

This Preliminary Limited Offering Memorandum and the information contained herein are subject to change, completion and amendment without notice. The 2011 Bonds may not be sold nor may an offer to buy be accepted prior to the time the Limited Offering Memorandum is delivered in final form. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2011 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Attachment 6: Form of Preliminary Limited Offering Memorandum
PRELIMINARY LIMITED OFFERING MEMORANDUM DATED _____, 2011
THE 2011 BONDS DESCRIBED HEREIN ARE BEING OFFERED ONLY TO "ACCREDITED INVESTORS" AS SUCH TERM IS DEFINED
IN SECTION 2(15) OF THE SECURITIES ACT OF 1933, AS AMENDED.

NEW ISSUE --BOOK-ENTRY ONLY NOT RATED

In the opinion of Bond Counsel, under current law, assuming compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, and subject to conditions described in "TAX MATTERS" herein, interest on the 2011A Bonds will not be included in the gross income of the owners thereof for federal income tax purposes, and interest on the 2011A Bonds will not be a specific preference item for purposes of the federal individual or corporate alternative minimum tax. Bond Counsel is not rendering any opinion with respect to the treatment of interest on the Taxable Series 2011A-T Bonds for purposes of federal income taxation and such interest is expected to be included in gross income for purposes of federal income taxation. The 2011 Bonds, their transfer and the income therefrom, including any profit made on their sale, are free from taxation by the Commonwealth of Virginia and its political subdivisions. See "TAX MATTERS" herein for a description of certain provisions regarding the Code and the Virginia Code that may affect the tax treatment of interest on the 2011A Bonds for certain bondholders.

**MOSAIC DISTRICT COMMUNITY DEVELOPMENT AUTHORITY
(VIRGINIA)**

\$ _____ * Revenue Bonds,
Series 2011A

\$ _____ * Revenue Bonds,
Taxable Series 2011A-T
(Not Reoffered)

Dated: Date of Initial Delivery Due: March 1, as shown below

This Limited Offering Memorandum has been prepared on behalf of Mosaic District Community Development Authority (the "Authority") to provide information on the Authority's \$ _____ * Revenue Bonds, Series 2011 (the "2011 Bonds") consisting of the Authority's \$ _____ * Revenue Bonds, Series 2011A (the "2011A Bonds") and the Authority's \$ _____ * Revenue Bonds Taxable Series 2011A-T (the "2011A-T Bonds"). Selected information is presented on this cover page for the convenience of the user. This cover page is not a summary of the issue. To make an informed decision regarding the 2011 Bonds, a prospective investor should read this Limited Offering Memorandum in its entirety.

The 2011 Bonds are limited obligations of the Authority, payable solely from and secured by a pledge of certain County Advanced Revenues and certain Special Assessment Revenues (each term as defined herein), subject to appropriation by the Fairfax County Board of Supervisors, and certain funds established under the provisions of a Trust Indenture, dated as of _____, 1, 2011 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The 2011 Bonds are being issued to provide funds (i) to finance certain public infrastructure improvements within or serving the Authority district, as described herein, (ii) to fund a debt service reserve fund for the 2011 Bonds, (iii) to fund certain construction period interest on the 2011 Bonds, (iv) to pay certain costs relating to the issuance of the 2011 Bonds and (v) to fund certain Administrative Expenses relating to the 2011 Bonds.

MATURITY, PRINCIPAL AMOUNT, INTEREST RATE, PRICE AND YIELD				
Revenue Bonds, Series 2011A				
\$ _____	*	% Term Bonds maturing March 1, 2021*	priced at _____	% CUSIP No. _____
\$ _____	*	% Term Bonds maturing March 1, 2026*	priced at _____	% CUSIP No. _____
\$ _____	*	% Term Bonds maturing March 1, 2036*	priced at _____	% CUSIP No. _____
Revenue Bonds Taxable Series 2011A-T				
\$ _____	*	% Term Bonds maturing March 1, 2035*	priced at _____	% CUSIP No. _____

Interest on the 2011 Bonds is payable on March 1 and September 1 of each year, commencing September 1, 2011. The 2011 Bonds are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be in principal amounts of \$100,000 or any integral multiple of \$1,000 in excess thereof. Payments of principal of and interest on the 2011 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants which will remit such payment to the beneficial owners of the 2011 Bonds. See the section "THE 2011 BONDS - DTC and Book-Entry System" herein.

The 2011 Bonds are subject to optional redemption, mandatory sinking fund redemption and special mandatory redemption as described herein.

THE 2011 BONDS ARE INITIALLY BEING OFFERED ONLY TO "ACCREDITED INVESTORS" WITHIN THE MEANING OF SECTION 2(15) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE 2011 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION PROVIDED BY SECTION 3(A)(2) OF SUCH ACT. NO ACTION HAS BEEN TAKEN TO QUALIFY THE 2011 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY STATE.

THE PURCHASE OF THE 2011 BONDS IS AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NON-PAYMENT OF PRINCIPAL AND INTEREST. SEE THE SECTION "CERTAIN BONDHOLDERS' RISKS" FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE 2011 BONDS.

NEITHER THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA (THE "COMMONWEALTH"), NOR THE FAITH AND CREDIT OF THE AUTHORITY, ANY COUNTY, CITY, TOWN OR OTHER SUBDIVISION OF THE COMMONWEALTH, INCLUDING FAIRFAX COUNTY, VIRGINIA ("FAIRFAX COUNTY"), ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2011 BONDS. THE ISSUANCE OF THE 2011 BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH, THE AUTHORITY OR ANY COUNTY, CITY, TOWN OR OTHER SUBDIVISION OF THE COMMONWEALTH, INCLUDING FAIRFAX COUNTY, TO LEVY ANY TAXES WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FOR THE LEVY BY FAIRFAX COUNTY OF THE SPECIAL ASSESSMENTS, THE PAYMENT OF WHICH IS SUBJECT TO APPROPRIATION BY THE FAIRFAX COUNTY BOARD OF SUPERVISORS. PURSUANT TO THE ACT (AS HEREINAFTER DEFINED), THE COMMONWEALTH AND ANY COUNTY, CITY, TOWN OR OTHER SUBDIVISION OF THE COMMONWEALTH, INCLUDING FAIRFAX COUNTY, ARE EXPRESSLY PRECLUDED FROM PAYING THE PRINCIPAL OF OR INTEREST ON THE 2011 BONDS EXCEPT FROM THE SPECIAL ASSESSMENTS AND THE COUNTY ADVANCED REVENUES.

The 2011 Bonds are offered for delivery when, as and if issued, subject to the opinion of Sidley Austin LLP, Washington, D.C., Bond Counsel, as to the validity of the 2011 Bonds, the excludability from gross income of interest on the 2011A Bonds for federal income tax purposes and the exemption from taxation by the Commonwealth of interest on the 2011 Bonds. Certain legal matters will be passed upon for the Authority by the County Attorney of Fairfax County, and for the Underwriters by McGuireWoods LLP, Richmond, Virginia. It is expected that the 2011 Bonds will be available for delivery to DTC in New York, New York, on or about _____, 2011.

STONE & YOUNGBERG **CITI**
Dated: _____, 2011

* Preliminary, subject to change.

MOSAIC DISTRICT COMMUNITY DEVELOPMENT AUTHORITY (VIRGINIA)

BOARD OF DIRECTORS

Ms. Barbara Byron
The Honorable John W. Foust
Mr. Gary Hurst
Mr. Kenneth A. Lawrence
The Honorable Linda Q. Smyth

MuniCap, Inc., Columbia, Maryland, *Administrator*

County Attorney, Fairfax County, Virginia, *Community Development Authority Counsel*

Sidley Austin LLP, Washington, D.C., *Bond Counsel*

Joseph J. Blake & Associates, Inc., Washington, D.C., *Appraiser*

VIKA Virginia, LLC, McLean, Virginia, *Engineer*

The Bank of New York Mellon Trust Company, N.A., Richmond, Virginia, *Trustee*

Notice to Investors. The 2011 Bonds are being offered hereby only to "Accredited Investors" within the meaning of Section 2(15) of the Securities Act of 1933, as amended, which term includes both institutions and individuals meeting certain criteria of financial sophistication, net worth, knowledge and experience. Section 2(15) of the Act defines an "accredited investor" in pertinent part as "a bank as defined in Section 3(a)(2) whether acting in its individual or fiduciary capacity; an insurance company as defined in paragraph (13) of Section 2; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; a Small Business Investment Company licensed by the Small Business Administration; or an employee benefit plan, including an individual retirement account, which is subject to the provisions of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, insurance company, or registered investment adviser; ..."

This Limited Offering Memorandum does not purport to provide a complete description of all risks and factors to be considered by an investor in making a decision to purchase the 2011 Bonds.

The 2011 Bonds will be exempt from registration under the Securities Act of 1933, as amended. As obligations of a public instrumentality of the Commonwealth of Virginia, the 2011 Bonds will be exempt also from registration under the securities laws of Virginia.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority or the Underwriters. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2011 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the Authority, the Developer, and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by the Underwriters. This Limited Offering Memorandum speaks as of its date except where specifically noted otherwise and is subject to change without notice. Neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Authority or the development generally since the date hereof or imply that any information herein is accurate or complete as of any later date.

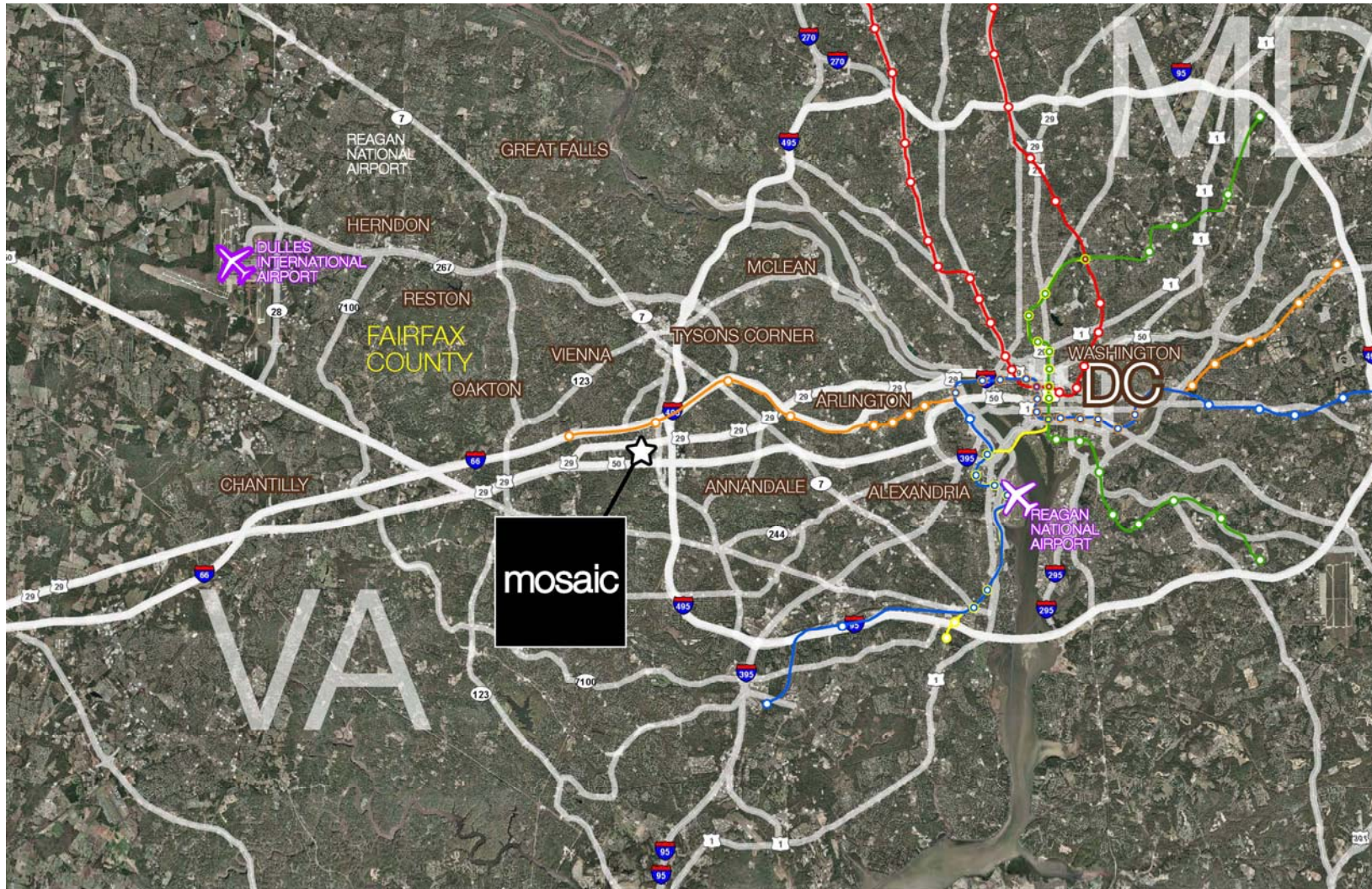
The Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the 2011 Bonds, including transactions to (a) overalloc in arranging the sales of the 2011 Bonds and (b) make purchases in sales of 2011 Bonds, for long or short accounts, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner as the Underwriters may determine.

MOSAIC DISTRICT COMMUNITY DEVELOPMENT AUTHORITY



THE MOSAIC DEVELOPMENT

Location Map



[Architectural Rendering]

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**LIMITED OFFERING MEMORANDUM
FOR ACCREDITED INVESTORS ONLY**

**MOSAIC DISTRICT COMMUNITY DEVELOPMENT AUTHORITY
(VIRGINIA)**

**\$_____ * Revenue Bonds,
Series 2011A**

**\$_____ * Revenue Bonds,
Taxable Series 2011A-T**

INTRODUCTION

This Limited Offering Memorandum, which includes the cover page and Appendices, sets forth certain information in connection with the issuance by the Mosaic District Community Development Authority (the "Authority") of its \$_____ Revenue Bonds, Series 2011 (the "2011 Bonds") consisting of the Authority's \$_____ * Revenue Bonds, Series 2011A (the "2011A Bonds") and the Authority's \$_____ * Revenue Bonds, Taxable Series 2011A-T (the "2011A-T Bonds"). As described in more detail on the inside cover, an "accredited investor" has the meaning given such term in Section 2(15) of the Securities Act of 1933, as amended, which term includes both institutions and individuals meeting certain criteria of financial sophistication, net worth, knowledge and experience.

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in Appendix D attached hereto.

The 2011 Bonds are limited obligations payable primarily from (1) certain incremental real estate tax revenues (the "County Advanced Revenues") collected by Fairfax County, Virginia ("Fairfax County" or the "County") and paid to the Trustee pursuant to the terms of the Amended and Restated Memorandum of Understanding, dated as of _____ 1, 2011 (the "Memorandum of Understanding"), among Fairfax County, the Authority, Eskridge (E&A), LLC and Eskridge Properties (E&A), LLC, as co-developers and (2) certain special assessments ("Special Assessments") imposed and collected, at the request of the Authority, by Fairfax County against the taxable real property in the Mosaic District Community Development Authority District (the "District") pursuant to the terms of a Rate and Method of Apportionment of Special Assessments (the "Rate and Method").

County Advanced Revenues consist of an amount determined each calendar year equal to that portion of the real estate taxes on property within the District collected by Fairfax County that is attributable to the increased value between the assessed value of each parcel of land within the District in such calendar year and the base assessed value of each such parcel (which base assessed value will be determined as of January 1, 2007) and that are necessary to pay debt service on the 2011 Bonds and certain Administrative Expenses. In the event that County Advanced Revenues are insufficient to pay principal of and interest on the 2011 Bonds when due and certain administrative costs of the Authority, Fairfax County has agreed to collect the Special Assessments in an amount equal to any shortfall.

Unless prepaid, the Special Assessments are payable in installments at the same time general real estate taxes are paid in Fairfax County. Special Assessments, when imposed, will be made a lien on parcels subject to taxation in the District, and Fairfax County has agreed to apply its customary tax payment enforcement procedures to the collection of any delinquent payments of the Special Assessment annual installment. Such collection procedures may include judicial foreclosure proceedings for the benefit of the Authority. A delinquency in the payment of Special Assessments may result in a default or delay in the payment of debt service on the 2011 Bonds. In such event, Fairfax County is not permitted to advance any of its own funds to pay debt service on the 2011 Bonds (other than from the County Advanced Revenues), and no other party, including the Administrator (as hereinafter defined) and any District landowner, is obligated to remedy such delinquency. Special Assessments will

* Preliminary, subject to change.

be collected only to the extent County Advanced Revenues are not sufficient to pay debt service on the 2011 Bonds and the Administrative Expenses (as defined in Appendix D). The Memorandum of Understanding provides for the levy of a special ad valorem tax in the District (the "Special Tax") in the event that the Special Assessments are determined to be legally unenforceable in a final decree by a court of competent jurisdiction.

Fairfax County's undertaking to make payments to the Authority of Annual Installments (as defined in the Rate and Method) of the Special Assessment Revenues or of County Advanced Revenues will not be a general obligation of Fairfax County and will be subject to and dependent on appropriations being made from time to time by the Board of Supervisors of Fairfax County (the "Board of Supervisors") for such purposes. In addition, payment of Special Assessments and County Advanced Revenues to the Authority will be made by Fairfax County only to the extent of Special Assessment Revenues or County Advanced Revenues, as appropriate, actually collected by Fairfax County.

Because the Authority's receipt of Special Assessments or County Advanced Revenues cannot be guaranteed or enforced, investment in the 2011 Bonds involves a high degree of risk, and a prospective purchaser is advised to read this entire Limited Offering Memorandum, including the appendices hereto.

THIS LIMITED OFFERING MEMORANDUM INCLUDES FORWARD-LOOKING ESTIMATES AND ASSUMPTIONS DERIVED FROM THE APPRAISAL REPORT, THE ENGINEER'S REPORT, THE MARKET STUDY, THE VALUATION REPORT AND THE TAX INCREMENT PROJECTION STUDY (HEREINAFTER DESCRIBED), AS WELL AS FROM OTHER INFORMATION CURRENTLY AVAILABLE TO THE DEVELOPER. THERE ARE A NUMBER OF FACTORS AFFECTING THE CONSTRUCTION OF THE CDA FACILITIES AND THE MOSAIC DEVELOPMENT GENERALLY (BOTH AS HEREINAFTER DESCRIBED) THAT COULD CAUSE THE ACTUAL PAYMENT OR PREPAYMENT OF SPECIAL ASSESSMENTS AND THE PAYMENT OF THE COUNTY ADVANCED REVENUES TO BE MATERIALLY DIFFERENT FROM SUCH ESTIMATES AND ASSUMPTIONS AND COULD CAUSE THE VALUE OF REAL PROPERTY WITHIN THE DISTRICT TO DECREASE AND ADVERSELY AFFECT THE VALUE-TO-LIEN RATIOS INCLUDED IN THIS LIMITED OFFERING MEMORANDUM.

THIS INTRODUCTION IS QUALIFIED IN ITS ENTIRETY BY INFORMATION FOUND ELSEWHERE IN THIS LIMITED OFFERING MEMORANDUM. THIS LIMITED OFFERING MEMORANDUM SPEAKS ONLY AS OF ITS DATE, AND THE INFORMATION HEREIN IS SUBJECT TO CHANGE.

The District

The District consists of a land area of approximately 31 acres (see the District Map on page iii) within Fairfax County on a site located in the southwest quadrant of the intersection of Lee Highway and Gallows Road in the Merrifield area. The District is approximately 12 miles west of Washington, D.C. The District is part of a mixed-use development that is expected to be developed by Eskridge (E&A), LLC, a South Carolina limited liability company ("Eskridge"), or its successor or assigns, and Eskridge Properties (E&A), LLC, a South Carolina limited liability company ("Eskridge Properties"), or its successor or assigns (collectively, the "Developer"). The District is expected to include residential, retail, hotel and office components. The overall development is referred to herein as the "Mosaic Development." All of the real estate in the District is currently owned by Eskridge.

See the sections "**THE MOSAIC DEVELOPMENT**" and "**THE CDA FACILITIES**" for a more detailed description of the Mosaic Development and the infrastructure to be financed by the Authority.

Application of Proceeds

The 2011 Bonds will be issued pursuant to Article 6 of Chapter 51 of Title 15.2 of the Code of Virginia of 1950, as amended (the "Act"), to undertake a project consisting of financing: (a) certain public infrastructure improvements within or serving the District (the "CDA Facilities"); (b) the payment of certain construction period interest on the 2011 Bonds for approximately 42 months after the issuance of the 2011 Bonds; (c) the payment of

Administrative Expenses with respect to the 2011 Bonds estimated through September 1, 2014; (d) the funding of the Debt Service Reserve Fund for the 2011 Bonds; and (e) the payment of certain costs of issuing the 2011 Bonds. See the sections **"THE CDA FACILITIES"** and **"ESTIMATED SOURCES AND APPLICATION OF FUNDS."**

Authorization of 2011 Bonds; Limited Obligations

The 2011 Bonds will be issued pursuant to a Trust Indenture, dated as of _____ 1, 2011 (the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The 2011 Bonds will be limited obligations of the Authority payable solely from the County Advanced Revenues and certain Special Assessment Revenues after payment of Administrative Expenses and subject to appropriation by the Fairfax County Board of Supervisors, and certain cash and investments from time to time held in certain funds under the Indenture, including the Debt Service Reserve Fund.

