtedness may be held directly, or in the form of repurchase agreements collateralized by such debt securities, or in the form of securities of any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio of such investment company or investment trust is limited to such evidences of indebtedness, or repurchase agreements collateralized by such debt securities, or securities of other such investment companies or investment trusts whose portfolios are so restricted.

"Indenture" means the Indenture of Trust, dated as of _____, 2011 between the Authority and the Trustee, as it may be modified, altered, amended and supplemented from time to time in accordance with its terms.

"Interest Account" means the Interest Account of the Bond Fund established by the Indenture.

"Interest Payment Date" means March 1 and September 1 of each year commencing September 1, 2011.

"Land Owner" means any Person that owns a parcel of land within the District.

"Majority Holders" means the Beneficial Owners of more than 50% of the aggregate principal amount of Bonds Outstanding.

"Mandatory Prepayments" means prepayments of the Special Assessments required by the provisions of the RMA.

"Memorandum of Understanding" means the memorandum of understanding, dated as of May 12, 2010, as amended and restated as of _____, 2011, among the Authority, the Land Owners, the Developer and the County, as such memorandum may be amended from time to time.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designated by the Authority.

"Net Proceeds" mean the proceeds from any insurance recovery or taking or condemnation award in respect of Authority-Owned Facilities that are deposited by or on behalf of the Authority with the Trustee and remaining after payment of attorneys' fees, costs, fees and expenses of the Authority and the Trustee and all other expenses incurred in collection of the gross proceeds.

"Net Proceeds Account" means the Net Proceeds Account of the Project Fund established by the Indenture.

"Opinion of Counsel" means a written opinion of any Counsel in form and substance acceptable to the Trustee.

"Ordinance" means the Ordinance, adopted by the Board of Supervisors on April 27, 2009, authorizing the creation of the Authority and the District, as amended by the ordinance adopted April 27, 2010.

"Outstanding" means, at any date, the aggregate of all Bonds authorized, issued, authenticated and delivered under the Indenture, except:

- (a) Bonds cancelled or surrendered to the Paying Agent for cancellation;
- (b) Bonds deemed to have been paid as described under the caption "Discharge of Indenture" herein; and
- (c) Bonds in lieu of or in substitution for which other Bonds have been authenticated and delivered pursuant to the Indenture unless proof satisfactory to the Paying Agent is presented that any such Bond is held by a bona fide Owner.

Bonds which are owned by the Authority will be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, however, that for the purpose of determining whether the Trustee will be protected in relying upon any request, demand, authorization, direction, notice, consent or waiver, only Bonds that a Responsible Officer of the Trustee actually knows to be so owned will be disregarded.

"Owner" means the Person in whose name a particular Bond is registered on the records of the Paying Agent.

"Paying Agent" means any paying agent for the Bonds (and may include the Trustee) and its successor or successors appointed pursuant to the provisions of any Supplemental Indenture. Unless otherwise provided in a Supplemental Indenture, the Trustee will be the Paying Agent.

"Permitted Investments" means, subject to the provisions of Chapter 45, Title 2.2, Code of Virginia of 1950, as amended, entitled "Investment of Public Funds Act" ("Investment Act"), any obligations listed below, to the extent permitted by law, as such law may be amended from time to time:

(a) Bonds, notes and other evidences of indebtedness to which the full faith and credit of the Commonwealth is pledged for the payment of principal and interest or which are unconditionally guaranteed as to the payment of principal and interest by the Commonwealth;

(b) Government Obligations;

(c) Government Certificates;

(d) Bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth upon which there is no default; provided that such bonds, notes and other evidences of indebtedness are either direct obligations of, or unconditionally guaranteed by the county, city, town, district, authority or other public body and revenue bonds issued by agencies or authorities of the Commonwealth or its political subdivisions upon which there is no default which are rated in one of the two highest debt rating categories by both of the Rating Agencies, without regard to any refinement or gradation of such rating category by numerical modifier or otherwise;

(e) Savings accounts and time deposits in any bank, including the Trustee and its affiliates, or savings institution within the Commonwealth, provided that the funds are secured in the manner required by the Virginia Security for Public Deposits Act or any successor legislation;

(f) Bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development, Asian Development Bank or African Development Bank;

(g) "Prime quality" commercial paper, with a maturity of 270 days or less, of issuing corporations organized under the laws of the United States, or of any state thereof,

including paper issued by banks and bank holding companies. "Prime quality" shall be as rated by at least two of the following: Moody's, within its NCO/Moody's rating of prime 1, by S&P, within its rating of A-1, by Fitch, within its rating of F-1, or by their corporate successors, provided that at the time of any such investment:

(1) The issuing corporation, or its guarantor, has a net worth of at least \$50,000,000; and

(2) The net income of the issuing corporation, or its guarantor, has averaged \$3,000,000 per year for the previous five years; and

(3) All existing senior bonded indebtedness of the issuer, or its guarantor, is rated A or better by at least two of the following: Moody's, S&P or Fitch;

provided that, not more than 35% of the total funds held under the Indenture may be invested in commercial paper, and not more than five percent of the total funds held under the Indenture may be invested in commercial paper of any one issuing corporation;

(h) Corporate notes with a rating at least Aa by Moody's and AA by S&P without regard to any numerical refinement or gradation of such rating category by numerical modifier or otherwise, with a maturity of not more than five years;

provided that, not more than 35% of the total funds held under the Indenture may be invested in corporate notes, and not more than five percent of the total funds held under the Indenture may be invested in corporate notes of any one issuing corporation;

(i) Direct and general obligations of any state of the United States to the payment of principal of and interest on which the full faith and credit of such state is pledged, upon which there is no default and upon which there has been no default for more than 90 days; provided that within the 20 preceding fiscal years such state has not been in default for more than 90 days in the payment of any debt of such state, if at the time of their purchase such obligations are rated in either of the two highest rating categories by either Rating Agency;

(j) Certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least A-1 by S&P and P-1 by Moody's for maturities of one year or less and a rating of at least AA by S&P and Aa by Moody's for maturities longer than one year and not exceeding five years;

(k) Banker's acceptance, as permitted by the Investment Act, with banks rated in one of the two highest debt rating categories by both of the Rating Agencies, without regard to any refinement or gradation of such rating category by numerical modifier or otherwise; and

(l) Such other investments as may be permitted by the Investment Act as certified by the Authority to the Trustee, provided they are rated in one of the two highest debt or other rating categories by both of the Rating Agencies without regard to any numerical refinement or other gradation of such rating.

Any money held by the Trustee in the Bond Fund or in the Debt Service Reserve Fund will be separately invested and reinvested by the Trustee, at the written request of and as directed by an Authorized Authority Representative, only in investments described in paragraphs (a), (b), (c), (d), (e) and (f) above, which are at the time legal investments for public sinking funds under the Investment Act, or any subsequent provisions of law applicable to such investments or in repurchase agreements meeting the requirements set forth in the Indenture.

Investment in a money market fund or in the shares of any other management type of investment company registered under the Investment Company Act of 1940, the investments of which fund or company are exclusively in obligations or securities described above, will be considered investments in obligations described in such paragraphs, including any such fund maintained by the Trustee (including any proprietary mutual fund of the Trustee or any affiliate of the Trustee for which the Trustee or an affiliate of the Trustee serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor).

The Trustee, at the prior written direction of the Authority, may make Permitted Investments through the Virginia State Non-Arbitrage Program.

Any investments described above may be purchased by the Trustee at the written direction of the Authority pursuant to a repurchase agreement that is collateralized with securities described above, or in the case of any investments of the Bond Fund or Debt Service Reserve Fund, collateralized only in investments described in paragraphs (a), (b), (c), (d), (e) and (f) above, with any domestic or foreign bank, insurance company, or corporation the long-term debt or claims paying ability of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated in at least the double A category by both Rating Agencies. Such repurchase agreement will be considered a purchase of the investments even if title to and/or possession of the investments is not transferred to the Trustee so long as (i) the repurchase obligation is collateralized by the investments themselves, (ii) the investments have a fair market value determined at least weekly at least equal to 101% of the amount invested in the repurchase agreement, and any failure to maintain the fair market value of the investments at such level will require the Trustee to give notice to the other party to the agreement to correct the deficiency and if not corrected to liquidate the collateral, (iii) the investments are held by the Trustee or an agent acting for the Trustee, (iv) the investments are not subject to liens or claims of third parties, and (v) a perfected security interest under the Uniform Commercial Code of Virginia or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq., as amended, in the investments is created for the benefit of the Owners. In the event the fair market value of the investments falls below the amount set forth in clause (ii) of the preceding sentence, and such deficiency is not cured by the next business day, the Trustee shall reduce such investments to cash.

If such investments are held by a third-party, they shall be held as agent for the benefit of the Trustee as fiduciary for the Beneficial Owners and not as agent for the bank serving as Trustee in its commercial capacity or any other party and shall be segregated from securities owned generally by such third party or bank.

The Trustee shall not be responsible for determining whether any investment that it is directed to make by the Authority is permitted by law.

"Person" means an individual, a corporation, a partnership, a general partner of a partnership, an association, a joint stock company, a trust, any unincorporated organization, or a governmental entity.