County Advanced Revenues

Under the Memorandum of Understanding the County has agreed to pay the County Advanced Revenues to the Trustee. Payment of County Advanced Revenues to the Trustee is subject to appropriation each year by the Board of Supervisors and will be made only to the extent of County Advanced Revenues actually collected. See the section **"COUNTY ADVANCED REVENUES."**

Special Assessments; Rate and Method

At the request of the Authority, the Board of Supervisors of Fairfax County has adopted the Rate and Method imposing special assessments on certain real property in the District in the aggregate amount of \$208,854,917 (the "Maximum Assessment") and providing for their collection by Fairfax County. The Rate and Method is included as Appendix A hereto and should be read in its entirety for an understanding of the methodology of apportionment and the imposition of the Maximum Assessment. See the section **"SPECIAL ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL - Rate and Method of Apportionment of Special Assessments."** The Rate and Method provides for the levy of the Maximum Assessment based on the estimated aggregate amount of principal of and interest on the 2011 Bonds, the 2011B Bonds (as defined below under the **"2011B Bonds Special Assessments"**) and Administrative Expenses. The Maximum Assessment will be reduced to the extent actual principal of and interest on the 2011 Bonds or the 2011B Bonds and Administrative Expenses are less than the estimated amount and to the extent County Advanced Revenues are applied to repay the 2011 Bonds. The Maximum Assessment includes a Special Assessment Part A (referred to herein as the "Special Assessments") and a Special Assessment Part B (referred to herein as the "2011B Special Assessments"). The Special Assessment Part A (or "Special Assessments") is pledged to the 2011 Bonds and will be reduced by County Advanced Revenues. The Special Assessment Part B (or "2011B Special Assessments") is pledged to the 2011B Bonds and will not be reduced by County Advanced Revenues.

The Authority, Fairfax County, Eskridge as owner of all of the real estate in the District, and the Trustee will enter into a Special Assessment Agreement and Declaration of Notice of Special Assessment, dated as of _____ 1, 2011 (the "Special Assessment Agreement") providing for the recordation of an assessment lien with respect to the Special Assessments and the 2011B Special Assessments on certain taxable property within the District (excluding any property as to which the Special Assessment has been prepaid (see the section below, **"Prepayment"**)). As required by the Act, Special Assessments collected by Fairfax County are subject to appropriation to the Trustee for the benefit of the Authority by the Board of Supervisors.

2011B Bonds Special Assessments

The Authority may issue its Revenue Bonds, Series 2011B (the "2011B Bonds") in a maximum amount sufficient to fund up to \$30,000,000 in public improvements. It is anticipated that the 2011B Bonds will be purchased and held by the Developer or an affiliated entity and will be issued as "draw down" bonds, the aggregate principal amount of which will be advanced if and when required by the Developer. To the extent principal of any

2011B Bonds is advanced, the County will collect the 2011B Special Assessments on certain taxable property in the District to pay debt service on the 2011B Bonds and Administrative Expenses in connection with the 2011B Bonds. Payment of any 2011B Bonds is subordinate to payment of debt service on the 2011 Bonds. To the extent 2011B Special Assessments are collected, they are in addition to the Special Assessments and do not secure the 2011 Bonds, except as set forth in the Memorandum of Understanding with respect to a shortfall in Special Assessments available to pay the 2011 Bonds. The Memorandum of Understanding provides that if Special Assessments available to pay debt service on the 2011 Bonds are insufficient any 2011B Special Assessments collected shall be applied first to the payment of debt service on the 2011 Bonds then due and unpaid and then to payment of the 2011B Bonds. The Special Assessment Agreement provides that the 2011B Bonds will be subordinate to the rights of the owners of the 2011 Bonds. The Special Assessments and the County Advanced Revenues do not secure any 2011B Bonds.

Prepayments

The taxable properties in the District as described herein under the section **"SPECIAL ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL,"** will be subject to assessment by the Board of Supervisors at the request of the Authority. Owners of the real estate in the District will have the option to prepay the applicable Special Assessments at any time. Following the issuance of the 2011 Bonds neither the Developer nor the Authority expect, however, that a substantial amount of Special Assessments will be prepaid as parcels or portions thereof are sold or leased. If a Special Assessment is prepaid in full with respect to any parcel, such parcel will no longer be subject to Special Assessment. Any such prepayment will be used to redeem 2011 Bonds pursuant to special mandatory redemption provisions. See the section **"THE 2011 BONDS - Special Mandatory Redemption."** Before the issuance of the 2011 Bonds, any Special Assessment or 2011B Special Assessments applicable to the real estate expected to be acquired by Target Corporation, consisting of approximately 168,900 square feet and 661 parking spaces, is expected to be prepaid and such property will not be subject to Special Assessments. The prepayment of such Special Assessment applicable to the Target Corporation real estate will not result in redemption of any of the 2011 Bonds.

Appraisal Report

Joseph J. Blake & Associates, Inc., Washington, D.C. (the "Appraiser"), has prepared a financial appraisal and market study of the properties within the District to be assessed and has issued a report thereon dated January 7, 2011 (the "Appraisal Report"). The Appraisal Report is included in Appendix B attached hereto. The Appraisal Report should be read in its entirety for an understanding of the assumptions and rationale underlying the forecast contained therein. The Appraisal Report estimates the market value of the property in the District "as is" as of January 1, 2011 assuming the cost to complete the horizontal development and the proceeds from the 2011 Bonds, as set forth therein. There can be no assurance, however, that the CDA Facilities will be completed by the Developer in the same manner or on the same schedule as assumed by the Appraiser, which difference could be material to the market value of the properties within the District and could affect the amount of County Advanced Revenues, the collection of any Special Assessments and the payment of the 2011 Bonds. See the section **"SPECIAL ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL - Appraisal Report and Current Assessed Value."**

Value-to-Bonds Ratios

Utilizing information from the Appraisal Report included as Appendix B and the Stabilized Valuation Analysis prepared by The Concord Group and included in Appendix H, and information provided by the Developer set forth below are the projected market values of the taxable real property in the District (excluding the real property to be conveyed to Target Corporation with respect to which the Special Assessments are expected to be prepaid as described herein) and the ratio of such estimated values to the 2011 Bonds:

	<u>Estimated Market Value</u>	<u>Value to 2011 Bonds</u>
"As Is" (as of January 1, 2011) market value of the fee simple interest of the real property in the District assuming the proposed development plan described herein (based on Appraisal Report included as Appendix B):	\$89,700,000	1.35*
"Stabilized Valuation" of real property in the District assuming completion of all vertical construction as of the date of stabilization (based on Stabilized Valuation Analysis included as Exhibit II-9 in Appendix H):	\$567,726,432	8.53*
"Estimated Stabilized Valuation for Contractually Obligated Construction" of real property in the District for which the Developer or third parties are contractually obligated for vertical construction, including Parcels A, B, D and H (compiled from Stabilized Valuation Analysis included as Exhibit II-9 in Appendix H; see discussion under Development Status as to nature of contractual obligations)	\$_____	_____*

The value-to-bonds ratios are based on information derived from the Appraisal Report and the Stabilized Valuation Analysis. The "Estimated Valuation for Contractually Obligated Construction" is based on the discussion in the section "Development Status" regarding property in the District that is subject to agreements obligating the Developer or other parties to complete vertical construction using values derived from the Stabilized Valuation Analysis. No assurance can be given that the foregoing ratios can or will be maintained during the period of time that the 2011 Bonds are Outstanding because, in addition to factors that could cause the value of the property to decrease, the ratio of the 2011 Bonds to the value of the property could increase correspondingly. See the sections "SPECIAL ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL - Appraisal Report and Current Assessed Value;" and "CERTAIN BONDHOLDERS' RISKS."

Projected County Advanced Revenues

A projection of the County Advanced Revenues that are expected to be generated by the Mosaic Development and projections of Special Assessments that might be collected in the District was prepared by MuniCap and is provided in "APPENDIX G – TAX INCREMENT PROJECTION STUDY". The projections are based upon the assumptions set forth in Appendix G with respect to the completion of the Mosaic Development over time. There can be no assurance that any of such assumptions will be realized, and the Authority, Fairfax County and the Underwriters make no representations as to the reasonableness of the assumptions or the likelihood that such projections will be realized.

The following table excerpted from MuniCap's report in Appendix G sets forth projected County Advanced Revenues and debt service coverage as projected in Scenario B in Appendix G and assumes (i) the Mosaic Development is completed as proposed (which requires certain amendments to the approved development plan), (ii) real property values appreciate by three percent annually and (iii) real property tax rates decrease by 0.75% annually from the 2010 level. Appendix G includes alternate scenarios, including Scenario A which assumes completion of the Mosaic Development in accordance with the currently approved development plan. See the section "**THE MOSAIC DEVELOPMENT - Zoning/Entitlement Status**" for a description of the approved and proposed development plans.

PROSPECTIVE INVESTORS SHOULD READ THE TAX INCREMENT PROJECTION STUDY INCLUDED AS APPENDIX G IN ITS ENTIRETY. THE TAX INCREMENT PROJECTION STUDY IS CONSIDERED AN INTEGRAL PART OF THIS LIMITED OFFERING MEMORANDUM.

* Preliminary, subject to change.

Projected County Advanced Revenues, Debt Service Coverage and Special Assessments (Scenario B – Proposed Development Plan)

<i>Bond Year Ending</i>	<i>Series A Net Annual Debt Service¹</i>	<i>Total Tax Increment Revenues²</i>	<i>Surplus/ (Deficit)</i>	<i>Debt Service Coverage⁴</i>	<i>Advances from the Surplus Fund²</i>	<i>Special Assmt. Requirement²</i>	<i>Debt Service Coverage⁵</i>	<i>District Max. Special Assessments</i>	<i>Max. Special Assessments Plus Increment</i>	<i>Combined Debt Service Coverage⁶</i>
1-Mar-12 ³	\$0	\$0	\$0	NA	\$0	\$0	NA	\$0	\$0	NA
1-Mar-13 ³	\$0	\$0	\$0	NA	\$0	\$0	NA	\$0	\$0	NA
1-Mar-14 ³	\$0	\$1,051,979	\$1,051,979	NA	\$0	\$0	NA	\$0	\$1,051,979	NA
1-Mar-15	\$2,520,931	\$1,969,006	(\$551,925)	78.1%	\$551,925	\$0	100.0%	\$4,878,450	\$6,847,456	271.6%
1-Mar-16	\$4,832,633	\$3,978,899	(\$853,734)	82.3%	\$507,840	\$345,894	100.0%	\$4,995,220	\$8,974,119	185.7%
1-Mar-17	\$4,949,973	\$4,977,358	\$27,385	100.6%	\$0	\$0	100.6%	\$5,112,560	\$10,089,918	203.8%
1-Mar-18	\$5,077,184	\$5,099,971	\$22,787	100.4%	\$0	\$0	100.4%	\$5,239,772	\$10,339,743	203.7%
1-Mar-19	\$5,202,867	\$5,225,227	\$22,360	100.4%	\$0	\$0	100.4%	\$5,365,454	\$10,590,682	203.6%
1-Mar-20	\$5,331,321	\$5,353,187	\$21,866	100.4%	\$0	\$0	100.4%	\$5,493,908	\$10,847,095	203.5%
1-Mar-21	\$5,461,497	\$5,483,909	\$22,412	100.4%	\$0	\$0	100.4%	\$5,624,084	\$11,107,994	203.4%
1-Mar-22	\$5,592,345	\$5,617,458	\$25,113	100.4%	\$0	\$0	100.4%	\$5,754,933	\$11,372,391	203.4%
1-Mar-23	\$5,732,817	\$5,753,895	\$21,078	100.4%	\$0	\$0	100.4%	\$5,895,405	\$11,649,300	203.2%
1-Mar-24	\$5,876,162	\$5,893,287	\$17,125	100.3%	\$0	\$0	100.3%	\$6,038,750	\$11,932,037	203.1%
1-Mar-25	\$6,020,981	\$6,035,700	\$14,719	100.2%	\$0	\$0	100.2%	\$6,183,569	\$12,219,269	202.9%
1-Mar-26	\$6,165,875	\$6,181,202	\$15,327	100.2%	\$0	\$0	100.2%	\$6,328,462	\$12,509,664	202.9%
1-Mar-27	\$6,319,443	\$6,329,861	\$10,418	100.2%	\$0	\$0	100.2%	\$6,482,030	\$12,811,892	202.7%
1-Mar-28	\$6,474,586	\$6,481,750	\$7,164	100.1%	\$0	\$0	100.1%	\$6,637,174	\$13,118,924	202.6%
1-Mar-29	\$6,634,556	\$6,636,941	\$2,385	100.0%	\$0	\$0	100.0%	\$6,797,143	\$13,434,084	202.5%
1-Mar-30	\$6,797,252	\$6,795,507	(\$1,745)	100.0%	\$1,745	\$0	100.0%	\$6,959,839	\$13,755,346	202.4%
1-Mar-31	\$6,960,575	\$6,957,525	(\$3,050)	100.0%	\$3,050	\$0	100.0%	\$7,123,162	\$14,080,687	202.3%
1-Mar-32	\$7,132,425	\$7,123,072	(\$9,353)	99.9%	\$9,353	\$0	100.0%	\$7,295,012	\$14,418,084	202.1%
1-Mar-33	\$7,310,003	\$7,292,227	(\$17,776)	99.8%	\$17,776	\$0	100.0%	\$7,472,591	\$14,764,817	202.0%
1-Mar-34	\$7,485,510	\$7,465,071	(\$20,439)	99.7%	\$20,439	\$0	100.0%	\$7,648,097	\$15,113,169	201.9%
1-Mar-35	\$7,671,496	\$7,641,688	(\$29,808)	99.6%	\$29,808	\$0	100.0%	\$7,834,083	\$15,475,771	201.7%
1-Mar-36	\$7,782,162	\$7,822,161	\$39,999	100.5%	\$0	\$0	100.5%	\$8,022,049	\$15,844,210	203.6%
1-Mar-37	\$0	\$8,006,577	\$8,006,577	0.0%	\$0	\$0	0.0%	\$0	\$8,006,577	0.0%
1-Mar-38	\$0	\$8,195,025	\$8,195,025	0.0%	\$0	\$0	0.0%	\$0	\$8,195,025	0.0%
1-Mar-39	\$0	\$8,387,594	\$8,387,594	0.0%	\$0	\$0	0.0%	\$0	\$8,387,594	0.0%
1-Mar-40	\$0	\$8,584,378	\$8,584,378	0.0%	\$0	\$0	0.0%	\$0	\$8,584,378	0.0%
1-Mar-41	\$0	\$8,785,471	\$8,785,471	0.0%	\$0	\$0	0.0%	\$0	\$8,785,471	0.0%
Total	\$133,332,594	\$175,125,926	\$41,793,332		\$1,141,938	\$345,894		\$139,181,748	\$314,307,674	

¹Provided by Stone & Youngberg. Net annual debt service assumes 7.0% interest rate. Preliminary, subject to change.

²See Appendix B to the *Tax Increment and Special Assessment Revenue Report*, attached as Appendix G, for additional information on these projections.

³Capitalized interest period. Interest is to be paid from proceeds of 2011A Bonds.

⁴Represents debt service coverage from total tax increment revenues.

⁵Represents debt service coverage from tax increment revenues, advances from surplus fund, and required special assessments.

⁶Represents debt service coverage from total tax increment revenues and district maximum special assessments.

Engineer's Report

VIKA Virginia, LLC (the "Engineer"), has prepared an Engineer's Report dated January 28, 2011, with respect to the CDA Facilities (the "Engineer's Report"). The Engineer's Report is included as Appendix C hereto and should be read in its entirety for an understanding of the governmental permits and approvals required for the Mosaic Development generally and the CDA Facilities specifically, as well as for estimates of the costs of the infrastructure to be developed in connection with the Mosaic Development, including the CDA Facilities.

Continuing Disclosure

Although the 2011 Bonds will be offered pursuant to an exemption from Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, as adopted by the Securities and Exchange Commission, the Authority, the Administrator (as defined herein) and the Developer have nevertheless agreed to provide for the benefit of the 2011 Bondholders certain ongoing information. The proposed form of the Continuing Disclosure Agreement is included in Appendix F attached hereto. See the section **"CONTINUING DISCLOSURE."**

No Rating

The Authority has not requested, and the 2011 Bonds have not received, any credit rating by any recognized rating agency. See the section "CERTAIN BONDHOLDERS' RISKS - Lack of Rating; Lack of Marketability of the 2011 Bonds."

Miscellaneous

Descriptions of the Authority, the 2011 Bonds, the Mosaic Development, the Developer and the CDA Facilities follow in this Limited Offering Memorandum. A summary of the basic financing documents (including the Indenture, the Memorandum of Understanding and the CDA Development Agreement), together with definitions of certain terms used in this Limited Offering Memorandum, is included herein or in Appendix D to this Limited Offering Memorandum. All descriptions of instruments or documents are only summaries and are qualified in their entirety by reference to each such instrument or document. Copies, in reasonable quantities, of the proposed form of the Indenture described in Appendix D may be obtained from the Underwriters during the period of the offering. Subsequent to the delivery of the 2011 Bonds, executed copies of the same may be examined at the corporate trust office of the Trustee in Richmond, Virginia.

THE AUTHORITY

Generally

The Authority was created pursuant to the Act by an ordinance adopted by the Board of Supervisors on April 27, 2009, as amended by ordinance adopted April 27, 2010, as a community development authority to promote and further the purposes of the Act. The creation of the Authority was a result of the petition filed with the Board of Supervisors by Merrifield Mixed Use LLC and National Amusements, Inc., as the owners of more than 51% of the land area that constitutes the District. The Act provides that the Authority may issue bonds to finance infrastructure improvements located within or benefiting the District, and the Board of Supervisors, at the request of the Authority, may levy and collect special assessments and special ad valorem taxes within the District and appropriate such sums to the Authority for use in paying the administrative expenses and debt service in connection with any such bonds.

Pursuant to the Act, the Board of Supervisors adopted an ordinance on _____, 2011 authorizing the levy of the Special Assessments on abutting property within the boundaries of the District, adopting the Rate and Method and other matters. On _____, 2011 the Authority adopted a bond resolution authorizing the issuance of the 2011 Bonds in the aggregate principal amount not to exceed \$_____. Prior to the delivery of the 2011 Bonds, the Authority will cause a Special Assessment Agreement and Declaration of Notice of Special Assessments (including the Rate and Method) to be recorded in the land records of the Circuit Court of Fairfax County, Virginia.

Authority Board of Directors

The Authority is governed by a board of five directors appointed by the Board of Supervisors. The Board of Supervisors also appoints successor directors of the Authority. Directors serve for four-year terms and may be reappointed. The current directors of the Authority are as follows:

<u>Director</u>	<u>Occupation</u>	<u>Initial Term Expires</u>
Ms. Barbara Byron	Director, Office of Community Revitalization and Reinvestment	January 25, 2014
The Honorable John W. Foust	Member, Fairfax County Board of Supervisors	January 25, 2012
Mr. Gary Hurst	President, Hurst Real Estate, Inc.	January 25, 2012
Mr. Kenneth A. Lawrence	Member, Fairfax County Planning Commission	January 25, 2014
The Honorable Linda Q. Smyth	Member, Fairfax County Board of Supervisors	January 25, 2014

District Administration

The Authority has engaged MuniCap, Inc., Columbia, Maryland (the "Administrator"), to perform certain duties and responsibilities with respect to the operations of the District. Such services will include calculation of the County Advanced Revenues and the annual Special Assessment to be collected, if any, calculation of Prepayment amounts, delinquency management, review and reconciliation of account statements provided by the Trustee, calculation of rebate amounts payable under Code Section 148, preparation of an annual report for submission to the Authority and landowners, and service as liaison with landowners regarding the amount of the Special Assessments. See the section "**DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – SUMMARY OF THE INDENTURE – The Administrator**" in Appendix D for a further description of the rights and obligations of the Administrator.

MuniCap, Inc. is a public finance consulting firm with a specialized practice providing services related to the formation and administration of special assessment districts. These services include preparation of special assessment methodologies, calculation of the annual special assessment levy, continuing disclosure, taxpayer relations, and other financial services related to the operation of a community development authority. MuniCap, Inc. provides administration services to other community development authorities in Virginia, including the Dulles Town Center Community Development Authority, Virginia Gateway Community Development Authority, Heritage Hunt Commercial Community Development Authority, Bell Creek Community Development Authority, The Farms of New Kent Community Development Authority, New Port Community Development Authority, Peninsula Town Center Community Development Authority and H₂O Community Development Authority, as well as numerous other special districts in other states. MuniCap, Inc. is located in Columbia, Maryland.

THE 2011 BONDS

Description

The 2011 Bonds will be dated the date of their initial delivery, will mature on March 1 in the years and will bear interest at the rates, as set forth on the cover of this Limited Offering Memorandum. Interest will be computed from the date of initial delivery and be payable on September 1, 2011, and on each March 1 and September 1 (the "Interest Payment Dates") thereafter.

The 2011 Bonds will be issued in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof; provided that if the 2011 Bonds have at any time been rated at least "Baa3" by Moody's Investor Service, Inc., "BBB-" by Standard & Poor's Ratings Group or "BBB-" by Fitch, Inc., the 2011 Bonds will thereafter be issued in denominations of \$5,000 or any integral multiple of \$5,000 in excess of \$5,000 notwithstanding any subsequent downgrade, suspension or withdrawal of any such rating. The 2011 Bonds will be registered as to principal and interest in the name of The Depository Trust Company, New York, New York ("DTC"), or otherwise as hereinafter described. Purchases of beneficial ownership interests in the 2011 Bonds will be made only in book-entry form, and

purchasers will not receive certificates representing their interests in the 2011 Bonds so purchased. If the book-entry system is discontinued, 2011 Bond certificates will be delivered as described in the Indenture, and Beneficial Owners (as defined below) will become registered owners. As long as the 2011 Bonds are held by DTC or its nominee, Cede & Co., interest will be paid to Cede & Co. in same day funds on each Interest Payment Date. If the date of maturity of principal of any 2011 Bonds or the date fixed for the payment of interest on or the redemption of any 2011 Bonds is not a Business Day (as hereinafter defined), then payment of the principal and premium, if any, and interest need not be made on such date, but may be made on the next succeeding date which is a Business Day, and, if made on such next succeeding Business Day, no additional interest will accrue for the period after such date of maturity or date fixed for redemption. Business Day shall mean any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in the Commonwealth, or the jurisdiction in which the designated corporate trust office of the Trustee 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. If the book-entry system is discontinued, interest on the 2011 Bonds will be payable by check or draft mailed to the registered owners as they appear on the registration books kept by the Trustee on the fifteenth day of the month prior to each Interest Payment Date. Principal will be payable at the designated corporate trust office of the Trustee.

As long as the 2011 Bonds are held by DTC or its nominee, Beneficial Owners may transfer their interest in the 2011 Bonds through the facilities of DTC described in the section **"THE 2011 BONDS - DTC and Book-Entry System."** If the book-entry system is discontinued, exchanges of the 2011 Bonds may be made at the office of the Trustee, as registrar and transfer agent, together with a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to the Trustee, duly executed by the registered owner of such 2011 Bond or by his duly authorized attorney. Upon any such transfer, the Trustee shall deliver, in exchange for that 2011 Bond, a new 2011 Bond or 2011 Bonds, registered in the name of the transferee or transferees, in the denomination of \$100,000 or any integral multiple of \$1,000 in excess thereof. For every exchange or transfer of a 2011 Bond, the registered owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

If any 2011 Bond has been mutilated, lost, stolen or destroyed, the Authority shall execute, and, at the request of the Authority the Trustee will authenticate and deliver, a replacement 2011 Bond of the same principal amount and maturity and of like tenor as the mutilated, lost, stolen or destroyed 2011 Bond. Application for exchange and substitution of mutilated, lost, stolen or destroyed 2011 Bonds will be made to the Trustee at its designated corporate trust office and the applicant will furnish to the Authority and the Trustee security or indemnification to their satisfaction and, in the case of loss, theft or destruction of a 2011 Bond, evidence satisfactory to the Authority and the Trustee of the loss, theft or destruction and of the identity of the applicant. In every case of mutilation of a 2011 Bond, the applicant will surrender the 2011 Bond so mutilated for cancellation. Notwithstanding the foregoing, in the event any 2011 Bond has matured and no default has occurred which is then continuing in the payment of principal of, premium, if any, or interest on such 2011 Bond, the Authority may authorize the payment of such 2011 Bond without surrender (except in the case of a mutilated 2011 Bond) instead of issuing a substitute 2011 Bond, provided satisfactory evidence described above and security or indemnification is furnished as described above. The Authority and the Trustee may charge the owner of any 2011 Bond their reasonable fees and expenses in connection with the issuance of any substitute 2011 Bond.

DTC and Book-Entry System

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the 2011 Bonds, payments of principal of and interest on the 2011 Bonds to DTC, its nominee, Direct Participants (defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the 2011 Bonds and other bond-related transactions by and between DTC, the Direct Participants and Beneficial Owners is based solely on information furnished by DTC.

DTC will act as securities depository for the 2011 Bonds. The 2011 Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered 2011 Bond certificate will be issued for each maturity of the 2011 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of New York Banking Law, member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2011 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2011 Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2011 Bonds, except in the event that use of the book-entry system for the 2011 Bonds is discontinued.

To facilitate subsequent transfers, all the 2011 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2011 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2011 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2011 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2011 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2011 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and premium, if any, and interest payments on the 2011 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the

Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC (nor its nominee), the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2011 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2011 Bond certificates will be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2011 Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority does not guarantee the accuracy thereof.

The Authority has no responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (A) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (B) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the 2011 Bonds; (C) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to Bondholders; or (D) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the registered owner of the 2011 Bonds, as nominee of DTC, references in this Limited Offering Memorandum to the Owners of the 2011 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only Owner of the 2011 Bonds for all purposes under the Indenture.

The Authority may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the 2011 Bonds without the consent of the Owner, Beneficial Owners or holders of the 2011 Bonds.

Optional Redemption

The 2011 Bonds may be redeemed at the option of the Authority prior to their respective maturities in whole or in part (in integral multiples of \$1,000) at any time on or after March 1, 2021*, upon payment of 100%* of the principal amount of the 2011 Bonds to be redeemed, together with accrued interest to the date fixed for redemption.

*Preliminary, subject to change.

Mandatory Sinking Fund Redemption

The 2011A-T Bonds are required to be redeemed prior to maturity in part at a price of 100% of the principal amount thereof plus interest accrued to the redemption date, on March 1 in the years and amounts as follows:

<u>Due Date</u> <u>(March 1)*</u>	<u>Principal</u> <u>Amount*</u>	<u>Due Date</u> <u>(March 1)*</u>	<u>Principal</u> <u>Amount*</u>
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The 2011A Bonds are required to be redeemed prior to maturity in part at a price of 100% of the principal amount thereof plus interest accrued to the redemption date, on March 1 in the years and amounts as follows:

<u>Due Date</u> <u>(March 1)*</u>	<u>Principal</u> <u>Amount*</u>	<u>Due Date</u> <u>(March 1)*</u>	<u>Principal</u> <u>Amount*</u>
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The Indenture provides for a credit, at the option of the Authority, against any mandatory sinking fund redemption requirement for any 2011 Bonds of a series and maturity that, prior to any such redemption date, has been previously purchased, defeased or redeemed (other than by mandatory sinking fund redemption) by the Authority (or the Trustee on behalf of the Authority) and delivered to the Trustee for cancellation at least 70 days before each such mandatory sinking fund redemption date and that previously has not been applied as a credit against any mandatory sinking fund redemption requirement.

Special Mandatory Redemption

The 2011 Bonds are subject to special mandatory redemption as a whole or in part in minimum amounts of \$1,000, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption, on any March 1, June 1, September 1 or December 1, as follows:

(a) from amounts deposited into the 2011 Prepayment Subaccount of the Redemption Account as a result of Prepayments pursuant to the Indenture and transfers from the Debt Service Reserve Fund pursuant to the Indenture; and

(b) on or after the Completion Date (as defined in the Indenture) by application of money remaining in the Project Fund not reserved by the Authority for the payment of any remaining part of the Cost of the Facilities or from any amounts in the Net Proceeds Account which shall be transferred to the Redemption Account of the Bond Fund and applied to the redemption of the 2011 Bonds; provided, however, that amounts transferred from the Tax-Exempt Bond Project Account are to be applied solely to the redemption of 2011A Bonds and amounts transferred from the Taxable Bond Proceeds Account are to be applied solely to the redemption of 2011A-T Bonds.

* Preliminary, subject to change.

Selection of 2011 Bonds for Redemption

If less than all of the 2011 Bonds are to be called for optional redemption or special mandatory redemption, the amount, if any, of each maturity of the 2011 Bonds to be so called for redemption shall be determined by the Authority, subject to the provisions of the Indenture and the Tax Certificate. If less than all of any maturity of a series of 2011 Bonds are to be called for optional or special mandatory redemption, the amount of 2011 Bonds of each maturity of such series to be so called for redemption shall generally be determined according to a pro-rata method across sinking fund requirements taking into account all 2011 Bonds of such maturity of such series as determined by the Administrator and accepted by the Authority. No Owner of any 2011 Bonds may contest the selection methodology accepted by the Authority. If less than all of the 2011 Bonds of a maturity of a series are to be called for optional, special mandatory or mandatory sinking fund redemption, the 2011 Bonds to be called will be selected by DTC or the Trustee in a manner that DTC or the Trustee determines to be appropriate and fair. In selecting 2011 Bonds to be called for optional redemption, the Trustee will count as one 2011 Bond each increment of \$5,000 of principal amount and in selecting 2011 Bonds to be called for special mandatory redemption or mandatory sinking fund redemption, the Trustee will count as one 2011 Bond each increment of \$1,000 of principal amount.

Notice of Redemption

In the case of any redemption of 2011 Bonds, the Trustee will give in its own name or in the name of the Authority notice, as provided for in the Indenture, that the 2011 Bonds (which shall be identified by series, maturity and CUSIP numbers) have been called for redemption and, in the case of 2011 Bonds to be redeemed in part only, the principal amount of the 2011 Bonds that have been called for redemption, that they will be due and payable on the date fixed for redemption (specifying the date) upon surrender of the 2011 Bonds at the designated corporate trust office of the Trustee, at the applicable redemption price (specifying the price) together with any accrued interest to such date, and that all interest on the 2011 Bonds to be redeemed will cease to accrue on and after such date.

Such notice will be mailed postage prepaid, not less than 30 nor more than 60 days before the date fixed for redemption, to the Owners of the 2011 Bonds called for redemption, at their respective addresses as they appear on the registration books maintained by the Trustee. The receipt of notice will not be a condition precedent to the redemption, and failure to mail any notice to an Owner will not affect the validity of the proceedings for the redemption of 2011 Bonds of any other Owner.

If at the time of the mailing of the notice of optional redemption the Authority shall not have deposited with the Trustee moneys that, together with the maturing principal and interest on any securities also deposited, shall be sufficient to redeem all the 2011 Bonds called for optional redemption, such notice may state that it is conditional and subject to the deposit or transfer of the redemption money with the Trustee not later than the opening of business on the redemption date, and that such notice shall be of no effect unless such money is so deposited.

All 2011 Bonds called for redemption will cease to bear interest on the specified redemption date.

Defeasance

If the Authority provides cash, noncallable Government Obligations or Government Certificates, or any combination thereof, to the Trustee in an amount sufficient to provide for payment of the 2011 Bonds, in whole or in part, and meets certain other requirements, the 2011 Bonds so defeased will no longer be secured under the Indenture as described below and will instead be secured solely by such cash and noncallable Government Obligations or Government Certificates. See the section "**DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – SUMMARY OF INDENTURE - Discharge of Indenture**" in Appendix D.

No Acceleration Upon Default

The principal of the 2011 Bonds is not subject to acceleration upon the occurrence and continuation of an Event of Default under the Indenture. If Pledged Revenues, together with other moneys available under the Indenture, are insufficient to pay debt service on the 2011 Bonds when due and payable, 2011 Bondholders will not be able to require accelerated payment of Special Assessments or County Advanced Revenues and may not be able to increase the amount of the Special Assessments, County Advanced Revenues or other revenues in order to make up any deficiency. Further, in the event any landowner defaults in its obligation to pay Special Assessments or real property taxes from which the County Advanced Revenues are paid, the ultimate source of recovery of such defaulted Special Assessments or property taxes is a tax sale or foreclosure upon the property subject to the lien of the defaulted Special Assessment or property taxes. See the sections **"CERTAIN BONDHOLDERS' RISKS - Special Assessment and County Advanced Revenues Delinquencies"** and **"CERTAIN BONDHOLDERS' RISKS - Potential Delay and Limitations in Foreclosure Proceedings."**

See the section **"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – SUMMARY OF INDENTURE - Events of Default"** and the subsequent captions in Appendix D for a description of the Events of Default under the Indenture and the remedies available to the 2011 Bondholders upon the occurrence of an Event of Default.

Additional Bonds

Subject to the limitations set forth in the Indenture, the Authority may issue one or more series of Additional Bonds under the Indenture only to refund, defease or purchase the 2011 Bonds. Such Additional Bonds shall be equally and ratably secured with the unrefunded portion, if any, of the 2011 Bonds from the revenues and property pledged under the Indenture. See the section **"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – SUMMARY OF INDENTURE - Additional Bonds"** in Appendix D.

Amendments

The Indenture permits the Authority and the Trustee to make certain changes to the Indenture, including changes that in the Trustee's judgment do not materially adversely affect the rights of any 2011 Bondholders or the rights and immunities of or increase the duties of the Trustee. See the section **"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – SUMMARY OF INDENTURE – Supplemental Indenture Without Consent of Owners"** and **" – Supplemental Indentures With Consent of Owners"** in Appendix D. The Authority agrees in the Indenture that it will not agree to any amendments to the Memorandum of Understanding without the consent of the Owners of the Bonds that materially adversely affect the amount of Pledged Revenues received or the timing of such receipt.

ESTIMATED SOURCES AND APPLICATION OF FUNDS

The proceeds derived from the sale of the 2011 Bonds will be used, together with other available funds, to finance the CDA Facilities. Based on estimated costs of the CDA Facilities, the Authority expects to use the proceeds derived from the sale of the 2011 Bonds and other available funds substantially as follows:

Sources of Funds*

Principal Amount of 2011A Bonds
Principal Amount of 2011A-T Bonds
Projected Earnings on Invested Proceeds
Developer Contribution, including Principal
Amount of 2011B Bonds
Total Sources of Funds

Application of Funds*

Acquisition and Construction of CDA Facilities
Reimbursement to Developer for Costs of CDA Facilities previously paid
Initial Administrative Expenses for 2011 Bonds
(estimated through September 1, 2014)
Construction Period Interest (through September 1, 2014)
Debt Service Reserve Fund deposit
Issuance Expenses of 2011 Bonds (including Underwriters' Discount)
Total Application of Funds

*Preliminary, subject to change.

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for each bond year ending March 1, the amounts payable for principal of and interest on the 2011 Bonds.

Series 2011 Bonds*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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Total			
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*Preliminary, subject to change.

TAX INCREMENT PROJECTION STUDY

Appendix G contains several scenarios that project the annual amounts payable for debt service on the 2011 Bonds and the estimated amounts of Administrative Expenses, Debt Service Reserve Fund earnings, Annual Installments of the Special Assessment, County Advanced Revenues, and debt service coverage ratios.

Appendix G presents forward looking estimates based on the best information currently available to the Authority, the Administrator and the Developer and assuming no prepayments of Special Assessments other than the prepayment on the parcel expected to be acquired by Target Corporation as described herein under "SPECIAL ASSESSMENT REVENUES, DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL – Rate and Method Apportionment of Special Assessments." A number of factors, however, including those discussed in the Rate and Method (Appendix A), in the Engineer's Report (Appendix C) and in the Tax Increment Projection Study (Appendix G), could cause the actual figures to be materially different from the projected figures. Annual Installments of Special Assessments will be billed in the amount of debt service and estimated Administrative Expenses *less* the estimated amount of County Advanced Revenues for the calendar year in which such bills are rendered and other available funds, including Debt Service Reserve Fund earnings. Excess Special Assessments are not expected to be collected. If County Advanced Revenues exceed debt service and administrative expenses, the surplus will be deposited in a special fund (the "Surplus Fund") with the Trustee, subject to certain conditions described in the section herein "COUNTY ADVANCED REVENUES - Surplus." Prepayment of Special Assessments (and the corresponding special mandatory redemption of 2011 Bonds) would affect the projections contained in Appendix G. See the section "INTRODUCTION - Projected Prepayments." Additional factors that may affect such performance are discussed in the section "CERTAIN BONDHOLDERS' RISKS."

SECURITY FOR THE 2011 BONDS

Limited Obligations

The 2011 Bonds are limited obligations of the Authority secured as provided below.

THE PRINCIPAL OF AND THE INTEREST ON THE 2011 BONDS WILL NOT BE DEEMED TO CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA (THE "COMMONWEALTH") OR ANY OTHER POLITICAL SUBDIVISION, INCLUDING FAIRFAX COUNTY. NEITHER THE FAITH AND CREDIT OF THE COMMONWEALTH NOR THE FAITH AND CREDIT OF THE AUTHORITY, ANY COUNTY, CITY, TOWN OR OTHER SUBDIVISION OF THE COMMONWEALTH, INCLUDING FAIRFAX COUNTY, ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2011 BONDS. THE ISSUANCE OF THE 2011 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH, THE AUTHORITY OR ANY COUNTY, CITY, TOWN OR OTHER SUBDIVISION OF THE COMMONWEALTH, INCLUDING FAIRFAX COUNTY, TO LEVY ANY TAXES WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FOR THE LEVY BY FAIRFAX COUNTY OF THE SPECIAL ASSESSMENTS, THE PAYMENT OF WHICH IS SUBJECT TO APPROPRIATION BY THE FAIRFAX COUNTY BOARD OF SUPERVISORS. PURSUANT TO THE ACT, THE COMMONWEALTH, AND ANY COUNTY, CITY, TOWN OR OTHER SUBDIVISION OF THE COMMONWEALTH, INCLUDING FAIRFAX COUNTY, ARE EXPRESSLY PRECLUDED FROM PAYING THE PRINCIPAL OF OR INTEREST ON THE 2011 BONDS EXCEPT FROM THE SPECIAL ASSESSMENTS AND THE COUNTY ADVANCED REVENUES.

Pledge and Assignment

The 2011 Bonds are secured by and payable from all of the Authority's right, title and interest in and to: (a) the County Advanced Revenues and certain Special Assessment Revenues, after payment of the Administrative Expenses and subject to appropriation by the Fairfax County Board of Supervisors, and (b) certain cash and investments from time to time held in any Fund (except the Net Proceeds Account, the Administrative Expense

Fund, the Surplus Fund and the Rebate Fund) under the Indenture, including the Debt Service Reserve Fund (collectively, the "Trust Estate").

Flow of Funds

The Authority will cause the County Advanced Revenues and the Special Assessment Revenues, if any, to be collected and deposited in the Revenue Fund in accordance with the Indenture (subject to appropriation by the Fairfax County Board of Supervisors) and will collect and immediately deposit in the Revenue Fund as received all other Pledged Revenues and such other moneys as the Authority may determine. Such deposits to the Revenue Fund will not include investment income on certain funds and accounts created by the Indenture and will not include Prepayments of Special Assessment Revenues, which will be deposited in the 2011 Prepayment Subaccount in the Redemption Account of the Bond Fund. Except as set forth below, on the Business Day preceding each Interest Payment Date, the Trustee will make transfers from the Revenue Fund in the following order of priority:

(a) To the Administrative Expense Fund (held by the Trustee) the amount of any Special Assessments and County Advanced Revenues collected to pay Administrative Expenses and not retained by Fairfax County pursuant to the Memorandum of Understanding;

(b) To the appropriate accounts in the Bond Fund (held by the Trustee) the amount necessary to make the following deposits:

(i) first, in the Interest Account an amount that, together with other amounts, if any, on deposit therein will equal the amount of interest due on the 2011 Bonds on such Interest Payment Date; and

(ii) then, in the Principal Account an amount that, together with other amounts, if any, on deposit therein will equal the principal amount, if any, due with respect to the 2011 Bonds on such Interest Payment Date;

(c) To the Debt Service Reserve Fund (held by the Trustee), if the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, the amount of money necessary, in addition to amounts on deposit therein, to equal the Debt Service Reserve Requirement; provided, that such payments shall be made only from moneys in the Delinquent Payments Account of the Revenue Fund or from County Advanced Revenues; and

(d) To the Rebate Fund (held by the Trustee) the amount, if any, equal to any Rebate Amount accrued (based on the most recent report of the Administrator), but not previously paid or provided for in the Rebate Fund.

In addition to the deposits to the Revenue Fund, the County will also transfer certain additional County Advanced Revenues for deposit to the Surplus Fund (held by the Trustee) in the amount, if any, constituting a Surplus.

Notwithstanding the foregoing, so long as there are moneys on deposit in the Capitalized Interest Account on the date required for any transfer into the Interest Account as set forth above, the Trustee will, prior to making any transfer into the Interest Account from the Revenue Fund, transfer to the Interest Account from the Capitalized Interest Account, the lesser of (1) the interest on such 2011 Bonds coming due on the next succeeding Interest Payment Date (net of amounts then on deposit in the Interest Account) and (2) the amount remaining on deposit in the Capitalized Interest Account; provided, however, that amounts on deposit in the Tax-Exempt Bond Subaccount of the Capitalized Interest Account will only be transferred to pay interest on the 2011A Bonds and amounts on deposit in the Taxable Bond Subaccount of the Capitalized Interest Account will only be transferred to pay interest on the 2011A-T Bonds. In making the foregoing transfers from the Revenue Fund, the Trustee will conclusively rely on a report furnished by the Administrator setting forth the amount of County Advanced Revenues and Special Assessment Revenues to be applied as set forth above.