"Petition" means the petition dated February 10, 2009 to create the Authority.

"Pledged Revenues" means Special Assessment Revenues, Special Tax Revenues and County Advanced Revenues, including, without limitations, any investment earnings thereon, but not including amounts in the Net Proceeds Accounts, the Rebate Fund, the Administrative Expense Fund or the Surplus Fund.

"Prepayments" means any Special Assessment, or portion thereof, which is paid to the Authority before such amount becomes due, including Mandatory Prepayments.

"Principal Account" means the Principal Account of the Bond Fund established by the Indenture.

"Principal Payment Date" means any date on which a payment of principal (including any sinking fund installment) of the Bonds is due.

"Project Fund" means the fund of such name established by the Indenture.

"Rating Agency" means Moody's and S&P, or either of them and their successors and assigns. If either Moody's or S&P does not provide a rating for a certain purpose under the Indenture, Fitch, Inc., or its successors and assigns may be utilized in lieu of Moody's or S&P, but not both.

"Rebate Amount" means the amount, if any, required to be rebated to the United States pursuant to Section 148(f) of the Code.

"Rebate Fund" means the fund of such name established by the Indenture.

"Redemption Account" means the Redemption Account of the Bond Fund established by the Indenture.

"Responsible Officer" means, when used with respect to the Trustee, any vice president, assistant vice president, senior associate or other officer of the Trustee within the corporate trust office specified in the Indenture (or any successor corporate trust office) having direct responsibility for the administration of the Indenture.

"Revenue Fund" means the fund of such name established in by the Indenture.

"RMA" means the Rate and Method of Apportionment of Special Assessments and attached to the Memorandum of Understanding, as Exhibit D.

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies Inc., its successors and their assigns, and, if such entity shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

"Series" means any series of Bonds issued under the Indenture

"Special Assessment Agreement" means the Special Assessment Agreement and Declaration of Notice of Special Assessment, dated as of _____, 2011, between _____ as Landowners and the Authority.

"Special Assessment Ordinance" means the ordinance adopted by the Board of Supervisors of the County on _____, 2011, providing for the levy and collection of the Special Assessments.

"Special Assessment Revenues" means the amounts collected pursuant to the Special Assessments and appropriated by the County to the Authority and paid to the Trustee, including any prepayments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the Special Assessment lien, penalties and default rate of interest and interest thereon (to the extent such penalties and interest are not retained by the County in accordance with the Memorandum of Understanding). "Special Assessment Revenues" does not include any Administrative Expenses collected by the County in connection with delinquent Special Assessments or other Administrative Expenses payable to the County in accordance with the Memorandum of Understanding.

"Special Assessments" means the special assessments levied within the District pursuant to the Special Assessment Ordinance; provided, however, that such Special Assessments shall only include Special Assessment Part A, as defined in the RMA.

"Special Tax Revenues" means the amounts collected pursuant to the Special Taxes and appropriated by the County to the Authority and paid to the Trustee including any prepayments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the Special Tax lien, penalties and default rate of interest and interest thereon (to the extent such penalties and interest are not retained by the County in accordance with the Memorandum of Understanding). "Special Tax Revenues" does not include any Administrative Expenses collected by the County in connection with delinquent Special Taxes or other Administrative Expenses payable to the County in accordance with the Memorandum of Understanding.

"Special Taxes" means the special taxes, if any, on taxable real property in the District pursuant to Virginia Code Section 15.2-5158(A)(3) as described in the Memorandum of Understanding; provided, however, that such Special Taxes shall only include the portion of Special Taxes relating to Special Assessment Part A, as defined in the RMA.

"Supplemental Indenture" means any indenture supplemental to or amendatory of the Indenture as originally executed, which is duly executed and delivered in accordance with the provisions of the Indenture.

"Surplus" has the meaning set forth in the Memorandum of Understanding.

"Taxable Bond Project Account" means the Taxable Bond Project Account of the Project Fund established pursuant to the Indenture.

"Taxable Bond Subaccount" means the Taxable Bond Subaccount of the Capitalized Interest Account established pursuant to the Indenture.

"Tax-Exempt Bond Project Account" means the Tax-Exempt Bond Project Account of the Project Fund established pursuant to the Indenture.

"Tax-Exempt Bond Subaccount" means the Tax-Exempt Bond Subaccount of the Capitalized Interest Account established pursuant to the Indenture.

"Tax-Exempt Bonds" means the 2011A Bonds and any other Bonds issued under this Indenture the interest on which is intended to be excluded from the gross income of the recipients thereof for federal income tax purposes.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association, and its successor or successors under the Indenture.