Administrative Expense Fund

Moneys deposited in the Administrative Expense Fund will be held in trust by the Trustee and applied by the Trustee to pay Administrative Expenses upon receipt by the Trustee of a written request signed by an Authorized Authority Representative specifying (i) the amount to be withdrawn, (ii) the Person to whom such amount is to be paid, (iii) the nature of such Administrative Expense and (iv) that such amount is a proper charge against the Administrative Expense Fund. Notwithstanding the foregoing, no proceeds of the 2011A Bonds may be used to pay Administrative Expenses relating to the 2011B Bonds or Administrative Expenses allocable to the 2011A-T Bonds. Interest received on and any profit realized from the investment of moneys in the Administrative Expense Fund will become a part of such Fund. Amounts on deposit in the Administrative Expense Fund are not pledged to the payment of principal of, premium if any, or interest on the 2011 Bonds.

Bond Fund

The Trustee will pay from the Principal Account the principal of the 2011 Bonds when due. The Trustee will pay from the Interest Account the interest on the 2011 Bonds when due. The Trustee will use money in the Redemption Account to redeem 2011 Bonds pursuant to any optional redemption provision exercised by the Authority or special mandatory redemption provisions or, if directed by an Authorized Authority Representative, to purchase 2011 Bonds on the open market; provided, however, (i) no money will be used to purchase 2011 Bonds to the extent it is required to pay the redemption price of any 2011 Bonds for which notice of redemption has been given, and (ii) 2011 Bonds will not be purchased at a price in excess of the applicable optional redemption price plus accrued interest.

On the Business Day immediately preceding a Principal or Interest Payment Date, the Trustee will determine if the balance on deposit in the Principal Account and the Interest Account will be sufficient (after taking into consideration any amount to be transferred from the Capitalized Interest Account) to pay the principal and interest due and payable on the Principal or Interest Payment Date, and if a deficiency exists, will promptly notify the Authority of such fact. If on any Principal or Interest Payment Date, the balance on deposit in the Principal Account or the Interest Account is insufficient to pay the principal and interest due and payable on Outstanding 2011 Bonds, the Trustee will transfer the amount of the deficiency from the Debt Service Reserve Fund to the appropriate account in the Bond Fund.

All Prepayments will be deposited into the Prepayment Subaccount and will be applied to the special mandatory redemption of the 2011 Bonds.

Debt Service Reserve Fund

The Indenture provides that the Debt Service Reserve Fund must be maintained in an amount equal to the Debt Service Reserve Requirement for the 2011 Bonds and any Additional Bonds (together, the "Bonds"). The Indenture defines the Debt Service Reserve Requirement as an amount equal to the least of (i) the maximum amount of principal and interest due on the Bonds in the current or any future fiscal year, (ii) 10 percent of the original stated principal amount of the Bonds (or 10 percent of the issue price of such Bonds if required by the Code), and (iii) 125 percent of the average annual amount of principal and interest due on the Bonds in the current or any future fiscal year. Upon the issuance date of the 2011 Bonds, the Debt Service Reserve Requirement is \$_____, [which is an amount equal to 10% of the par amount of the 2011 Bonds] and will be funded by proceeds of the 2011 Bonds.

If amounts on deposit in the Bond Fund and the Surplus Fund are insufficient to make payments of principal (including sinking fund installments) of or interest on the 2011 Bonds when due, the Trustee will transfer money from the Debt Service Reserve Fund to the Bond Fund to the extent necessary to pay principal of and interest on the 2011 Bonds when due. If the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, the Authority will transfer funds from the Surplus Fund and then from the Revenue Fund (but only from amounts in the Delinquent Payments Account or from County Advanced Revenues) to the Debt Service Reserve Fund to restore the Debt Service Reserve Requirement, to the extent and in the manner provided in the Indenture.

Within ten days after each Principal Payment Date and Interest Payment Date and at such other times as the Authority may request, the Trustee will determine if the balance on deposit in the Debt Service Reserve Fund is at least equal to the Debt Service Reserve Requirement. In making such determination, (i) the Trustee may take into account any reduction in the Debt Service Reserve Requirement that will result from any principal payment to be made on such Principal Payment Date or Interest Payment Date and (ii) securities in which money in the Debt Service Reserve Fund is invested will be valued in the manner set forth in the Indenture. If a deficit exists in the Debt Service Reserve Fund, the Trustee will immediately notify the Authority of the deficit. If the amount on deposit in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, the Trustee will transfer the excess to the Interest Account of the Bond Fund or, upon the written request of an Authorized Authority Representative, to the Administrative Expense Fund within five Business Days after such determination; provided that before the end of the Capitalized Interest Period the Trustee will transfer the excess to the Capitalized Interest Account.

Whenever a Prepayment is made and the 2011 Bonds are redeemed with the proceeds of such Prepayment, a proportionate amount in the Debt Service Reserve Fund (determined by the Administrator and accepted by the Trustee on the basis of the principal of the 2011 Bonds to be redeemed and the original principal of the 2011 Bonds is to be transferred to the 2011 Prepayment Subaccount of the Redemption Account to be applied to the Special Mandatory Redemption of 2011 Bonds, provided, however, that such transfer will be made only to the extent that the amount on deposit in the Debt Service Reserve Fund after such reduction will be at least equal to the Debt Service Reserve Requirement).

Rebate Fund

The Trustee will hold moneys in the Rebate Fund in trust to be applied to pay any Rebate Amount. The Trustee will pay to the Authority or to such place as the Authority may direct, upon written request of an Authorized Authority Representative, the Rebate Amount required to be paid to the United States at the times, in the manner and as calculated in accordance with Section 148(f) of the Code. The Trustee shall have no responsibility for computation of the Rebate Amount, and the Authority shall cause the Rebate Amount to be calculated in accordance with the requirements of Section 148(f) of the Code.

The Authority may direct the Trustee to use moneys in the Administrative Expense Fund in such amounts as the Authority may specify, in order to deposit the Rebate Amount in the Rebate Fund. The Administrator shall compute any Rebate Amount annually and, if necessary to provide sufficient moneys to pay the Rebate Amount, shall increase the portion of the Administrative Expense Requirement as appropriate to have funds available in the Administrative Expense Fund to pay the Rebate Amount. Amounts in the Rebate Fund are not pledged to the payment of principal of, redemption premium, if any, and interest on the 2011 Bonds.

Surplus Fund

The Trustee will deposit in the Surplus Fund any amounts received from Fairfax County as Surplus under the Memorandum of Understanding. As determined by the County under the Memorandum of Understanding, the Trustee will transfer amounts on deposit in the Surplus Fund to restore any deficiency in the Debt Service Reserve Fund or to pay debt service on the 2011 Bonds to the extent County Advanced Revenues are insufficient for such purposes. Under certain circumstances as described in the Memorandum of Understanding, amounts in the Surplus Fund may be used to reimburse the Developer for Special Assessments previously paid by the Developer. Amounts in the Surplus Fund are not pledged to the payment of principal of, redemption premium, if any, and interest on the 2011 Bonds.

COUNTY ADVANCED REVENUES

General

Pursuant to the Memorandum of Understanding, Fairfax County has agreed (subject to collection and appropriation by the Board of Supervisors) to pay to the Authority certain County Advanced Revenues for each year in which the 2011 Bonds are outstanding. The County Advanced Revenues consist of certain increases in real estate

tax revenues calculated in accordance with Virginia Code Section 58.1-3245.2 (the "TIF Statute"). In accordance with the formula established in the TIF Statute the real estate taxes attributable to the increased value, if any, between the current assessed value and the base assessed value of any parcel of real estate in the District shall be allocated to pay debt service on the 2011 Bonds, subject to appropriation by the Board of Supervisors. The base assessed value was determined as of January 1, 2007 and equals \$38,271,740, which establishes the base real estate taxes as of such date as \$340,998.63. County Advanced Revenues will be paid semi-annually by no later than February 15 and August 28.

County Advanced Revenues paid to the Trustee will be used to pay principal of and interest on the 2011 Bonds. County Advanced Revenues do not secure the 2011B Bonds and will not be used to make payments of debt service on the 2011B Bonds. County Advanced Revenues may be used to cure any deficiency in the Debt Service Reserve Fund for the 2011 Bonds.

Fairfax County's undertaking to make payments to the Authority or the Trustee on behalf of the Authority of County Advanced Revenues will not be a general obligation of Fairfax County, and will be subject to and dependent on appropriations being made from time to time by the Board of Supervisors of Fairfax County of County Advanced Revenues for such purpose. In addition, payment of County Advanced Revenues to the Authority will be made by Fairfax County only to the extent of County Advanced Revenues actually collected.

After the 2011 Bonds have been repaid in full, or provision for their repayment in full has been made in accordance with the Indenture, the tax increment contribution plan will expire and all County Advanced Revenues will thereafter be retained by Fairfax County.

The County Advanced Revenues anticipated to be collected and paid to the Authority each calendar year will be included as part of the Annual Credit that is applied to the Annual Installment in that calendar year (whether or not such County Advanced Revenues are appropriated to or at the direction of the Authority). See **"TAX INCREMENT PROJECTION STUDY"** and **"SPECIAL ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL - Rate and Method of Apportionment of Special Assessments."** Fairfax County is not legally required to levy or appropriate the County Advanced Revenues in any calendar year, and no assurances can be made that the County Advanced Revenues will be available during any calendar year to pay debt service on the 2011 Bonds. See the section **"CERTAIN BONDHOLDERS' RISKS - Uncertainty of County Advanced Revenues."**

Surplus

If in any calendar year the County Advanced Revenues exceed the portion of the Annual Installment for such calendar year, such excess is deemed a "Surplus." The Trustee will deposit in the Surplus Fund amounts paid to the Trustee as Surplus in accordance with the provisions of the Memorandum of Understanding from certain excess County Advanced Revenues designated as Surplus as described above under **"SECURITY FOR THE BONDS – Flow of Funds"**. Any Surplus appropriated to the Authority, or the Trustee on behalf of the Authority, will be deposited in the Surplus Fund to be used in the event that County Advanced Revenues in any year are less than amounts needed to pay the Annual Installment for such year; provided, however, that if in any year the financial report submitted in accordance with the Memorandum of Understanding shows that the sum of the amount on deposit in the Surplus Fund and the County Advanced Revenues projected to be available for debt service on the 2011 Bonds in the current year is at least equal to 1.5 times debt service on the 2011 Bonds, Fairfax County will not be required to pay any Surplus to the Trustee for deposit in the Surplus Fund in the current year. The Memorandum of Understanding provides that if prior to two years following Stabilization (as defined in the Memorandum of Understanding) any portion of the Annual Installment was collected by the County from the Developer, the Surplus will be used to reimburse the Developer for that portion of the Annual Installment that was collected from the Developer. Any Surplus remaining after the 2011 Bonds have been paid in full, or provision for their payment in full has been made, and any reimbursement to the Developer as described above has been made shall be retained by Fairfax County.

SPECIAL ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL

General

Special Assessment Revenues are derived from Special Assessments levied and collected on all taxable real property within the District subject to the Special Assessments, subject to appropriation by the Fairfax County Board of Supervisors. Special Assessments will be collected only if County Advanced Revenues are insufficient to pay debt service on the 2011 Bonds and Administrative Expenses in any year. Special Assessment Revenues also include the proceeds, if any, from any foreclosure actions brought following a delinquency in the payment of the Special Assessment by any landowner.

Pursuant to the Memorandum of Understanding, Fairfax County has assigned and pledged all of the Special Assessments (except amounts that may be retained by Fairfax County to pay certain Administrative Expenses) collected by it to the Authority and has agreed to remit the Special Assessments it collects to the Trustee, subject to and dependent on appropriations being made from time to time of the Annual Installment by the Board of Supervisors for such purpose.

In the Memorandum of Understanding, the parties have agreed that Fairfax County's customary tax payment enforcement proceedings will apply to the collection of any delinquent payment of the Annual Installment. Fairfax County has agreed to pursue the collection of delinquent payments with the same diligence it employs in the collection of its general *ad valorem* real property taxes, including the commencement of tax foreclosure proceedings to the extent provided by the then-current statutes of the Commonwealth of Virginia; including the provisions of Virginia Code Section 58.1-3965.2 which provides for an accelerated foreclosure process for certain commercial property. See the section below "**Delinquencies; Enforcement; Foreclosure**" for a description of the foreclosure process. Fairfax County has also agreed that it will provide notice to the Authority of any legal proceedings to be instituted for the collection of delinquent payments of the Annual Installment. The Memorandum of Understanding provides that Fairfax County may exercise its ordinary discretion with respect to collection actions and may decide not to expend resources to collect *de minimis* outstanding amounts. The Authority has agreed to cooperate with Fairfax County in any such enforcement action. See the section "**Delinquencies; Enforcement; Foreclosure**" below. *Fairfax County is not required, nor is Fairfax County permitted under the Act, to advance any of its own funds or any other moneys of Fairfax County in the event of a delinquency in the payment of Special Assessments other than County Advanced Revenues.*

The amount of Special Assessments that the Board of Supervisors may levy against each parcel on behalf of the Authority in the District is limited by the Act and may not exceed the full cost of the improvements, including legal, financial and other costs directly attributable to creating the Authority, and the planning, designing, operating and financing of the improvements, and administration and collection of assessments and reserve funds. The Rate and Method (attached hereto as Appendix A) provides that the aggregate amount of the annual installment of the Special Assessments to be collected each fiscal year shall equal the Annual Revenue Requirement as defined therein; provided that the Annual Installment due from each parcel is reduced by the amount of County Advanced Revenues allocated to such parcel, whether or not such County Advanced Revenues have been appropriated by the Board of Supervisors to the Authority or the Trustee. Pursuant to the Act, the Rate and Method may not be modified in a manner inconsistent with the payment provisions of the Indenture, the 2011 Bonds and the security therefor. The Rate and Method apportions the total amount of Special Assessments to be collected among the taxable parcels in the District as more particularly described therein. See the section "**Rate and Method of Apportionment of Special Assessments**" below and in Appendix A.

The Special Assessments, when imposed, will be made a lien on parcels subject to taxation within the District which, in the event of a failure to pay the tax obligation on any such parcel, including the Special Assessment or Fairfax County real estate tax relating to such parcel, could lead to a tax sale of such parcel. There is no assurance that the Developer or any subsequent landowners will be able to pay the annual Special Assessments or that they will pay such tax even if financially able to do so. See the section "**Collection Procedures**" below.

Special Tax

In the event that the Special Assessments are determined to be legally unenforceable in a final decree by a court of competent jurisdiction, the Memorandum of Understanding provides that the County may levy a Special Tax on property in the District. The Special Tax will be an *ad valorem* tax on real estate in the District in an amount determined by the County to be necessary to meet the Annual Revenue Requirement. The Act establishes a maximum *ad valorem* special tax rate that may be levied within the District of \$0.25 per \$100 of assessed fair market value of taxable real estate unless all of the owners of real property in the District consent to a higher rate. Eskridge, as sole landowner in the District, has consented to the provisions of the Memorandum of Understanding authorizing a higher rate of special *ad valorem* tax. The levy and collection of the Special Tax are at the discretion of the Board of Supervisors and payment of any Special Tax collected to the Authority, or the Trustee on the Authority's behalf, is subject to appropriation by the Board of Supervisors. To the extent Special Assessments were prepaid prior to the Levy of the Special Tax and land was released from the Special Assessment lien, the Special Tax will be levied only on real estate with outstanding Special Assessments.

Rate and Method of Apportionment of Special Assessments

The following discussion of the Rate and Method is qualified in its entirety by the full text of the Rate and Method set forth in Appendix A.

The Special Assessments have been imposed upon each parcel of property within the District other than property owned by or irrevocably offered for dedication to the federal government, the Commonwealth of Virginia, Fairfax County, the Authority, or any other public agency, political subdivisions or public entity in accordance with and as described in the Rate and Method of Apportionment of Assessments attached hereto as Appendix A. As described herein, the Special Assessment to be borne by the parcel expected to be acquired by Target Corporation is expected to be prepaid before the issuance of the 2011 Bonds and will therefore not be subject to a Special Assessment after the 2011 Bonds are issued. The total amount of the Special Assessments equals the sum of the principal and interest due on the 2011 Bonds and estimated Administrative Expenses of the Authority, less other amounts available for the payment of such debt service and expenses, including County Advanced Revenues (whether or not such County Advanced Revenues have been appropriated to the Authority or the Trustee by the Board of Supervisors). Real property within the District has been classified into thirteen different classes, as described below and in the Rate and Method of Apportionment of Assessments attached as Appendix A, in order to determine the amount of Special Assessments to be allocated to each parcel. Special Assessments are initially allocated to parcels on the basis of the permitted Equivalent Units of each parcel. The development plan currently approved by the Fairfax County Board of Supervisors as described herein under "**THE MOSAIC DEVELOPMENT**" includes Land Use Classes 1 through 9 only and the Special Assessments have been allocated initially to the real property in the District based solely on Land Use Classes 1 through 9. Equivalent Units for Land Use Classes 1, 2, 3, 4 and 5 are equal to the gross floor area (GFA) in 1,000s of square feet of horizontal floor area that are expected to be built on the parcel. Equivalent Units for Land Use Class 6 (Hotel) are based on number of guest rooms that may be built. Equivalent Units for Land Use Classes 7 through 13 are based on the number of dwelling units that may be built on a parcel. The computation of Equivalent Units for each parcel is governed by the Rate and Method of Apportionment of Assessment and is based on the expected development on the parcel in substantial conformance with the conceptual/final 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. The amount of Special Assessment allocated to a parcel is determined by the number of Equivalent Units for such parcel and the Equivalent Assessment Factor for the applicable Land Use Class. The following shows Land Use Classes and anticipated Equivalent Units and Equivalent Assessment Factors for each Class.

Equivalent Assessment Factors, Equivalent Units and GFA

Land Use Class	Property Use	Equivalent Assessment Factors	Gross Floor Area ¹	Total Equivalent Units
Land Use Class 1	Large Retail	0.64 Per 1,000 GFA	168,900	108
Land Use Class 2	Mid-Size Retail	1.26 Per 1,000 GFA	12,000	15
Land Use Class 3	Small Retail and Restaurants	2.11 Per 1,000 GFA	321,763	680
Land Use Class 4	Theater	0.90 Per 1,000 GFA	120,000	108
Land Use Class 5	Office	1.23 Per 1,000 GFA	167,096	205
Land Use Class 6	Hotel	0.66 Per Room	250,000	246
Land Use Class 7	Market Rate Rental Units	1.00 Per Unit	765,452	710
Land Use Class 8	Affordable Rental Units	0.36 Per Unit	34,210	14
Land Use Class 9	Workforce Rental Units	0.69 Per Unit	49,778	38
Land Use Class 10	Townhouse A (2,200 + SF)	2.78 Per Unit	0	0
Land Use Class 11	Townhouse B (2,000 – 2,199 SF)	2.53 Per Unit	0	0
Land Use Class 12	Townhouse C (0-1,999 SF)	2.25 Per Unit	0	0
Land Use Class 13	Multi-Family Units For Sale	1.88 Per Unit	0	0
Total			1,889,198	2,124

¹Represents the gross floor area for the approved development scenario. Land Use Class 6 includes 375 rooms and Land Use Classes 7, 8, and 9 include 710, 38, and 55 units, respectively.

The Special Assessments are payable each year as the Annual Installments. The Annual Installments represent principal and interest on the 2011 Bonds due each year and estimated Administrative Expenses for that year. An Annual Credit to the Annual Installment for each parcel will be applied each year for the County Advanced Revenues to be collected from the parcel and included in the calculation of the Annual Revenue Requirement. The resulting amount is the Adjusted Annual Installment for the parcel. The Adjusted Annual Installment is the maximum amount that may be collected from a parcel to meet the Annual Revenue Requirement. The Annual Revenue Requirement is generally equal to principal and interest due on the 2011 Bonds for such year, plus Administrative Expenses estimated for the year, less amounts available from the Capitalized Interest Account, excess funds in the Debt Service Reserve Fund, and County Advanced Revenues to be paid by Fairfax County to the Authority pursuant to the Memorandum of Understanding. Annual Payments are collected from each parcel in proportion to the Adjusted Annual Installment for each parcel for purposes of meeting the Annual Revenue Requirement.

The Special Assessment Roll, which is attached to the Rate and Method, specifies the Annual Installment that may be collected from all parcels in the District each year. The Special Assessment Roll also specifies the Special Assessment and the Principal Portion of the Special Assessment for each parcel. The Special Assessments and the Principal Portion of the Special Assessments will be reallocated to new parcels as parcels are subdivided. The Special Assessments and Principal Portion of the Special Assessments of a parcel are allocated to each new parcel created from that parcel on the basis of the Equivalent Units of each new parcel. An owner may request a reallocation of the Special Assessments and the Principal Portion of the Special Assessments to any parcels owned by that owner to reflect revised estimates of Equivalent Units for the parcels.

The Rate and Method also provides for the levy of the 2011B Special Assessments on real estate in the District to pay principal of and interest on the 2011B Bonds but only to the extent principal of the 2011B Bonds is drawn down as previously described herein under **"INTRODUCTION – 2011B Bonds Special Assessments."** Any 2011B Special Assessments are in addition to the Special Assessments and do not secure the 2011 Bonds, except as set forth in the Memorandum of Understanding with respect to a shortfall in Special Assessments available to pay the 2011 Bonds. The Memorandum of Understanding provides that if Special Assessments available to pay debt service on the 2011 Bonds are insufficient to the extent any 2011B Special Assessments are collected they shall be applied first to the payment of debt service on the 2011 Bonds and then to payment of any 2011B Bonds. The Special Assessment Agreement provides that the 2011B Bonds will be subordinate to the rights of the owners of the 2011 Bonds. There is no assurance that there will be any significant amount of 2011B Special Assessments levied or collected.

The Special Assessment may be prepaid for a parcel and, as a result, the Annual Installment will no longer be collected from such parcel. The prepayment of the Special Assessment is generally equal to: (i) the Principal Portion of the Special Assessment, (ii) a credit for any reduction in the Debt Service Reserve Fund resulting from such prepayment, (iii) adjustments for interest through the call date of the 2011 Bonds to be called and interest to be earned on the prepaid Special Assessment, and (iv) Administrative Expenses related to the prepayment.

Before the issuance of the 2011 Bonds, any Special Assessment applicable to the real estate expected to be acquired by Target Corporation, consisting of approximately 168,900 square feet and 661 parking spaces, is expected to be prepaid and, as a result of such prepayment, such property will not be subject to a Special Assessment.

Special Assessments are subject to a Mandatory Prepayment of all or part of the Special Assessment on a parcel. The Mandatory Prepayment is required for any parcel if (a) a parcel is acquired by an entity that results in the parcel being classified as Non-Benefited Property (as defined in the Rate and Method) if the Special Assessment may not be reapportioned to a parcel not classified as Non-Benefited Property, or (b) there is a reduction of the Equivalent Units that results in the Principal Portion of the Special Assessments exceeding the Maximum Special Assessment amount per Equivalent Unit, [as set forth in the _____].

Collection Procedures

Not later than the fifteenth (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. Each year the Administrator shall inform the Authority, in writing, of the amount of Pledged Revenues collected or to be collected pursuant to the Memorandum of Understanding to provide for payment of the debt service on the 2011 Bonds and Administrative Expenses. The Administrator shall ascertain the relevant parcels on which the Special Assessments are to be levied, taking into account any parcel splits during the preceding and then current Fiscal Year. For each calendar year, the Authority will request Fairfax County to collect the Annual Installments, as defined in the Rate and Method.

The Special Assessments are payable in the same manner and at the same time as *ad valorem* real property taxes are payable. Annual Installments are billed semi-annually and are due on July 28 and December 5 of each year, or such other date or dates as Fairfax County may determine for the collection of its regular real estate taxes. Any unpaid Special Assessment becomes delinquent at the same time and bears the same penalties and interest after delinquency as do the *ad valorem* real property taxes in Fairfax County. Special Assessments will have the same lien priority in the case of delinquency as Fairfax County real property taxes have against other types of liens (provided, however, the Code of Virginia does not require or specifically authorize any particular priority for the application of sale or foreclosure proceeds between Fairfax County real property taxes and special assessments that have been or may in the future be imposed by Fairfax County on the same real estate parcel). The Authority has pledged and assigned its rights to receive the payments of the Special Assessments to the Trustee in accordance with the Memorandum of Understanding.

Delinquencies; Enforcement; Foreclosure

Any delinquency by a landowner in paying any portion of the *ad valorem* real property tax or Special Assessments when due could result in foreclosure action being taken by Fairfax County. Pursuant to Virginia Code Section 58.1-3965.2, in the event any installment of Special Assessments with respect to commercial property (other than owner occupied residences) is delinquent on the first anniversary of the date on which such Special Assessments shall have become due, Fairfax County is authorized pursuant to Article 4, Section 58.1-3965 *et seq.* of the Virginia Code to order institution of an action in the Circuit Court of Fairfax County to foreclose on any lien therefor. In the event any Special Assessment on owner occupied residential property or payment of County *ad valorem* real estate taxes is delinquent on December 31 following the second anniversary date of the date on which such residential Special Assessments or County *ad valorem* taxes shall have become due, Fairfax County is authorized pursuant to Article 4, Section 58.1-3965 *et seq.* of the Virginia Code to order institution of an action in the Circuit Court of Fairfax County to foreclose on any lien therefor. In a foreclosure action, the real property subject to the Special Assessments and Fairfax County *ad valorem* taxes may be sold at a judicial foreclosure sale. The owner of the real property may redeem the real property at any time before the date of the foreclosure sale by

paying all accumulated taxes then due and owing on the real property, penalties and other costs (including, but not limited to Special Assessments). In addition, Fairfax County may, in its discretion, suspend any action for foreclosure sale of the real property upon entering into an installment agreement with the owner of the real property for repayment of all delinquent amounts over a reasonable time not to exceed twenty-four months. The ability of Fairfax County to foreclose on the lien of delinquent unpaid Special Assessments and County *ad valorem* real property taxes may be otherwise limited in certain instances and may require prior consent of the property owner in the event that the property is owned by any receivership of the Federal Deposit Insurance Corporation (the "FDIC"). See the sections "**CERTAIN BONDHOLDERS' RISKS - Bankruptcy**" and "**CERTAIN BONDHOLDERS' RISKS - Special Assessment and County Advanced Revenues Delinquencies**." Similarly, the initiation of foreclosure proceedings may be delayed or such proceedings may be subject to procedural and other delays caused by crowded court dockets and other factors beyond the control of the Authority or Fairfax County. See the section "**CERTAIN BONDHOLDERS' RISKS - Potential Delay and Limitations in Foreclosure Proceedings**."

Fairfax County is not required to pursue judicial foreclosure proceedings as described above, and the Authority cannot compel Fairfax County to take a particular remedy. Fairfax County has agreed, however, for the benefit of the 2011 Bondholders in the Memorandum of Understanding to pursue the collection of delinquent Special Assessments with the same diligence it employs in the collection of Fairfax County's general *ad valorem* taxes including the commencement of foreclosure proceedings to the extent provided by the Code of Virginia. Fairfax County will deliver to the Authority, subject to appropriation by the Board of Supervisors, all Special Assessments collected at a tax sale or collected by Fairfax County in connection with the redemption of the real property by the owner.

No assurances can be given that the real property subject to sale or foreclosure will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Assessment installment. The Code of Virginia does not require or specifically authorize any particular priority for the application of sale or foreclosure proceeds between Fairfax County real estate taxes and Special Assessments that have been or may in the future be imposed by Fairfax County on the same real property. Neither the Act nor the provisions of the Code of Virginia governing the sale of delinquent tax lands requires Fairfax County to purchase or otherwise acquire any lot or parcel of property offered for sale or subject to foreclosure if there is no other purchaser at such sale.

The Special Assessment Agreement provides that the 2011B Bonds are subordinate to the rights of the owners of the 2011 Bonds and that in the event of a foreclosure sale resulting from a delinquency in payments of Special Assessments or 2011B Special Assessments, if proceeds of the foreclosure sale are insufficient to pay the delinquent amount of Special Assessments and 2011B Special Assessments, at the option of the purchaser at the foreclosure sale, the 2011B Special Assessments will be deemed paid and the lien thereof discharged.

If the Debt Service Reserve Fund and other pledged Funds and Accounts are depleted and delinquencies in the payment of Special Assessments exist, there may be a default or delay in payments to the 2011 Bondholders pending prosecution of foreclosure proceedings and receipt by Fairfax County of foreclosure sale proceeds, if any. There is no assurance that the Special Assessments will be at all times sufficient, together with other Pledged Revenues, to pay the amounts required to be paid on the 2011 Bonds by the Indenture.

Appraisal Report

Appraisal Report. The Appraisal Report dated January 7, 2011 has been prepared by Joseph J. Blake & Associates, Inc. (the "Appraiser"), and is included as Appendix B attached hereto. Based on the analyses and conclusions in the Appraisal Report, and subject to the assumptions and limiting conditions expressed therein, the Appraisal Report estimates that: the "as-is" market value of the fee simple estate of the real property within the District, assuming the proposed development plan described herein, as of January 1, 2011, is \$89,700,000.

THE AUTHORITY, THE DEVELOPER AND THE UNDERWRITERS MAKE NO REPRESENTATIONS AS TO THE ACCURACY OF THE APPRAISAL REPORT. PROSPECTIVE INVESTORS SHOULD READ THE APPRAISAL REPORT IN ITS ENTIRETY, INCLUDING THE LIMITATIONS AND QUALIFICATIONS CONTAINED THEREIN, PRIOR TO MAKING A DECISION TO PURCHASE THE 2011 BONDS.

The Appraiser has made a variety of contingencies and assumptions, which are set forth in the Appraisal Report, in order to appraise the property within the District. There can be no assurance that any such assumptions will be realized, and the Authority, the Developer and the Underwriters make no representation as to the reasonableness of such assumptions.

The Appraiser. The Appraiser routinely appraises many forms of real estate including major office buildings, large and small shopping centers, apartment complexes, department stores, residential subdivisions, hotels, elderly housing and industrial facilities. The Appraiser specializes in land appraisals, both raw and site-improved and conducts feasibility studies and land lease renewal analyses. A more detailed profile of the Appraiser is set forth in the Appraisal Report.

CERTAIN BONDHOLDERS' RISKS

Investment in the 2011 Bonds involves a high degree of risk and, therefore, the 2011 Bonds will be sold only to "Accredited Investors" within the meaning of Section 2(15) of the Securities Act of 1933, as amended, which term includes both institutions and individuals meeting certain criteria of financial sophistication, net worth, knowledge and experience. A prospective purchaser is advised to read this entire Limited Offering Memorandum, including the appendices hereto and, if deemed appropriate, consult its investment advisor. The factors listed below, among others, could adversely affect the operations, revenues and expenses of the Authority, the District, the Developer and the owner or owners of real estate in the District, and thus the availability of revenues to the Authority sufficient for the Authority to make the required payments under the Indenture and to redeem the 2011 Bonds, to an extent that cannot be determined at this time.

The paragraphs below discuss certain risks assumed by the 2011 Bondholders, but neither such paragraphs nor the Limited Offering Memorandum generally purports to provide a complete description of all risks and factors to be considered by an investor in making the decision to purchase the 2011 Bonds.

Limited Obligations

Except to the extent that the 2011 Bonds are payable from the proceeds thereof or investment income or, under certain circumstances, proceeds of insurance, sale or condemnation awards, the 2011 Bonds are secured pursuant to the Indenture solely by a pledge and assignment to the Trustee of the Pledged Revenues (consisting of County Advanced Revenues, Special Assessment Revenues after the payment of Administrative Expenses and Special Tax Revenues, if levied and collected) and by certain funds and monies held by the Trustee, including the Debt Service Reserve Fund. There are no other anticipated revenues available to pay the principal of and interest on the 2011 Bonds. The payment of County Advanced Revenues and Special Assessment Revenues to the Authority is subject to annual appropriation by the Board of Supervisors of Fairfax County.

Lack of Rating; Lack of Marketability of the 2011 Bonds

No application has been made for a credit rating for the 2011 Bonds. The absence of a rating affects the market for the 2011 Bonds. There can be no assurance that there will be a secondary market for the 2011 Bonds or, if a secondary market exists, that the 2011 Bonds can be sold for any particular price. Accordingly, a purchaser of the 2011 Bonds should be prepared to have the purchaser's funds committed for an indefinite period of time, perhaps until the 2011 Bonds mature or are called for redemption. At the request of the owners of at least 10% of the outstanding principal amount of the 2011 Bonds, the Authority will seek to obtain a rating on the 2011 Bonds on the conditions and subject to the limitations set forth in the Indenture.

Concentration of Ownership

All of the land within the District is currently owned by Eskridge. Although this concentration of current ownership interests represents a significant risk to the 2011 Bondholders, there are certain parcels of land that are under contract for purchase as described herein under "**THE MOSAIC DEVELOPMENT**". The timely payment of the 2011 Bonds depends on the development of the Mosaic Development so that County Advanced Revenues

sufficient to pay debt service on the 2011 Bonds are generated by the Mosaic Development and on the willingness and ability of the Developer or any subsequent landowners to pay real estate taxes and the Special Assessments when due. Failure of the Developer or any subsequent landowners to pay real estate taxes or the annual Special Assessments when due could result in the initiation of a foreclosure proceeding on the properties. Any delay or limitation in the foreclosure proceeding could result in the rapid, total depletion of the Debt Service Reserve Fund and a default in payment of the principal of and interest on the 2011 Bonds.

Failure To Complete or Fully Develop the Mosaic Development

Land development, such as the Mosaic Development, is subject to comprehensive federal, state and local regulations. Approval is generally required from various entities in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning and health requirements, as well as numerous other matters. The Developer has obtained certain of the approvals necessary to begin construction of the CDA Facilities but has not yet obtained all approvals that will be necessary for completion of the CDA Facilities or for all phases of the Mosaic Development. See the Engineer's Report in Appendix C. Failure to obtain any such approvals or satisfy such governmental requirements in a timely manner could adversely affect the schedule for completion of the CDA Facilities and the Mosaic Development.

The failure to complete the Mosaic Development, including the CDA Facilities, or substantial delays in such completion due to factors such as litigation affecting the Developer or its related entities, the inability of the Developer to obtain funding from private sources, or the bankruptcy of the Developer or of its related entities, may reduce the amount of County Advanced Revenues generated, may reduce the value of the property within the District and may affect the willingness and ability of the Developer to pay real estate taxes or the Special Assessments when due. Such failure or delay may result in a default in payment of the principal of and interest on the 2011 Bonds.

Development of the Mosaic Development is also subject to economic considerations. Failure to lease or sell property owned by the Developer as expected, defaults under the terms of any purchase agreement or lease agreement and other factors could reduce the availability of County Advanced Revenues or reduce the ability of the Developer or any subsequent landowner to pay real estate taxes or the Special Assessments.

Construction Risks

The Authority and the Developer have received construction bids for approximately 35% of the anticipated total construction costs of the CDA Facilities. Based on the Engineer's preliminary estimates of the CDA Facilities costs, as set forth in the Engineer's Report in Appendix C, the Authority anticipates that, in addition to the net proceeds of the 2011 Bonds in the amount of \$42,000,000, together with anticipated investment earnings thereon the Developer will need to contribute funds in the amount of approximately \$93,586,000 in order to generate sufficient funds to complete the acquisition, construction and equipping of the CDA Facilities and the other infrastructure for the Mosaic Development. Actual construction costs may be higher than such estimates and such difference may be material or above the amount of available 2011 Bond proceeds and other available funding sources. Further, as a result of change orders with respect to both the design and material costs of the CDA Facilities, the total expenditures actually incurred by the Authority and the Developer may be in excess of the amount of available 2011 Bond proceeds and other available funds. See "**THE MOSAIC DEVELOPMENT - Financing.**"

Construction activities are subject to the usual risks associated with such projects, including, but not limited to, delays in the issuance of required permits or other necessary approvals, strikes, shortages of materials, adverse subsurface conditions and adverse weather conditions.

Amendment of Project Documents

Construction of the CDA Facilities and the payment of the 2011 Bonds is dependent upon the performance under a number of development, construction and other contracts, some of which are described in this Limited Offering Memorandum. The amendment of these contracts does not require the consent of the Trustee and, therefore amendments may be made that could adversely affect the timely completion of the CDA Facilities or the generation of funds sufficient to pay debt service on the 2011 Bonds.

Competition and Market

In general, the regional retail, commercial and office markets are highly competitive and are affected by competitive changes in geographic area, changes in the public's spending habits, population trends, availability of qualified employees, traffic patterns, economic conditions and business climate. Additional competitive factors include location and attractiveness of facilities, proximity to similar businesses, supporting services and clients of occupants. The ability of the Mosaic Development to compete in this competitive market is dependent upon the foregoing and a variety of other factors about which no assurance can be given. For a more detailed discussion of such factors and a description of existing or planned retail/commercial developments that might compete with the Mosaic Development, see the Appraisal Report in Appendix B and the Market Analysis in Appendix H.

Appraised Value

Prospective purchasers of the 2011 Bonds should not assume that the land within the District could be sold for its appraised value or, at a foreclosure sale, for an amount sufficient to fund delinquent Special Assessments. Furthermore, prospective purchasers should not assume that the land within the District will not decrease in value below its appraised value. See the section **"SPECIAL ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL - Appraisal Report and Current Assessed Value."**

County Advanced Revenues and Special Assessment Delinquencies

The availability of County Advanced Revenues depends on the timely payment of real estate taxes by the owners of real estate within the District. If any such real estate taxes are delinquent, the procedures for collecting such delinquent taxes are subject to the delays described below under **"Potential Delay and Limitations in Foreclosure Proceedings."** If County Advanced Revenues are insufficient, the payment of debt service on the 2011 Bonds will depend on the timely payment of Annual Installments of the Special Assessments within the District. Although Annual Installments of the Special Assessments will be due and payable and bear the same penalties and interest for non-payment, as do regular *ad valorem* real property tax installments, the unwillingness or inability of District landowners to pay any portion of the tax billings then due and owing on a parcel within the District could result in a foreclosure action being taken by Fairfax County. In such a situation, Fairfax County is authorized, but is not required, to institute a foreclosure proceeding against the property. Fairfax County has covenanted for the benefit of the 2011 Bondholders in the Memorandum of Understanding that it will pursue the collection of delinquent Special Assessments with the same diligence it employs in the collection of Fairfax County's general *ad valorem* real property taxes, but the Authority cannot compel Fairfax County to exercise a particular remedy on a particular schedule.

In the event that sales or foreclosures of property are necessary, if the Debt Service Reserve Fund is depleted, there could be a delay in payments to the 2011 Bondholders pending such sales or the prosecution of foreclosure proceedings and receipt by Fairfax County of the proceeds of sale.

See the section **"SPECIAL ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL - Delinquencies; Enforcement; Foreclosure,"** for a discussion of the provisions which apply, and procedures which Fairfax County is obligated to follow in the event of delinquencies in the payment of Special Assessments. See the subsections **"Potential Delay and Limitations in Foreclosure Proceedings"** and **"Bankruptcy"** below, for a discussion of limitations on Fairfax County's ability to foreclose on the lien of the Special Assessments in certain circumstances.

Uncertainty of County Advanced Revenues

The availability of County Advanced Revenues is contingent in part on the economic success of the District property within the Mosaic Development that results in increases in the current year's assessed value of property in the District over the base year's assessed value and resulting increases in *ad valorem* real property tax revenues collected from District property which increase can not be assumed to occur and if such increase in assessed value does occur, increases in real property taxes collected in the District attributable to such increase are not assured.

Furthermore, Fairfax County is not legally required to levy or appropriate to the Authority the amount of County Advanced Revenues in any calendar year. Consequently, there can be no assurance that County Advanced Revenues will be available during any calendar year to pay debt service on the 2011 Bonds.

Insufficiency of Special Assessments

Within the limits of the Rate and Method, Fairfax County may adjust the Special Assessments levied on all property within the District to provide an amount required to pay debt service on the 2011 Bonds and to pay all annual Administrative Expenses to the extent County Advanced Revenues are insufficient. However, the amount of the Special Assessment that may be levied against a particular parcel within the District is subject to the total amount of the Special Assessments provided in the Rate and Method approved by Fairfax County. Further, the amount of Special Assessments levied will be reduced by County Advanced Revenues calculated in any year regardless of whether such County Advance Revenues are appropriated to the Authority by the Board of Supervisors. There is no assurance that the amount of the Special Assessments will at all times be sufficient to pay the amounts required to be paid by the Indenture. For example, delays in the collection of or foreclosure on Special Assessments could result in insufficient funds being available to pay timely debt service on the 2011 Bonds after depletion of the Debt Service Reserve Fund. The Act does not permit the levy of Special Assessments to replenish the Debt Service Reserve Fund in the event of delays in collection or foreclosure.

See the sections "**SPECIAL ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL - Delinquencies; Enforcement; Foreclosure**" above and "**-- Potential Delay and Limitations in Foreclosure Proceedings**" below.