"2011 Optional Redemption Subaccount" means the Optional Redemption Subaccount of the Redemption Account within the Bond Fund established by the Indenture.

"2011 Prepayment Subaccount" means the Prepayment Subaccount of the Redemption Account in the Bond Fund established by the Indenture.

SUMMARY OF INDENTURE

Additional Bonds

Additional Bonds may be issued under the Indenture for the purpose of refunding or defeasing Outstanding Bonds or providing funds to the Authority to purchase Outstanding Bonds. Before the issuance and authentication of any such Additional Bonds, the Authority will deliver or cause to be delivered, among other things, the following documents to the Trustee:

- (i) An executed Supplemental Indenture authorizing the issuance of such Bonds and setting forth their terms;
- (ii) A certified copy of a resolution of the Authority authorizing the execution and delivery of the Additional Bonds and the Supplemental Indenture;
- (iii) An Opinion or Opinions of Counsel, who is not an employee of the Authority or the Trustee, subject to customary exceptions and qualifications, to the effect that the Supplemental Indenture has been duly authorized, executed and delivered by the Authority;

(iv) An opinion of Bond Counsel, subject to customary exceptions and qualifications, to the effect that the issuance of such Additional Bonds has been duly authorized, that the Additional Bonds are valid and binding limited obligations of the Authority entitled to the benefits and security of the Indenture and that the issuance of such Additional Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any Tax-Exempt Bonds;

(v) A request and authorization of the Authority, signed by its Chairman or Vice Chairman, to the Trustee and the Paying Agent to authenticate and deliver such Additional Bonds upon payment to the Trustee for the account of the Authority of the amount specified in the request;

(vi) A certificate of an Authorized Authority Representative that no Event of Default exists under the provisions of the Indenture and that no condition exists, that with the passage of time would become an Event of Default under the Indenture;

(vii) Evidence satisfactory to the Trustee that the Authority has made provision as required by the Indenture for the payment or redemption of all Bonds of the Authority to be refunded;

(viii) A written determination by a firm of independent certified public accountants or of financial consultants that the proceeds (excluding accrued interest) of the Additional Bonds, together with any other money deposited with the Trustee for such purpose and the investment income to be earned on funds held by the Trustee for the payment or redemption of Bonds of the Authority to be purchased or refunded, will be sufficient to pay, whether upon redemption or at maturity, the principal of and redemption premium, if any, and interest on the Bonds of the Authority to be purchased or refunded and unless otherwise provided for, the estimated expenses incident to the payment or refunding;

(ix) A written determination a firm of independent certified public accountants or of financial consultants that after the issuance of the Additional Bonds and the provision for payment or redemption of all Bonds of the Authority to be refunded or paid, either (A) the Debt Service for each Fiscal Year in which there will be Outstanding Bonds of any Series not to be refunded or paid will not be more than the Debt Service for such Fiscal Year on all Outstanding Bonds immediately before the issuance of the Additional Bonds, including the Bonds of the Authority to be refunded or paid, or (B) net present value savings shall be achieved with respect to the series of the Bonds being refunded or paid and Pledged Revenues shall be sufficient to cover debt service on all Outstanding Bonds;

(x) A certified copy of the resolution of the Board of Supervisors of the County consenting to the issuance of Additional Bonds; and

(xi) A certificate of the underwriter for the Additional Bonds as to the Debt Service Reserve Requirement.

Project Fund

The Trustee will use money in the Project Fund solely to pay Costs of the Facilities.

The Trustee will deposit in the Project Fund (i) the portion of the proceeds of the Bonds set forth in the section "ESTIMATED SOURCES AND APPLICATION OF FUNDS" in the front portion of this Limited Offering Memorandum and (ii) any Net Proceeds to be used to repair, reconstruct or restore any portion of the Authority-Owned Facilities as directed by the Authority.

The Trustee will deposit in the Capitalized Interest Account the portion of the proceeds of the 2011 Bonds set forth in the section "ESTIMATED SOURCES AND APPLICATION OF FUNDS" in the front portion of this Limited Offering Memorandum. The Trustee will transfer money to the Interest Account of the Bond Fund on or before each Interest Payment Date in accordance with the Indenture.

Upon the completion of the Facilities, excess amounts remaining in the Project Fund will be applied to redeem the Bonds.

Net Proceeds Account

There is established in the Project Fund a Net Proceeds Account. The Authority in the Indenture assigns to the Trustee its rights in any Net Proceeds deposited with the Trustee. Net Proceeds shall be applied at the election of the Authority to either or both of the restoration of the Authority-Owned Facilities in full or the payment of Bonds in full or in part.