Potential Delay and Limitations in Foreclosure Proceedings

In the event that (i) any Annual Installment of Special Assessments on commercial property is delinquent on the first anniversary of the date on which Annual Installments of Special Assessments shall have become due or (ii) any Annual Installments of Special Assessments on owner-occupied residential property and any *ad valorem* real property taxes are delinquent on December 31 following the second anniversary of the date on which such Annual Installment or *ad valorem* real estate taxes shall have become due, Fairfax County is authorized to institute a foreclosure proceeding against the property. There is no assurance, however, that Fairfax County will institute such a foreclosure proceeding at all or in a timely and vigorous manner. For example, Fairfax County could determine in its discretion to negotiate payments over time, which might further delay payment of the full amount of the accrued and unpaid Special Assessments. In addition to delays in initiating any foreclosure proceeding, potential investors should be aware that judicial foreclosure proceedings are not summary remedies and can be subject to significant procedural and other delays caused by crowded court calendars and other factors beyond the control of Fairfax County. See the section "**SPECIAL ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL - Delinquencies; Enforcement; Foreclosure.**"

Delays and uncertainties in the foreclosure process create significant risks for 2011 Bondholders. High rates of Special Assessments or real property tax payment delinquencies that continue during the pendency of protracted foreclosure proceedings could result in the rapid, total depletion of the Debt Service Reserve Fund and other pledged Funds and Accounts. In that event, there could be a default in payment of the principal of and interest on the 2011 Bonds.

The payment of the Special Assessments and the portion of the County Advanced Revenues attributable to *ad valorem* real property taxes and the ability of Fairfax County to foreclose on the lien resulting from a delinquent unpaid Special Assessment or *ad valorem* real property tax may also be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the Commonwealth relating to judicial foreclosure. See the section "**SPECIAL ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL - Collection Procedures,**" and the subsection below entitled "**Bankruptcy.**" In addition, the prosecution of a foreclosure could be delayed for numerous unpredictable reasons, including crowded court calendars or lengthy procedural delays.

The ability of Fairfax County to foreclose the lien of a delinquent unpaid Special Assessment or *ad valorem* real property tax payment also may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC") may acquire an interest. The FDIC currently does not have an interest in the land within the District. However, if a lender takes a security interest in the subject property and becomes insolvent, such a lender could fall under the jurisdiction of the FDIC. The FDIC has adopted policies regarding the payment of state and local property taxes, including real estate taxes and assessments. While this federal instrumentality has acknowledged a policy of paying real estate taxes and assessments in certain circumstances, it has also indicated an intention to assert federal preemptive power to challenge any prior taxes, special taxes and assessments where its interests so dictate, including the requirement that local agencies obtain the consent of the FDIC prior to foreclosing on the lien of special taxes.

If Fairfax County is required to obtain the consent of the FDIC prior to foreclosing on property located in the District, such consent could be denied and Fairfax County might be unable or unwilling to pursue foreclosure proceedings. Additionally, obtaining FDIC or other federal or regulatory consent may delay the foreclosure proceedings. Any delay in foreclosure proceedings or the inability of Fairfax County to foreclose on properties in which the FDIC has an interest could result in a delay or default in payment of debt service on the 2011 Bonds.

No assurances can be given that the real property subject to sale or foreclosure will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Assessments. Neither the Act nor the provisions of the Code of Virginia governing the sale of delinquent tax lands require Fairfax County to purchase or otherwise acquire any parcel of property offered for sale or subject to foreclosure if there is no other purchaser at such sale. Special Assessments will have the same lien priority in the case of delinquency as Fairfax County real property taxes have against other types of liens; provided, however, the Code of Virginia does not require or specifically authorize any particular priority for the application of sale or foreclosure proceeds between Fairfax County real property taxes and special assessments that have been or may in the future be imposed by Fairfax County on the same real estate parcel. If the Debt Service Reserve Fund is depleted and delinquencies in the payment of Special Assessments exist, there could be a default or delay in payments of debt service on the 2011 Bonds pending prosecution of foreclosure proceedings and receipt by Fairfax County of foreclosure sale proceeds, if any. There is no assurance that the Special Assessments and the County Advanced Revenues will at all times be sufficient to pay debt service on the 2011 Bonds.

Bankruptcy

Although a bankruptcy proceeding would not cause the Special Assessments or *ad valorem* real property taxes that generate the County Advanced Revenues to become extinguished, the amount and priority of any Special Assessment or real property tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of any District landowner could result in a delay in prosecuting foreclosure proceedings. Such delay could increase the likelihood of a delay or default in the payment of debt service on the 2011 Bonds.

Special Assessments Offset by Unappropriated Increment Tax Revenues

The Special Assessments to be collected from parcels in the District will be reduced by County Advanced Revenues in any year even if such County Advanced Revenues are not appropriated by the Board of Supervisors to the Authority or the Trustee.

Exempt Properties

The Rate and Method provides that Special Assessments shall not be levied on public property. If for any reason a parcel of the property subject to Special Assessments becomes exempt from taxation by reason of transfer to or ownership by a non-taxable entity (such as the federal government, a public agency or other tax-exempt entity by classification or designation), subject to *ad valorem* taxes and Special Assessments being paid current at the time of the transfer, the Rate and Method does not permit Special Assessments to be reallocated to the remaining taxable parcels within the District. If the transfer occurs by reason of condemnation proceedings, the laws of the Commonwealth of Virginia require the application of condemnation proceeds, if any, to the payment of *ad valorem*

taxes and special assessments related to such property. The amount received as a result of such proceeding may not be sufficient to pay the assessment lien upon such parcel. In the case of the public dedication, gift or transfer without consideration of a parcel, there may be no mechanism for collecting the assessment lien on such parcel once it becomes public property. The Rate and Method provides that when a parcel is subdivided into additional parcels, and a subdivided parcel becomes public property, the Special Assessment with respect to that parcel may be collected from the other subdivided parcels that remain taxable property. The Rate and Method also provides that prepayment of the assessment lien is required when a taxable parcel is acquired by an entity that results in such parcel being reclassified as public property and the Special Assessment with respect to such public property can not be reallocated to other tax parcels as a result of subdivision.

If a substantial portion of land within the District became exempt from taxation and Special Assessments because of public ownership or otherwise, the amount of the real property tax and Special Assessments that could be levied upon the remaining property might not be sufficient, together with the other Pledged Revenues, to pay principal of and interest on the 2011 Bonds when due.

No Acceleration Provision

The Indenture does not permit the acceleration of the 2011 Bonds in the event of a payment default or other default under the terms of the 2011 Bonds or the Indenture. The ultimate source of recovery in the event of a default of payment of Special Assessments or County Advanced Revenues is the tax sale foreclosure provision described under the section **"SPECIAL ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL - Delinquencies; Enforcement; Foreclosure."**

Loss of Tax Exemption (2011A Bonds)

As discussed in the section **"TAX MATTERS,"** the interest on the 2011A Bonds could become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2011A Bonds as a result of a failure of the Authority to comply with certain provisions of the Code. Should such event of taxability occur, the 2011A Bonds are not subject to early redemption and will remain Outstanding bearing interest at their existing interest rates to maturity or until redeemed under the optional redemption, special redemption or mandatory sinking fund redemption provisions of the Indenture, which may adversely affect the value and marketability of the 2011A Bonds.

LIMITED OFFERING

The 2011 Bonds are being offered only to "Accredited Investors" within the meaning of Section 2(15) of the Securities Act of 1933, as amended, which term includes both institutions and individuals meeting certain criteria of financial sophistication, net worth, knowledge and experience. Each prospective purchaser of the 2011 Bonds is being furnished a copy of this Limited Offering Memorandum, including the Appendices attached hereto, together with any supplement to this Limited Offering Memorandum which may be prepared. The 2011 Bonds have risk characteristics that require careful evaluation before a decision to purchase is made.

THE DEVELOPMENT

General

The Mosaic Development is an approximately 31 acre mixed-use development located in Fairfax County, Virginia (Washington, D.C. Metropolitan Statistical Area) to consist of retail, residential, hotel and office components. Envisioned by Fairfax County and the Developer as a Town Center for the Merrifield community, when completed the project is projected to include 504,100 square feet of retail space anchored by an approximately 168,900 square foot Target, 853 Class-A multifamily rental units, 114 Class-A townhomes, two hotels (300 total rooms) and 65,000 square feet of Class-A office space. See the section herein **"THE MOSAIC DEVELOPMENT – Zoning/Entitlement Status"** for a description of the currently approved development and certain proposed

amendments. In addition, the site will contain approximately \$136 million of infrastructure improvements which includes both traditional horizontal infrastructure development costs as well as vertical parking infrastructure costs. Currently, nearly 60% of the Mosaic Development is either under contract of sale to non-retail developers and Target Corporation or at lease with retailers that will be tenants in the retail component of the Mosaic Development.

Market Overview

Fairfax County is one of the most densely populated counties in the Washington, D.C. Metropolitan area, with an estimated population of approximately one million residents. Based on income data released in September 2010 by the U.S. Census Bureau, Fairfax County's median household income in 2009 was \$102,499. Fairfax County is among the most educated communities with 58.5% of residents holding a bachelor degree or higher (compared to 27.5% nationally and 33.4% within Virginia) (US Census Bureau, December 2010). Fairfax County also has one of the nation's lowest unemployment rates at 4.6% in November 2010 (compared to 9.8% in the US and 6.6% in Virginia) (Virginia Employment Commission, November 2010). For certain financial, economic and demographic information concerning Fairfax County, see the Market Analysis included as Appendix H and see Appendix I.

In recent years, Fairfax County has made headlines by landing five major corporate headquarters – CSC, Science Applications International Corp (SAIC), Volkswagen Group of America, Hilton Worldwide, and Northrop Grumman. The global headquarters of Northrop Grumman and CSC, which, according to Washington Technology (June 2010), are the second and tenth largest US government contractors respectively, are within ½ mile of the Mosaic Development.

Other current news within the Merrifield submarket includes the announced expansion of INOVA Fairfax Hospital to add over 800,000 square feet to the hospital campus, which is already the largest hospital in Northern Virginia and the fifth largest birthing center in the U.S. The U.S. Department of Defense Medical Command also recently executed a lease for 750,000 square feet, which is anticipated to add 3,000 jobs to the Merrifield area in 2011. Both facilities are within 1-mile of the Mosaic Development. Lastly, the Virginia Department of Transportation and Fluor-Transurban have continued construction improvements to the Lee Hwy/Gallows Road intersection and the I-495 HOT lanes that are scheduled for completion in 2012.

Zoning / Entitlement Status

As of October 15, 2007, the Board of Supervisors approved the rezoning of the property in the District from Medium Intensity Industrial, General Industrial, and Highway Corridor Overlay Districts to Planned Development Commercial, Planned Residential Mixed Use and Highway Corridor Overlay with a maximum gross floor area of 1,893,112 square feet. The District will be divided into two sub-districts that include a planned residential mixed use sub-district and a planned commercial district. See the Engineer's Report attached as Appendix C and the Tax Increment Projection Study attached as Appendix G for a more complete description of the proposed development.

The Developer has submitted three separate Proffer Condition Amendments (PCA) to Fairfax County in order to adjust the October 2007 zoning approval to account for the evolution of the project.

In May 2010, the Developer submitted its first PCA to provide access to the building located on Parcel B from Yates Way across the adjacent Uniwest property to the East of the project. Fairfax County approved this PCA on September 28, 2010.

In June 2010, the Developer submitted its second PCA to adjust the project to move the theater use from the southern end of the property (Parcel I) to Parcel D. The Fairfax County Planning Commission unanimously approved the PCA on January 13, 2011 and the Board of Supervisors approved it on February 8, 2011.

In August 2010, the Developer submitted its third PCA to replace the former NAI theater use in the southern end of the property (Parcel I) with townhouse and additional multi-family residential uses (Parcels G, H, I

and J). The PCA is currently in review with Fairfax County staff and is expected to be considered for approval in July 2011.

In connection with the approval of the rezoning of property within the District, the Developer, and Merrifield Mixed Use LLC, as predecessor in interest to the Developer, agreed to certain obligations and restrictions as set forth in the Proffer Statement, dated October 15, 2007, approved by Fairfax County (the "Proffer Statement"). The Proffer Statement includes, among other things, requirements for the construction of minimum and maximum square footage of gross floor area and maximum floor area ratios for the District as a whole and within each Parcel. The Proffer Statement also requires the Developer to build a minimum of 500 dwelling units, including required affordable dwelling units and market rate workforce housing units. Requirements for construction of road improvements, building height and design restrictions, requirements for parking, transportation demand management (trip reduction) requirements and permitted uses are set forth in the Proffer Statement.

Development Overview

The Mosaic Development is the realization of the Merrifield Suburban Center Comprehensive Plan created by a community task force of Fairfax County government officials, local stakeholders, and real estate professionals in 1998, to develop an urban downtown for Merrifield and the surrounding communities. The Mosaic Development will revitalize a former industrial area that sits geographically in the center of Fairfax County with immediate access to the Dunn Loring Metro Station, I-495, and I-66, along with the historic east-west corridors to DC: Routes 29 and 50. Approximately 129,000 people live within a three-mile radius of the site, and average household income in that area exceeds \$121,000. The sub-market's demographics, job growth, and commercially under-served attributes combined with the site's unique location and accessibility (as described above in "**Market Overview**") drive the community and business demand for a center that will provide retail development and restaurants, high-quality residential homes, first-class hotels, urban parks, and walkable streets.

The Mosaic Development is planned to be developed in ten parcels, referred to as Parcels A through J. The table and site plan below show the planned uses and locations of the components of the Mosaic Development. Parcels A, B, and D are planned to be developed primarily as ground-floor retail, in addition to a second-floor theater (on Parcel D) and a fourth-floor Target store (on Parcel B). The plan provides for 364,000 square feet of retail on Parcels A, B and D, as well as a 150 room hotel and 65,000 square feet of Class-A office space. Parcels C, E, F, H, I and J are planned to include primarily residential components, with approximately 114 townhomes to be developed on Parcels I and J, although in total those parcels will have approximately 120,000 square feet of retail that will run along the entire length of District Avenue creating an urban shopping street. Parcel G is planned to include a 150 room hotel and 20,000 square feet of retail. Mosaic will also contain almost 2 acres of park and open space.

Certain components of the planned development are subject to approval by the Fairfax County Board of Supervisors as described above under "**Zoning/Entitlement Status.**" See also the section entitled "Description of the Site" included in the Appraisal attached as Appendix B and see the sections below entitled "**Development Status**" and "**Development Finance Plan**" for a more detailed description of current status of development, leasing and sales.

The estimated development makeup and the timeline for vertical construction for each parcel in the Mosaic Development is detailed below:

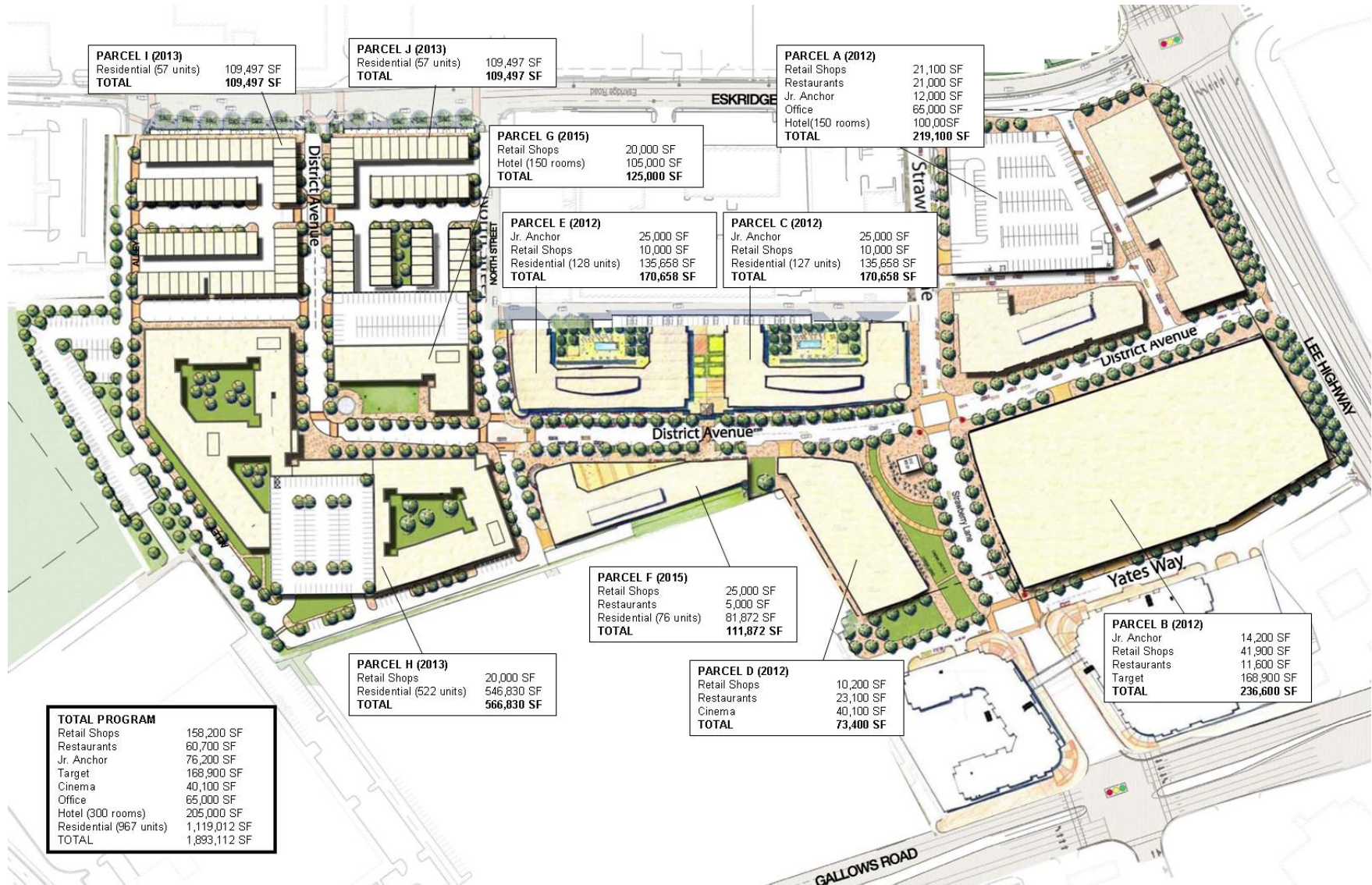
Parcel	Uses	Estimated Vertical Construction Start	Estimated Construction Completion	Planned Developable Square Feet	Planned Residential Units or Hotel Rooms	Square Feet Sold, Leased or Under Sales Contract	Entity Contractually Committed for Vertical Construction
A	Retail	Apr 2011	Oct 2012	54,100	--		
	Office	Apr 2011	Oct 2012	65,000	--		
	Hotel	Apr 2011	Oct 2012	100,000	150		
	TOTAL			219,100			
B	Target	Dec 2010	Oct 2012	168,900	--		
	Retail	Dec 2010	Oct 2012	67,700	--		
	TOTAL			236,600			
C	Multifamily	Apr 2012	Sep 2013	135,658	127		
	Retail	Apr 2012	Sep 2013	35,000	--		
	TOTAL			170,658			
D	Retail	June 2011	Oct 2012	73,400	--		
E	Multifamily	Apr 2012	Sep 2013	135,658	128		
	Retail	Apr 2012	Sep 2013	35,000	--		
	TOTAL			170,658			
F	Multifamily	Sep 2013	Apr 2015	81,872	76		
	Retail	Sep 2013	Apr 2015	30,000	--		
	TOTAL			111,872			
G	Hotel	Sep 2012	Sep 2013	105,000	150		
	Retail	Sep 2012	Sep 2013	20,000	--		
	TOTAL			125,000			
H	Multifamily	Nov 2011	Apr 2013	546,830	522		
	Retail	Nov 2011	Apr 2013	20,000	--		
	TOTAL			566,830			
I	Townhome	Nov 2011	Apr 2013	109,497	57		
J	Townhome	Nov 2011	Apr 2013	109,497	57		
	TOTAL			1,893,112	1,267		

¹ Sold

² Leased

³ Under Sales Contract

MOSAIC DISTRICT COMMUNITY DEVELOPMENT AUTHORITY PARCEL MAP



Development Status

To date, the Developer has acquired title to all of the real estate in the District. The demolition of existing infrastructure and buildings on the site is 100% complete as described below. The Developer has begun work on the CDA Facilities, including initial construction of the utility and road infrastructure, and estimates that work on the CDA Facilities is 25% complete. The Developer has begun construction of the Target store on Parcel B, as described below. Leases or contracts for approximately 238,400 square feet of retail space have been executed including the Target contract and a lease for 40,100 square feet of space to Angelika Film Center Mosaic, LLC to operate as Angelika Theater. In addition to the retail activity, the Developer or the Developer's affiliated entities, have entered into contracts for the sale of a residential parcel to Avalon Bay Communities, Inc., the sale of a hotel parcel to Lodgeworks, L.P., as described below and the sale of parcels to EYA Development, LLC to build townhomes. In total, nearly 60% of the planned square footage is under contract or at lease. See the descriptions below and in the section "**Development Finance Plan.**"

Horizontal Infrastructure. The Developer began horizontal sitework in May 2010, consisting of demolition of the existing 14-screen National Amusements movie theater and all of the existing infrastructure including certain parking, water facilities, roads, stormwater facilities and other infrastructure. The Parcel B construction pad was delivered in December 2010 to commence vertical construction of the Building B retail, including the Target space. The Developer is currently constructing all horizontal infrastructure and roads to deliver the base roads and building pads by March 2011 with the remaining building pads to be delivered over the course of 2011.

Retail Pre-Leasing. In addition to the contract with Target for its 168,900 square foot store, the Developer has entered into a lease for a proposed 40,100 square foot Angelika Theater (lease executed on February 12, 2010), and a proposed 12,000 square foot boutique grocer, My Organic Market (lease executed on April 29, 2010).

Other significant executed retail leases totaling 17,400 square feet include:

- A 6,000 square foot Black's restaurant (lease executed on April 29, 2010)
- A 6,500 square foot Matchbox restaurant (lease executed on May 18, 2010)
- A 1,800 square foot Taylor Gourmet (lease executed on August 17, 2010)
- A 1,800 square foot Red Apron Butcher (lease executed on November 23, 2010)
- A 1,300 square foot MyEyeDr (lease executed on December 20, 2010)

The construction drawings for buildings on Parcels A, B and D (364,100 square feet of retail) have been submitted to Fairfax County and are expected to be considered for approval between January 2011 and April 2011, at which time the Developer will begin construction on those buildings.

The remaining retail square footage will be located on Parcels C, E, F, G and H, (140,000 square feet). Construction on these spaces is expected to commence in the Fall of 2011 and be completed by the Fall of 2013, except 30,000 square feet of retail on Parcel F, which is expected to be complete by 2015. The Developer has commenced the marketing process of the retail spaces in Parcels C and E and is having numerous conversations with significant junior anchors for those parcels.

Multifamily Residential. The multifamily residential component will be developed, constructed and owned by third party residential developers and operators. The Developer has entered into a contract with Avalon Mosaic, LLC ("Avalon"), a wholly-owned subsidiary of Avalon Bay Communities, Inc., for the sale of redesignated Parcel 14, upon which Avalon proposes to construct approximately 522 Class-A apartments. See the description of the contract in the "**Third Party Developers**" section below. The Developer is expected to sell the pad to Avalon in September 2011. Construction of these units is expected to commence in November 2011 with completion in April 2013.

The Developer has commenced marketing the multifamily residential pads on Parcels C and E, upon which approximately 255 units are planned. It is expected that construction will commence on those units in April 2012 and be completed in September 2013.

It is expected that the last multifamily parcel to be developed will be located on Parcel F (76 units). The Developer plans to commence marketing the Parcel F residential pad in early 2012. Construction is expected to commence in September 2013 and be completed in April 2015.

Townhomes. The Developer has entered into a contract with EYA Development, LLC ("EYA") to sell Parcels I and J to EYA. EYA plans to construct 114 townhomes on the two parcels, beginning construction in November 2011 with completion in April 2013. See the description of the contract in the **"Third Party Developers"** section below.

Hotel. Two 150 room hotels are planned in the Mosaic Development, both constructed and operated by hotel developer / operators. The Developer has entered into a contract with Lodgeworks, L.P. ("Lodgeworks") for the sale of the hotel square footage located on Parcel A. Lodgeworks plans to construct a 150 room Hotel Sierra on Parcel A, with construction beginning in April 2011 and completion in September 2012. See the description of the contract in the **"Third Party Developers"** section below.

The Developer plans to market the hotel pad on Parcel G beginning in early 2012. It is expected that construction will commence in September 2012 and be completed in September 2013.

Office. The office component will be developed, constructed and owned by Developer and will consist of approximately 65,000 square feet of office to be located above retail within Parcel A of the Mosaic Development. The Developer recently commenced marketing the office space. Construction of the office space is expected to begin in June 2011, to be completed in October 2012. As noted above, the construction drawings for the building on Parcel A have been submitted to Fairfax County and are expected to be considered for approval between January 2011 and April 2011, after which time the Developer will begin construction on the office space.

Development Finance Plan

The Developer's plan includes responsibility for the financing and construction of all horizontal and certain vertical development costs within the Mosaic Development other than the construction costs associated with vertical construction of the multifamily sites including associated parking facilities (which will be developed pursuant to a joint development agreement), all townhome product and the hotel products. Furthermore, as described above, the Developer has entered into an agreement to build the Target store for Target Corporation whereby Target would purchase the completed space from the Developer. The multifamily, townhome and hotel developers/owners would be responsible for their own costs of vertical construction. This plan is detailed further below.

The cost of the Mosaic Development is expected to be financed through various sources as described below. The costs of the CDA Facilities are expected to be financed primarily with proceeds of the 2011 Bonds as described herein under **"THE CDA FACILITIES."**

The table below details the Developer's projected costs of the Mosaic Development which include all horizontal and vertical costs anticipated for the full development including those costs that would be borne by third party purchasers. It also sets forth the anticipated sources of funds to cover those costs. Additional discussion on the source of funding is set forth below.

Table 1 - Horizontal and Vertical Cost Development Budget and Expected Timing of Cost Obligations

Foot note		Period Ending																										
		Through Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	Dec-14	Jun-15	Dec-15	Total															
1	PUBLIC INFRASTRUCUTRE IMPROVEMENT COSTS																											
2	Road Improvements	\$	(17,561)	\$	(13,413)	\$	(93)	\$	(159)	\$	-	\$	-	\$	-	\$	-	\$	(31,226)									
2	Parks		(2,065)		(4,167)		(647)		(1,294)		-		-		-		-		(8,174)									
2	Utility Infrastructure and Other Improvements		(14)		(8,494)		-		-		-		-		-		-		(8,508)									
3	Parking (Retail / Office)		(16,687)		(30,384)		-		(4,914)		(321)		(641)		(641)		(846)		(1,051)	(641)	-	(56,128)						
4	Parking (Hotel and Residential)		-		-		(840)		(5,405)		(3,725)		(6,150)		(10,860)		(4,570)		-	-	-	(31,550)						
	TOTAL PUBLIC IMPROVEMENT COSTS	\$	(36,328)	\$	(56,459)	\$	(1,580)	\$	(11,772)	\$	(4,046)	\$	(6,792)	\$	(11,501)	\$	(5,416)	\$	(1,051)	\$	(641)	\$	-	\$	(135,586)			
PRIVATE HORIZONTAL IMPROVEMENT COSTS																												
5	Total Horizontal Costs (Not Related to Public Improvements)	\$	(22,675)	\$	(487)	\$	(1,250)	\$	(1,609)	\$	-	\$	-	\$	-	\$	(31)	\$	(1,053)	\$	-	\$	-	\$	(27,105)			
6	RETAIL VERTICAL COSTS (NET LAND)		Parcel(s)	SF																								
	A, B & D Retail Vertical Costs	A, B & D	364,100	\$	(4,441)	\$	(4,878)	\$	(29,350)	\$	(20,363)	\$	(10,854)	\$	(465)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(70,351)	
	H & I Retail Vertical Costs	H & I	20,000		-		(114)		(25)		(22)		(27)		(28)		(1,869)		(1,757)		(1,172)		(51)		-	(5,063)		
	C & E Retail Vertical Costs	C & E	70,000		-		-		(687)		(21)		(25)		(750)		(2,430)		(6,702)		(6,579)		(2,164)		(149)	(19,507)		
	F & G Retail Vertical Costs	F & G	50,000		-		(101)		(63)		(403)		(168)		(1,574)		(3,738)		(3,510)		(2,900)		(632)		-	(13,089)		
	Retail Totals		504,100	\$	(4,441)	\$	(5,093)	\$	(30,125)	\$	(20,808)	\$	(11,074)	\$	(2,817)	\$	(8,037)	\$	(11,970)	\$	(10,651)	\$	(2,847)	\$	(149)	\$	(108,010)	
7	OFFICE VERTICAL COSTS (NET LAND)		Parcel(s)	SF																								
	A Office Vertical Costs	A	65,000	\$	(793)	\$	(871)	\$	(5,240)	\$	(3,635)	\$	(1,938)	\$	(83)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(12,559)	
	Office Totals		65,000	\$	(793)	\$	(871)	\$	(5,240)	\$	(3,635)	\$	(1,938)	\$	(83)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(12,559)	
8	TOWNHOUSE VERTICAL COSTS (NET LAND)		Parcel(s)	SF																								
	Contracted for Sale	G & I	218,994	\$	-	\$	-	\$	(4,791)	\$	(4,791)	\$	(4,791)	\$	(4,791)	\$	(4,791)	\$	(4,791)	\$	(4,791)	\$	(4,791)	\$	-	\$	(38,328)	
	Available for Sale	NA	NA		-		-		-		-		-		-		-		-		-		-		-	-		
	Townhouse Totals		218,994	\$	-	\$	-	\$	(4,791)	\$	(4,791)	\$	(4,791)	\$	(4,791)	\$	(4,791)	\$	(4,791)	\$	(4,791)	\$	(4,791)	\$	-	\$	(38,328)	
9	MULTIFAMILY VERTICAL COSTS (NET LAND)		Parcel(s)	SF																								
10	Contracted for Sale	G & H	546,830	\$	-	\$	-	\$	-	\$	(51,081)	\$	(51,081)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(102,163)	
11	Available for Sale	C, E & F	353,188		-		-		-		(26,829)		(26,829)		(7,863)		(7,863)		-		-		-		-	(69,383)		
	Multifamily Totals		900,018	\$	-	\$	-	\$	-	\$	(51,081)	\$	(77,910)	\$	(26,829)	\$	(7,863)	\$	(7,863)	\$	-	\$	-	\$	-	\$	(171,546)	
12	HOTEL VERTICAL COSTS (NET LAND)		Parcel(s)	SF																								
13	Contracted for Sale	A	100,000	\$	-	\$	-	\$	(12,036)	\$	(12,036)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(24,071)	
14	Available for Sale	G	105,000		-		-		-		-		-		(10,909)		(10,909)		-		-		-		-	(21,818)		
	Hotel Totals		205,000	\$	-	\$	-	\$	(12,036)	\$	(12,036)	\$	-	\$	-	\$	(10,909)	\$	(10,909)	\$	-	\$	-	\$	-	\$	(45,890)	
TOTAL PROJECT COSTS				1,893,112	\$	(64,237)	\$	(62,909)	\$	(55,021)	\$	(105,733)	\$	(99,759)	\$	(41,311)	\$	(43,101)	\$	(40,980)	\$	(17,546)	\$	(8,279)	\$	(149)	\$	(539,024)

Footnotes:

- (1) See the Engineer's Report attached as Appendix C for a full description of the Infrastructure Improvement Costs.
- (2) The 2011 Bonds are expected to pay the majority (\$42 million) but not all of the road improvements, parks, utility infrastructure and other general public improvements.
- (3) The Developer has taken on full responsibility for the funding of the parking requirements pertaining to the retail and office components that are not financed with 2011 Bonds. The Developer will use its internal funds to either fund these costs directly or purchase subordinated 2011B Bonds as described in greater detail below in "Table 2" and "Developer's Financing Plan."
- (4) The Developer plans call for the non-retail parking to be developed by the purchasers of the multifamily and hotel properties through a joint development agreement. The current contracts with Avalon and Lodgeworks, as described in "Third Party Developers" below require them to pay for their portions of the parking requirement. It is further expected that the parking cost obligation would be borne by future purchasers of multifamily (Parcels C, E, F and H) and hotel (Parcel G) and developed through a joint development agreement.
- (5) These costs represent the balance of the horizontal infrastructure costs required for the planned development that are not part of the infrastructure improvement budget.
- (6) The Developer will be responsible for the vertical costs associated with retail development in the District including the Target Store. The cost of construction excluding the related parking facilities is expected to be approximately \$210/sf. As further detailed below under "Third Party Developers – Target Sale," Target has agreed to reimburse the Developer for the cost of construction of its facility.
- (7) The Developer will be responsible for the vertical costs associated with office component of the Development. The office component is an integral component of the vertical construction associated with the other uses on Parcel A. The Developer has recently commenced marketing the office space, and plans to commence construction on Parcel A vertical construction in April 2011.
- (8) The Developer's plan for all Townhome product in the Development is to prepare pad ready sites and to sell those sites to third party developer/owners ("Multifamily Developers"). The Developer has a contract for sale of all planned Townhome product with EYA. See "Third Party Developers – Townhome Sale" below for further detail. There are no additional planned townhome units in the development. EYA would be responsible for the construction and financing related to the vertical construction. The costs provided herein are the Developer's estimate of cost to complete 114 units of townhome vertical construction and related parking. The actual costs will be determined by the EYA, their final plans and specs, among other factors.
- (9) The Developer's plans for all Multifamily product in the Development is to prepare pad ready sites and to sell those sites to third party developer/owners ("Multifamily Developers"). The Multifamily Developers would be responsible for the construction and financing related to the vertical construction. The costs provided herein are the Developer's estimate of cost to complete for Class A multifamily vertical construction. These costs estimates do not include the cost of any structural parking requirements, as estimated above and described in Footnote 4, which remain obligations of the Multifamily Developers. The actual costs will be determined by the Multifamily Developers, their final plans and specs, among other factors.
- (10) The multifamily portion of Parcel G and Parcel H are under contract for sale to Avalon. See "Third Party Developers – Multifamily Sale" below for further detail. The Developer estimates the vertical construction cost exclusive of structural parking at approximately \$190 / sf of vertical development.
- (11) Parcels C, E and F encompassing an additional 353,188 sf of multifamily development are projected to begin construction in 2012. The Developer estimates the vertical construction cost exclusive of structural parking at approximately \$200 / sf.
- (12) The Developer's plans for all Hotel product in the Development encompass preparing pad ready sites and selling those sites to third party developer / owners ("Hotel Developers"). The Hotel Developers would be responsible for the construction and financing related to the vertical construction. The costs provided herein are the Developer's estimate of cost to complete high quality hotel vertical construction. The actual costs will be determined by the Hotel Developers, their final plans and specs, among other factors.
- (13) The hotel portion of Parcel A is under contract for sale to Lodgeworks. See "Third Party Developers – Hotel" below for further detail. The Developer estimates the vertical construction cost and share of structural parking at approximately \$240 / sf of vertical development.
- (14) Parcel G encompassing an additional 105,000 sf of hotel development is projected to begin construction in September 2012. The Developer estimates the vertical construction cost exclusive of structural parking at slightly above \$200 / sf.

Table 2 - Costs Allocation and Expected Funding Sources

Foot note		Period Ending											Total
		Through Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	Dec-14	Jun-15	Dec-15	
1	SUMMARY OF DEVELOPER'S SHARE OF COSTS												
2	Public Improvements (Net of Residential / Hotel Parking Costs)	\$ (36,328)	\$ (56,459)	\$ (740)	\$ (6,367)	\$ (321)	\$ (641)	\$ (641)	\$ (846)	\$ (1,051)	\$ (641)	\$ -	\$ (104,036)
3	Private Horizontal Improvement Costs	(22,675)	(487)	(1,250)	(1,609)	-	-	-	(31)	(1,053)	-	-	(27,105)
4	Retail Construction Costs	(4,441)	(5,093)	(30,125)	(20,808)	(11,074)	(2,817)	(8,037)	(11,970)	(10,651)	(2,847)	(149)	(108,010)
5	Office Construction Costs	(793)	(871)	(5,240)	(3,635)	(1,938)	(83)	-	-	-	-	-	(12,559)
	TOTAL DEVELOPER SHARE OF COSTS	\$ (64,237)	\$ (62,909)	\$ (37,354)	\$ (32,419)	\$ (13,332)	\$ (3,541)	\$ (8,678)	\$ (12,847)	\$ (12,755)	\$ (3,488)	\$ (149)	\$ (251,711)
	SOURCES OF FUNDING												
6	Series A Bond Draws	\$ -	\$ 42,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,000
7	Net Land Sale Proceeds Under Contract	-	1,647	16,850	25,509	136	4,953	136	136	136	498	-	50,000
8	Developer Equity	64,237	-	-	-	-	-	-	-	-	-	-	64,237
	DEVELOPER (DEFICIT) / SURPLUS - CAPITAL CONTRIBUTIONS / Add'l Parcel Sales	\$ -	\$ (19,263)	\$ (20,504)	\$ (6,910)	\$ (13,196)	\$ 1,412	\$ (8,543)	\$ (12,711)	\$ (12,619)	\$ (2,990)	\$ (149)	\$ (95,474)
	DEVELOPER/E&A FUNDING												
9	Starting Balance	\$ -	\$ -	\$ 19,263	\$ 39,767	\$ 46,678	\$ 59,874	\$ 58,462	\$ 67,005	\$ 79,716	\$ 92,335	\$ 95,325	\$ -
	Equity Draws or Revolver Draws / (Repayments)	-	19,263	20,504	6,910	13,196	(1,412)	8,543	12,711	12,619	2,990	149	95,474
	Ending Balance	\$ -	\$ 19,263	\$ 39,767	\$ 46,678	\$ 59,874	\$ 58,462	\$ 67,005	\$ 79,716	\$ 92,335	\$ 95,325	\$ 95,474	\$ -
	SUMMARY OF THIRD PARTY COSTS / REQUIRED CAPITAL CONTRIBUTIONS												
10	Public Improvements (Multi family and Hotel Costs)	\$ -	\$ -	\$ (840)	\$ (5,405)	\$ (3,725)	\$ (6,190)	\$ (10,860)	\$ (4,570)	\$ -	\$ -	\$ -	\$ (31,550)
11	Private Horizontal Improvement Costs	-	-	-	-	-	-	-	-	-	-	-	-
12	Vertical Construction Costs/Land Purchase Costs	-	(4,000)	(57,761)	(85,642)	(83,031)	(38,385)	(23,893)	(23,893)	(5,121)	(6,001)	-	(327,727)
	TOTAL THIRD PARTY DEVELOPER SHARE OF COSTS	\$ -	\$ (4,000)	\$ (58,601)	\$ (135,284)	\$ (86,757)	\$ (49,803)	\$ (34,753)	\$ (28,462)	\$ (5,121)	\$ (6,001)	\$ -	\$ (359,277)
	SUMMARY OF THIRD PARTY COSTS / REQUIRED CAPITAL CONTRIBUTIONS BY STATUS												
13	From Property Purchasers with Committed Contracts to Purchase	\$ -	\$ (4,000)	\$ (58,302)	\$ (117,241)	\$ (58,599)	\$ (9,078)	\$ (12,108)	\$ (8,061)	\$ (5,121)	\$ (6,001)	\$ -	\$ (278,512)
14	Assumed from Prospective Property Purchasers	\$ -	\$ -	\$ (300)	\$ (18,044)	\$ (28,157)	\$ (40,725)	\$ (22,644)	\$ (20,401)	\$ -	\$ -	\$ -	\$ (130,271)
	TOTAL THIRD PARTY DEVELOPER SHARE OF COSTS	\$ -	\$ (4,000)	\$ (58,601)	\$ (135,284)	\$ (86,757)	\$ (49,803)	\$ (34,753)	\$ (28,462)	\$ (5,121)	\$ (6,001)	\$ -	\$ (408,782)

Footnotes:

- (1) Subset of Development project costs allocated to the Developer.
- (2) Total Infrastructure Improvement Costs except for the parking facilities relating to the residential and Parcel G hotel portions of the Development.
- (3) As described above in Footnote 5 of Table 1 - Horizontal and Vertical Cost Development Budget and Expected Timing of Cost Obligations.
- (4) All vertical construction costs related to the retail portion of the Development. See Footnote 6 of Table 1 - Horizontal and Vertical Cost Development Budget and Expected Timing of Cost Obligations.
- (5) All vertical construction costs related to the office portion of the Development. See Footnote 7 of Table 1 - Horizontal and Vertical Cost Development Budget and Expected Timing of Cost Obligations.
- (6) Represents the net available proceeds of the 2011 Bonds.
- (7) Amount of net proceeds (net of costs) from development right and building sales contracts in place with Target, Avalon, Lodgeworks and EYA.
- (8) Amount of Developer equity contribution that has already been contributed.
- (9) The net amount of draws / repayments of capital required in each period. The Developer's financing resources are further described below under " – Developer's Financing Plan."
- (10) Subset of Development project costs allocated to the Multifamily and Hotel Developers.
- (11) The portion of the Infrastructure Improvement Costs limited to the parking facilities relating to the residential and Parcel G hotel portions of the Development.
- (12) Total vertical and land purchase costs pertaining to the multifamily, townhome and hotel vertical construction as detailed in Table 1 - Horizontal and Vertical Cost Development Budget and Expected Timing of Cost Obligations. No costs allocated to the Multifamily and Hotel Developers.
- (13) Allocation of total project costs pertaining to the parties with contracts in place - Target, Avalon, Lodgeworks and EYA.
- (14) Allocation of total project costs pertaining to the parties with projected contracts.

Developer's Financing Plan

Edens & Avant Investments Limited Partnership ("E&A") through the Developer, an E&A wholly owned entity, will develop and construct the infrastructure, horizontal improvements and the vertical retail components of the Mosaic Development. The aggregate cost of these components totals approximately \$252 million. The general cost break down is provided above in Table 2 - Costs Allocation and Expected Funding Sources.