Establishment of Funds

The following funds are established under the Indenture:

(a) Project Fund, in which there are established a separate Tax-Exempt Bond Project Account, a separate Capitalized Interest Account (and within the Capitalized Interest Account, a Tax-Exempt Bond Subaccount and a Taxable Bond Subaccount) and a separate Net Proceeds Account, to be held by the Trustee;

(b) Revenue Fund, in which there is established a separate Delinquent Payments Account, to be held by the Trustee;

(c) Bond Fund, in which there are established an Interest Account, a Principal Account and a Redemption Account, and within the Redemption Account there are established a 2011 Optional Redemption Subaccount and a 2011 Prepayment Subaccount, to be held by the Trustee;

- (d) Administrative Expense Fund, to be held by the Trustee;
- (e) Debt Service Reserve Fund, to be held by the Trustee;
- (f) Rebate Fund to be held by the Trustee; and
- (g) Surplus Fund; to be held by the Trustee but amounts in such fund are not pledged to the payment of principal of, redemption premium, if any, and interest on the 2011 Bonds.

Disposition of Balances in Funds

When the balances on deposit in the Bond Fund, the Debt Service Reserve Fund and the Surplus Fund are sufficient to pay or redeem all the Bonds then Outstanding, the Authority may direct the Trustee in writing to transfer the balances in such Funds to a special account in the Bond Fund to be held by the Trustee for the payment or redemption of Bonds at the earliest practicable date and for no other purpose.

Investment of Funds

Any moneys held in any funds and accounts established by the Indenture may be separately invested and reinvested by the Trustee, at the written request of and as directed by an Authorized Authority Representative in Permitted Investments.

All investments will be held by or under the control of the Trustee and while so held will be deemed a part of the fund or account in which the money was originally held. Any loss resulting from such investments shall be charged to the fund or account in which the money was originally held. The Trustee and the Authority will sell and reduce to cash a sufficient amount of investments whenever the cash balance in any fund or account is insufficient for its purposes.

Investments of money in the Debt Service Reserve Fund must mature or be payable at the option of the Trustee not more than ten years after the date of their purchase.

Money in funds and accounts held by the Trustee in the Project Fund may be pooled and commingled for purposes of investment.

In computing the amount in any fund or account created by the Indenture, obligations purchased as an investment of money will be valued at their cost or market value, whichever is lower.

The Trustee may conclusively rely upon the Authority's written instructions as to both the suitability and legality of all directed investments. Ratings of investments shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. Confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered to the Authority or the Administrator.

Investments (except repurchase agreements) in funds and accounts shall be valued (i) not less often than annually nor more often than monthly, provided, however, the investments in the Debt Service Reserve Fund shall be valued at least 10 days after each Interest Payment Date and Principal Payment Date, and at any time upon request by the Authority and (ii) upon any draw upon the Debt Service Reserve Fund.

Payment of Bonds

The Authority will promptly pay the principal of and redemption premium, if any, and interest on every Bond; provided, however, that such obligations are limited obligations of the Authority and are payable solely from the Pledged Revenues and other property pledged and assigned by the Indenture to secure payment of the Bonds.

Covenants

The Authority will faithfully observe and perform all of its covenants, conditions and agreements contained in the Indenture and in every Bond; provided that the pecuniary liability of the Authority under any such covenant, condition or agreement for any default or breach by the Authority will be limited solely to and satisfied solely from the sources of payment described in the preceding paragraph.

Collection of Pledged Revenues

The Authority shall comply with all requirements of the Act and the Memorandum of Understanding so as to assure the timely collection of Pledged Revenues, including without limitation, the enforcement of delinquent Special Assessments and Special Taxes.

The Authority shall not agree to any amendments to, or termination of, the Memorandum of Understanding which may materially and adversely affect the amount of Pledged Revenues received or the time such amounts are received unless the Majority Holders have consented in accordance with procedures substantially identical to those employed for Supplemental Indentures requiring consent of Owners. The Memorandum of Understanding may be amended without the consent of any Owner for purposes substantially analogous to those enumerated for Supplemental Indentures not requiring consent of Owners.

Not later than the 15th day of each month, the Trustee shall provide the Administrator with a notice stating the amount then on deposit in all funds and accounts held by the Trustee under the Indenture. Each year by [April 5], the Administrator shall inform the Authority, in writing, of the amount of Pledged Revenues collected or to be collected in accordance with the Memorandum of Understanding including the installments of Special Assessments or Special Taxes, if any, needed to be collected pursuant to the Memorandum of Understanding to provide for payment of the Bonds and Administrative Expenses. The receipt of or failure to receive such notice by the Administrator from the Trustee shall in no way affect the obligations of the Administrator. Upon receipt of such notice, the Administrator shall ascertain the relevant parcels on which the Special Assessments or Special Taxes are to be collected, taking into account any parcel splits during the preceding and then current Fiscal Year. Each year, the Authority shall approve the amount of the Special Assessments or Special Taxes to be billed and collected for

such fiscal year in the District and by [April 5] (unless another date is specified for such year by the County), shall request the County to collect the amount of the Special Assessments to be collected pursuant to the Memorandum of Understanding.

The Special Assessments and Special Taxes shall be payable in the same manner and at the same time as the ad valorem real estate taxes on real property are payable, and become delinquent at the same time and bear the same penalties and interest after delinquency as do the ad valorem taxes on real property in the County. The Authority shall request the County to forward payments of such Special Assessments to the Trustee in accordance with the Memorandum of Understanding.

Covenant to Collect Delinquent Amounts

Pursuant to the Memorandum of Understanding, the County has agreed to pursue collection of delinquent Special Assessments and Special Taxes (unless such delinquency is theretofore brought current) in a manner similar to its collection efforts expended to collect any ad valorem tax or installment thereof when not paid when due.

Financial Records and Statements

The Authority will maintain proper books and records in which full and correct entries will be made in accordance with generally accepted accounting principles of all of its business and affairs. The Authority will have an annual audit made by an independent certified public accountant or accountants and will promptly furnish the Trustee copies of such audit certified by such accountant.

Arbitrage and Tax Covenants

The Authority has covenanted that it will not take any action, or direct the Trustee to make any investment or use of the proceeds, which would cause any Tax-Exempt Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or will not engage in any activities or take any action that might result in the interest on the Tax-Exempt Bonds becoming includable in gross income of the recipients thereof for federal income tax purposes. The Authority will make all rebate payments required pursuant to the Code to the extent moneys in the Rebate Fund are insufficient.

The Administrator

The Administrator has agreed, among other things to determine and calculate, County Advanced Revenues, the annual Special Assessments or Special Taxes, and prepare rebate calculations annually in accordance with the Code.

The Administrator has agreed to promptly notify all Owners of the information required under the Disclosure Agreement. The sole remedy in the event of any failure by the Administrator to comply with such report provisions shall be an action to compel performance.

The Authority may remove the Administrator initially appointed and any successor thereto upon sixty (60) days written notice to the Administrator, and shall appoint a successor or successors thereto.

The Administrator may resign from its obligations hereunder and under the Administrator Agreement upon sixty (60) days written notice to the Authority and the Trustee. Any resignation or removal of the Administrator shall become effective upon acceptance of appointment by the successor Administrator.

If no appointment of a successor Administrator shall be made within 60 days following receipt by the Authority or the Trustee of the written notice of the resignation of the Administrator, the Authority shall assume the obligations of the Administrator hereunder.

Events of Default

Each of the following will be an Event of Default under the Indenture:

- (a) Payment of interest on any Bond is not made when due and payable;
- (b) Payment of the principal of or premium, if any, on any Bond is not made when due and payable;
- (c) Subject to certain rights of the Authority to cure such defaults as set forth in the Indenture, default in the observance or performance of any other covenant, condition or agreement on the part of the Authority under the Indenture or in the Bonds; or
- (d) Appointment by a court of competent jurisdiction of a receiver for all or any substantial part of the Pledged Revenues and other funds of the Authority pledged pursuant to the Indenture, or the filing by the Authority of any petition for reorganization of the Authority or rearrangement or readjustment of the obligations of the Authority under provisions of any applicable bankruptcy or insolvency law.

No Acceleration

The principal of the Bonds is not subject to acceleration upon the occurrence and continuation of an Event of Default.

Other Remedies; Rights of Owners

Upon the occurrence and continuation of an Event of Default, the Trustee may pursue any available remedy, at law or in equity, to enforce the payment of the principal of and premium, if any, and interest on the Bonds, to enforce any covenant or condition under the Indenture or to remedy any Event of Default.

Upon the occurrence and continuation of an Event of Default, and if requested so to do in writing by the Majority Holders and having been indemnified as provided in the Indenture, the

Trustee will exercise such of the rights and powers conferred by the Indenture as the Trustee, being advised by Counsel, deems most effective to enforce and protect the interests of the Owners.

Effect of Discontinuance or Abandonment

If any proceeding taken by the Trustee on account of any Event of Default has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee, then the Authority, the Trustee and the Owners will be restored to their former positions and rights under the Indenture and all rights, remedies and powers of the Trustee will continue as though no such proceeding had been taken.

Rights of Owners

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuation of any Event of Default, the Majority Holders will have the right, upon providing the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred (including reasonable attorneys' fees, costs and expenses), by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture.

Restriction on Owner's Action

In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in the Indenture, no Owner of any of the Bonds will have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or any remedy under the Indenture or the Bonds, unless (i) the Owner has given to the Trustee written notice of an Event of Default; (ii) the Majority Holders also have made written request of the Trustee to institute the suit, action, proceeding or other remedy, after the right to exercise the powers or rights of action, as the case may be, has accrued, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute the action, suit or proceeding in its or their name; (iii) there has been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities (including reasonable attorneys' fees costs and expenses) to be incurred; and (iv) the Trustee has not complied with the request within a reasonable time. Such notification, request and offer of indemnity are declared, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Indenture or for any other remedy under the Indenture. It is intended that no one or more Owners of the Bonds secured by the Indenture will have any right to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture or the Bonds, except in the manner provided for in the Indenture, and that all proceedings at law or in equity will be instituted, had and maintained in the manner provided in the Indenture and for the benefit of all Owners of Outstanding Bonds. Nothing in the Indenture will affect or impair the right of the Owners to enforce payment of the Bonds in accordance with their terms.

Remedies Not Exclusive

No remedy in the Indenture conferred on or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy, and each remedy is cumulative, and is in addition to every other remedy given under the Indenture or now or hereafter existing at law, in equity or by statute.

Waiver of Events of Default; Effect of Waiver

The Trustee will waive any Event of Default and its consequences at the written request of the Majority Holders. If any Event of Default with respect to the Bonds has been waived as provided in the Indenture, the Trustee will promptly give written notice of the waiver to the Authority and by first class mail, postage prepaid, to all Owners of Outstanding Bonds if the Owners had previously been given notice of the Event of Default. No waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right, power or remedy available under the Indenture.

No delay or omission of the Trustee or of any Owner to exercise any right, power or remedy accruing upon any default or Event of Default will impair any such right, power or remedy or will be construed to be a waiver of or acquiescence in any such default or Event of Default. Every right, power and remedy given by the Indenture to the Trustee and to the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Application of Money

Any money received by the Trustee pursuant to the provisions relating to remedies upon an Event of Default will, after payment of the costs and expenses of the proceedings resulting in the collection of the money, the expenses, liabilities and advances incurred or made by the Trustee or the Authority (including reasonable attorneys' fees, costs and expenses) and the fees (whether ordinary or extraordinary) of the Trustee, be deposited in the Bond Fund and applied as follows:

- (a) Unless the principal of all of the Outstanding Bonds is due and payable, all money will be applied:

First - To the payment of the persons entitled to it of all installments of interest then due on the Bonds, in order of the maturity of the installments of such interest and, if the money available is not sufficient to pay in full any particular installment, then ratably, according to the amounts due on such installment, to the persons entitled to it, without any discrimination or privilege;

Second - To the payment of the persons entitled to it of the unpaid principal of and premium, if any, on any of the Bonds which has become due (other than Bonds matured or called for redemption for the payment of which money is held pursuant to the provisions of the Indenture), in the order of their due dates and, if the amount available is not sufficient to pay in full such Bonds and the premium, if any, due on any particular date, then ratably, according to

the amount of principal due on such date, to the persons entitled to it without any discrimination or privilege; and

Third - To be held for the payment of the persons entitled to it when due of the principal of and premium, if any, and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption before maturity and, if the amount available is not sufficient to pay in full the Bonds due on any particular date, together with interest and premium, if any, then due and owing, then ratably, according to the amount of principal due on such date, to the persons entitled to it without any discrimination or privilege.

- (b) If the principal of all of the Outstanding Bonds is due and payable, to the payment of the principal of and interest then due and unpaid on the Outstanding Bonds without preference or priority of any principal over interest or interest over principal or of any installment of interest over any other installment of interest, or of any such Outstanding Bond over any other such Outstanding Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled to it without any discrimination or preference except as to any difference in the respective amounts of interest specified in the Outstanding Bonds.
- (c) Whenever money is to be applied pursuant to the provisions of the Indenture relating to Events of Default, it will be applied at such times, and from time to time, as the Trustee determines, in its sole discretion, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. If the provisions described in subparagraph (b) are applicable, the Trustee will apply promptly to the payment of the Bonds any money it receives under the provisions of the Indenture relating to remedies upon Events of Default. Whenever the Trustee applies such money, it will fix the date on which payment is to be made, and interest on the amount of principal to be paid on such date will cease to accrue. The Trustee will give, by mailing by first class mail as it may deem appropriate, notice of the deposit with it of any such money and of the fixing of any such date.

Supplemental Indentures Without Consent of Owners

The Authority and the Trustee may, without the consent of the Owners, enter into a Supplemental Indenture or Supplemental Indenture: (a) to add to the covenants and agreements of the Authority or to surrender any right or power in the Indenture and any Supplemental Indentures reserved to or conferred upon the Authority; (b) to cure ambiguities, omissions or defects in the Indenture; (c) to grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or authority; (d) to subject to the Indenture and the Supplemental Indentures provide additional collateral; (e) to comply with securities laws; (f) to provide for certificated Bonds; (g) to evidence changes in the Trustee or Paying Agent; (h) to make any change that does not materially adversely affect the rights of any Owner of any Bonds then Outstanding; (i) to provide for the issuance of Additional Bonds; and (j) to obtain or maintain a rating for the Bonds.

Supplemental Indentures With Consent of Owners

Any other Supplemental Indentures require the consent of (i) the Majority Holders, or (ii) in case less than all of the Bonds then Outstanding are affected by the modifications or amendments, the Owners of a majority in aggregate principal amount of the Bonds so affected then Outstanding. However, without the consent of each Owner affected, no modification or alteration may (a) extend the maturity of the principal of or interest on any Bond, (b) reduce the principal amount of, or rate of interest on, any Bond, (c) effect a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (d) reduce the percentage of the principal amount of the Bonds required for consent to such modification or alteration, (e) impair the exclusion of interest on any Tax-Exempt Bond from gross income for purposes of federal income taxation, (f) eliminate or extend the mandatory redemption date of any Bonds or reduce the redemption price of Bonds, (g) create a lien ranking prior to or on a parity with the lien of the Indenture on the pledged property except for Additional Bonds, or (h) deprive any Owner of the lien created by the Indenture on such property. In addition, if money has been deposited or set aside with the Trustee pursuant to the provisions summarized under the caption "Discharge of Indenture" for the payment of Bonds and those Bonds will not have in fact actually been paid in full, no amendment to those provisions will be made without the consent of the Owner of each of those Bonds affected.

Discharge of Indenture

If (i) all Bonds secured by the Indenture have become due and payable or irrevocable instructions to redeem the Bonds or pay them at maturity have been given by the Authority to the Trustee, and (ii) the Trustee holds cash or noncallable Government Obligations or Government Certificates the principal of and/or interest on which at maturity will be sufficient (A) if Bonds have been called for redemption, to redeem in accordance with the Indenture all such Bonds on the date set for such redemption, (B) to pay at maturity all Outstanding Bonds not called for redemption, (C) to pay interest accruing on all Bonds until their redemption or payment at maturity, and (D) unless otherwise provided for, to pay the Trustee its reasonable fees and expenses, including the costs and expenses of canceling and discharging the Indenture, the Trustee will cancel and discharge the lien of the Indenture and execute and deliver to the Authority such instruments in writing as will be required to release such lien, and assign and deliver to the Authority any property subject to the Indenture which may then be in its

possession, except funds or securities in which such funds are invested which are held by the Trustee for the payment of the principal of and premium, if any, and interest on the Bonds.

In the event that all of the Bonds secured by the Indenture are paid or deemed paid in accordance with the terms of the Indenture, then the right and interest of the Trustee in and to the trust estate created by the Indenture and all covenants, agreements and other obligations of the Authority to the Owners will cease and be discharged and satisfied. In the event any Bonds are paid or deemed paid in accordance with the terms of the Indenture, then such Bonds will cease to be entitled to any lien, benefit or security under the Indenture (other than the right to receive payment and certain rights regarding registration and transfer) and all covenants, agreements and other obligations of the Authority to the Owners of such Bonds will cease and be discharged and satisfied.

Bonds Deemed to be Paid

Bonds will be deemed paid and no longer Outstanding for the purposes of the Indenture when there has been deposited with the Trustee cash or noncallable Government Obligations or Government Certificates the principal of and/or interest on which will be sufficient to pay or redeem such Bonds and to pay interest accruing on such Bonds to their payment or redemption date (whether on or before their maturity or redemption date); provided, however, that if such Bonds are to be redeemed before their maturity, notice of the redemption must have been duly given or irrevocable instructions to redeem such Bonds must have been given by the Authority to the Trustee. The Authority shall deliver or cause to be delivered to the Trustee a verification report of a firm of independent certified public accountants or of financial consultants acceptable to the Trustee to the effect that such cash or noncallable Government Obligations or Government Certificates and investment income to be earned on such funds held by the Trustee for payment or redemption of Bonds of the Authority, will be sufficient to pay, whether upon redemption or at maturity, the principal of and premium, if any, and interest on the Bonds of the Authority to be refunded.