As described more fully below, E&A is supported by three institutional equity investors that own more than 90% of the equity in E&A. E&A's unsecured bonds are rated NAIC-2 (high quality) by the National Association of Insurance Commissioners. E&A will finance the construction and development of the Mosaic Development through (1) its own balance sheet, (2) parcel sales to Target Corporation and to non-retail developers (including Avalon Bay, EYA and Lodgeworks as described below), and (3) proceeds from the 2011 Bonds.

The aggregate capital necessary to fund the Developer's anticipated obligations totals approximately \$252 million, of which \$64.2 million has been spent, so there remains approximately \$188 million of aggregate capital to fund the remaining Developer obligations. As of the date of this Memorandum, E&A has executed purchase and sale agreements with an aggregate value in excess of \$50 million – all as further described below under "Third Party Developers". In addition, the 2011 Bonds are expected to provide \$42 million in net proceeds to offset a portion of the total infrastructure costs. The Developer anticipates additional sales of remaining residential and hotel development rights to yield additional net sales proceeds. However, no contracts for the additional sales are currently in place. As discussed above, E&A expects to fund the Developer with additional capital contributions in the amounts necessary to complete the Developer's obligations.

E&A Financial Condition. Edens & Avant is institutionally owned, with more than 90% of E&A's equity owned by three large institutional investors – the State of Michigan Retirement System, New York State Teachers' Retirement System and a commingled fund sponsored by J.P. Morgan Asset Management (collectively, "Institutional Investors").

As of March 31, 2011, E&A had a \$210 million undrawn equity commitment from its Institutional Investors that can be drawn at any time with 10 days notice. In addition, E&A has a \$350 million unsecured revolving credit facility syndicated to 14 banks led by Wells Fargo and Bank of America. The facility matures in September 2012 and has two unilateral one-year extension options, exercisable at E&A's option. As of March 31, 2011, E&A had no outstanding borrowings on its credit facility. As of March 31, 2011, E&A had capital commitments (inclusive of committed development projects, committed redevelopment projects, committed acquisition activity and debt maturities through 2012) of approximately \$320 million, approximately \$150 million of which are debt maturities and amortization. E&A's \$560 million in capital available is 1.8x its current capital commitments through 2012. E&A intends to fully fund the Developer's capital obligations from either equity, draws against the existing E&A credit facility and/or parcel sales.

The following table presents selected financial information for E&A for the year ended December 31, 2010 and the quarter ended March 31, 2011 (portfolio and balance sheet information).

Edens & Avant Selected Financial Information

(\$000s)

	3/31/2011
Property Data	Actual
Number of Properties	123
Gross Leasable Area	15,259
	12/31/2010 ⁽¹⁾
Income Statement Highlights	Actual
Revenues ⁽²⁾	\$ 226,610
EBITDA ⁽²⁾	149,804
Net Operating Income ⁽²⁾	154,450
Recurring Funds From Operations ⁽³⁾	92,080
Adjusted Funds Available For Distribution ⁽³⁾	80,335
	3/31/2011
Capitalization	Actual
Secured Fixed-Rate Debt	\$ 231,132
Secured Floating-Rate Debt	-
Unsecured Fixed-Rate Debt	850,000
Unsecured Floating-Rate Debt	22,018
Total Debt ⁽⁴⁾	\$ 1,103,150
Weighted Average Coupon	5.80%
Total Equity ⁽⁴⁾	\$ 1,338,365
Debt / Total Capitalization ⁽⁵⁾	45.2%

Notes:

(1) 3/31/11 Income Statement figures not available as of the date of this PLOM.

(2) Includes pro rata share of joint venture properties.

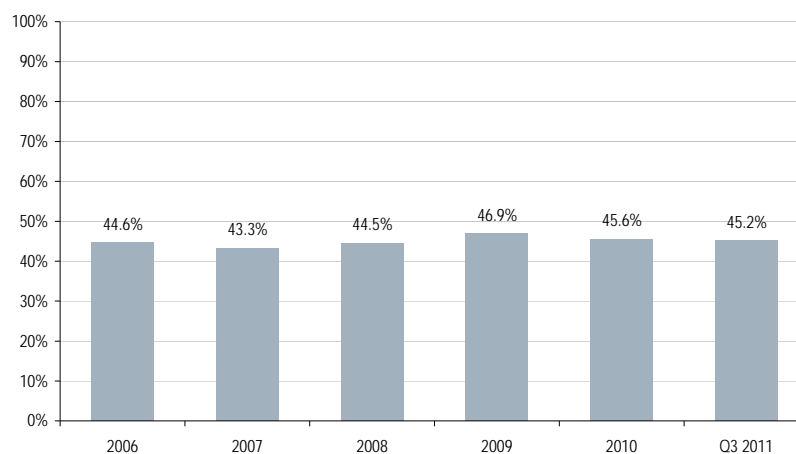
(3) Consolidated.

(4) Based on 12/31/2010 third party appraised NAV / Unit value of \$12.58.

(5) Consolidated Debt / Total Capitalization.

E&A has consistently managed its conservative balance sheet to maintain moderate leverage levels. The chart below highlights E&A's consolidated debt / total capitalization through the most recent economic cycle:

Debt / Total Capitalization ⁽¹⁾



Notes:

(1) Consolidated; based on appraised net asset value.

E&A has agreed to provide its most recent audited financial statements to interested investors. E&A will require the execution of a mutually acceptable confidentiality agreement with each investor prior to their distribution.

Third Party Developers

As of the date of this Memorandum, E&A, or its affiliates, have executed purchase and sale agreements with Target Corporation for a constructed store shell on the upper level of Building B, Avalon Bay for a land pad for the construction and development of approximately 522 multifamily rental units, EYA for a land pad upon which to construct 114 townhomes and Lodgeworks for a 150 room hotel. All due diligence periods have expired and represent firm purchase contract obligations of each purchaser to acquire their respective sites when the Developer meets its obligations under the contracts. The aggregate value of these contracts exceeds \$50 million. Following execution of a mutually acceptable confidentiality agreement with each investor, the Developer will permit such investor to review more salient details of the respective contracts.

The following describes the contracts and each owner's anticipated development financing plans.

Target Sale. Edens & Avant Realty, Inc. entered into a Purchase Contract with Target Corporation on May 21, 2010 (the "Target Purchase Contract") providing for the purchase by Target Corporation of certain real estate on Parcel B including the proposed Target store shell (the "Target Shell") and related parking facilities.

Target Corporation is a Minneapolis-based publicly held company (NYSE: TGT) with credit ratings of A2/A+ from Moody's and S&P, respectively. Target Corporation owns 1,752 stores in 49 states nationwide. The company recorded \$63.4 billion in sales in 2009, a 74% increase over 2002 sales of \$36.5 billion. As of September 30, 2010, Target Corporation had \$45.0 billion in total assets on its balance sheet.

Under the Target Purchase Contract, as a condition to Target Corporation's obligation to purchase such real estate, the Developer is required, among other things, to (i) complete the design of the Target Shell and certain site work, (ii) obtain final zoning, site plan, subdivision, condominium and certain other approvals, (iii) substantially complete construction of the Target Shell and (iv) substantially complete certain additional construction and site work consisting of the building on Parcel A, the building on Parcel D, the Parcel A parking deck, and certain other site work and off-site improvements. In the event Target Corporation defaults under the Target Purchase Contract, the Developer's remedies include (i) retaining a deposit and receiving additional liquidated damages from Target Corporation or (ii) requiring Target Corporation to proceed with the purchase of the property.

As of its most recent quarterly SEC filing, Target had approximately \$2 billion in revolving credit capacity that was undrawn.

Multifamily Sale. Edens & Avant Realty, Inc. ("Edens & Avant Realty") entered into a Contract of Sale with Avalon Bay dated November 2, 2010 (the "Avalon Purchase Contract") for the purchase of land condominium units in re-designated Parcel H for development of up to 546,830 square feet of residential apartments.

Avalon Bay is a wholly-owned affiliate of AvalonBay Communities, Inc. AvalonBay Communities, Inc. is a REIT focused on developing, redeveloping, acquiring and managing high-quality apartment communities in high barrier-to-entry markets such as Washington, D.C., Boston, Los Angeles and New York. As of September 30, 2010, AvalonBay owned or held an interest in 179 apartment communities containing 52,490 apartment homes. Including redevelopments, AvalonBay owns 18 communities in the Washington, D.C. metropolitan area that make up 13.8% of the company's total apartment homes by apartment count. As of September 30, 2010, AvalonBay Communities, Inc. had \$1 billion in available capital under it unsecured credit facility and a balance sheet with a total debt to total market cap of 30.8% based on its September 30, 2010 10-Q filings. Avalon Bay Communities, Inc. is an investment grade rated (Baa1 / BBB+), publicly-traded company with significant access to both debt and equity capital. As of 12/31/2010, AvalonBay Communities, Inc. has \$1 billion of capacity under its revolving credit facilities led by JP Morgan and Bank of America. It is anticipated that AvalonBay Communities, Inc. will finance the construction of its purchase on Avalon's balance sheet, primarily from its revolving credit facilities.

As a condition to closing, among other requirements, Edens & Avant Realty is required to provide the site in a rough graded pad ready condition, construct access improvements as required to provide Avalon with sufficient access to Parcel H for construction activities and construct all "wet utility" mains as required to service the property with utility laterals for such utilities stubbed to temporary manholes located on the property in conformance with the approved plans. Following closing, Edens & Avant Realty is obligated to provide certain street improvements, utilities infrastructure and any other off-site improvements necessary to obtain a residential use permit from Fairfax County. Avalon is responsible for construction of its apartment building, vertically integrated street level (ground floor) retail and community space comprising approximately 40,000 square feet in the aggregate. If Avalon defaults, Edens & Avant Realty may terminate the Avalon Purchase Contract and receive payment of liquidated damages.

See the section **"Development Status – Multifamily Residential"** for a description of timing of the multifamily development.

Townhome Sale. Eskridge Realty (E&A), LLC ("Eskridge Realty") has entered into a Contract of Sale with EYA, dated May 21, 2010, as amended July 19, 2010, (the "EYA Purchase Contract") for the purchase of re-designated parcels I and J in the Mosaic District bounded by Eskridge Road, District Avenue and North Street, Fairfax County, Virginia. The property being sold under the EYA Purchase Contract is being acquired for development of approximately 114 residential town home units.

According to EYA, EYA is a privately owned company that has built more than 3,000 homes in 30 communities in the Washington, D.C. metropolitan area with sales totaling more than \$1.5 billion. According to a Washington Business Journal report, EYA recorded \$128 million in revenue in 2009. In October 2010 EYA's Arts District Hyattsville townhome community was named the "Best Mixed Use Neighborhood" by the 2010 Great American Living Awards (GALA) Committee. In 2010 EYA formed an equity partnership with JBG Cos., a Washington, D.C. based owner, developer and investor in real estate that currently manages \$4.7 billion in equity.

As a condition to closing, among other requirements, Eskridge Realty is required to provide the site in pad-ready condition. Following closing, Eskridge Realty is obligated to provide certain street improvements, utilities infrastructure and any other off-site improvements necessary to obtain a residential use permit from Fairfax County. Eskridge Realty has agreed to pursue the necessary development plan amendments to permit construction of 114 townhomes on the site, as described herein under **"Zoning/Entitlement Status."** In the event EYA defaults under the EYA Purchase Contract the earnest money deposit and any extension fees will be payable to Eskridge Realty and Eskridge Realty.

EYA plans to finance the construction of the townhomes with a combination of equity and its revolving credit facility.

Hotel. Edens & Avant Realty entered into a Contract of Sale with Lodgeworks dated May 12, 2010, as amended by First Amendment to Contract of Sale dated June 30, 2010, Assignment and Assumption Agreement dated September 15, 2010 between Lodgeworks, L.P. and Merrifield Hotel Associates, L.P., and Second Amendment to Contract of Sale dated December 2, 2010, for the purchase of the Hotel Unit within Parcel A of the Mosaic District (collectively, the "Lodgeworks Purchase Contract"). The Hotel Unit being sold under the Lodgeworks Purchase Contract is a land condominium unit upon which a Hotel building is to be constructed containing approximately 150 hotel rooms (approximately 100,000 square feet of gross floor area).

The closing under the Lodgeworks Purchase Contract is conditioned, among other items, upon required governmental approvals and permits for the hotel unit. Edens & Avant Realty will deliver the hotel unit at Closing in a pad ready condition and shall have entered into a construction contract for the Parcel A parking garage. After Closing, Edens & Avant Realty is required to construct all site infrastructure outside of the hotel. Lodgeworks will construct its hotel building and certain adjacent retail and restaurant space comprising an aggregate of approximately 9,391 square feet, which retail and restaurant space will be retained by the Developer (the Developer will reimburse Lodgeworks the cost of construction of such adjacent retail and restaurant space). If Lodgeworks defaults, Edens & Avant Realty may terminate the Lodgeworks Purchase Contract and receive payment of the earnest money as liquidated damages.

In December 2010, Lodgeworks pre-closed a construction loan commitment in the amount of approximately \$15 million for the Hotel improvements with Westdeutsche ImmobilienBank AG. The remainder of the construction costs will be financed with equity.

Anticipated Development Right Sales

The Developer anticipates additional sales of the remaining residential and hotel development representing an anticipated 353,000 square feet of multifamily rental product and 105,000 square feet of hotel product.

The Developer plans to commence marketing the Parcel G Hotel site in early 2012. As with the Parcel A Hotel site, the Developer will consider the hotel developer's track record and ability to obtain debt and equity financing to complete the project.

The Developer plans to take the balance of the anticipated multifamily units within the Mosaic Development expected to be constructed on Parcels C and E (approximately 250 units) ("Parcel C and E Multifamily") to market in the 2nd quarter of 2011 and the multifamily units to be constructed on Parcel F (approximately 76 units) to market in 2012. Balance sheet strength and ability to finance the project will be a key consideration in choosing a purchaser of the Parcel C and E multifamily development and Parcel F multifamily development.

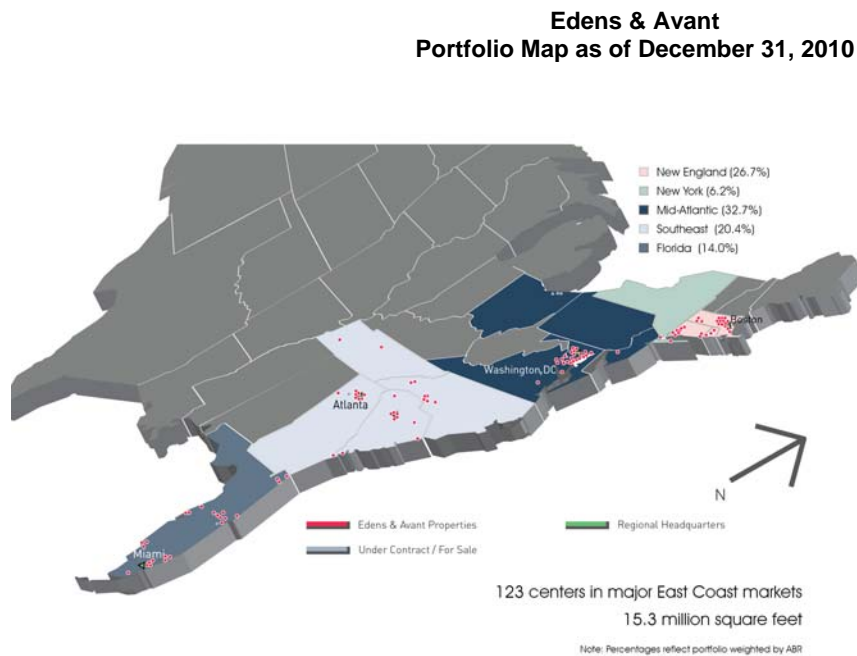
THE DEVELOPER

Eskridge (E&A), LLC is a South Carolina limited liability company and special purpose entity created and wholly-owned by E&A to own and develop property in the District. E&A is structured as real estate investment trust, incorporated in Maryland.

Edens & Avant Investments Limited Partnership is a private real estate investment company focused on the development, redevelopment, operation, management, acquisition, and disposition of retail shopping centers in select high barrier-to-entry major metropolitan markets on the East Coast. E&A boasts a 44-year track record and a portfolio of 123 institutional-quality properties. Anchored by Washington, D.C. and Boston, approximately 2/3 of the portfolio, by value, is located in the Mid-Atlantic and Northeast. E&A's investors include the State of Michigan Retirement System, which first invested in 1997, New York State Teachers' Retirement System and a commingled fund sponsored by J.P. Morgan Investment Management, each of which first invested in 2000. E&A's unsecured bonds are rated NAIC-2 (high quality) by the National Association of Insurance Commissioners.

As of December 31, 2010, E&A had an ownership interest in 123 retail centers totaling over 15.3 million leasable square feet. Targeting major markets on the East Coast, E&A has a geographically diverse portfolio from Boston to Miami. E&A is headquartered in Columbia, South Carolina, but utilizes a decentralized value creation model with investment management, leasing, property management, redevelopment and development capabilities located in its regional headquarters of Boston, Washington, D.C., Atlanta and Miami.

The following map illustrates the locations of E&A's completed properties.



E&A's properties are located in major population centers within its four major geographic regions. Three of its top five markets – Washington, D.C., Boston and New York – are target growth markets. A breakdown of E&A's portfolio diversification by Metropolitan Statistical Area and by region is shown below.

E&A Top 10 MSAs

(000s Except Property Count Figures: unaudited)

as of 12/31/2010			
Rank	MSA	# of Properties ⁽¹⁾	% of Total Annualized Base Rent ⁽²⁾
1	Washington, D.C.	27	26.2%
2	Boston	15	15.3%
3	Hartford	6	8.2%
4	Atlanta	10	7.5%
5	New York City	6	6.2%
6	Miami	8	5.3%
7	Orlando	7	4.0%
8	Columbia	5	3.4%
9	Charlotte	6	3.2%
10	Baltimore	3	3.0%
Subtotal		93	82.2%
Other		30	17.8%
Grand Total		123	100.0%

Regional Totals:

New England	25	3,409	26.7%
New York	6	790	6.2%
Mid-Atlantic	35	4,090	32.7%
Southeast	32	4,603	20.4%
Florida	25	2,368	14.0%
Total	123	15,259	100.0%

Notes:

(1) Includes joint venture properties.

(2) Includes pro rata share of joint venture properties.

E&A focuses primarily on shopping centers with high-quality anchors such as Target, or grocers that are dominant in their respective markets, such as Stop & Shop in New England, Giant in the Mid-Atlantic and Publix in the Southeast. E&A's close relationship with these diverse retailers has led to multiple opportunities to partner with them to acquire, redevelop or develop shopping centers. E&A's top 10 tenants account for 28.5 percent of total annualized base rent. Eight of E&A's top 10 retailers are dominant grocers, while the other two retailers are investment-grade rated companies.

Top 10 Retailers ⁽¹⁾

(000s Except Store Count and Per Square Foot Figures: unaudited)

Rank	Retailer Name	Parent Company	Parent Credit Rating (Moody's / S&P) or Sales (Locations)	Outlook (Moody's / S&P)	# of Stores ⁽²⁾	% of Total Annualized Base Rent ⁽³⁾
			Not Rated			
1	Stop & Shop	Ahold	Baa3 / BBB	Positive / Stable	13	7.6%
2	Publix	Publix Super Markets	\$24.5B (1,014)	N/A	22	5.3%
3	Giant Food (Landover)	Ahold	Baa3 / BBB	Positive / Stable	16	4.6%
4	Shop Rite Supermarket	Wakefern Food Corp.	\$11.7B (208)	N/A	3	2.2%
5	Safeway	Safeway	Baa2 / BBB	Stable / Stable	6	1.8%
6	Shaw's Supermarket	SuperValu	B1 / BB-	Stable / Negative	4	1.6%
7	Marshalls	TJX Companies	A3 / A	Stable / Stable	7	1.6%
8	Harris Teeter	Ruddick	\$4.1B (189)	N/A	5	1.3%
9	Kroger	Kroger	Baa2 / BBB	Stable / Stable	4	1.3%
10	TJ Maxx	TJX Companies	A3 / A	Stable / Stable	9	1.2%
Total					89	28.5%

Notes:

(1) Figures as of 12/31/2010.

(2) Includes joint venture properties.

(3) Includes pro rata share of joint venture properties.

E&A employs a conservative capital strategy to support its real estate strategy. Key components of the strategy include:

- **Long Term Equity Capital.** E&A has three experienced institutional investors. E&A currently has \$210 million in equity committed from its institutional investors that remains undrawn. Each of the three institutional investors has been invested with E&A for more than 10 years.
- **Conservative Leverage.** E&A's leverage is 45.2%, in line with investment grade peers.
- **Relationship-Oriented, Primarily Unsecured Borrowing.** Broad access to the investment-grade unsecured debt markets through a relationship-based approach is fundamental to E&A's overall strategy. Unsecured financing provides E&A the flexibility to create significant portfolio value through comprehensive operations, redevelopment, acquisitions, development and dispositions activity.
- **Laddered Debt Maturity Schedule.** E&A targets a well-laddered debt maturity schedule with 10 to 15 percent of its total debt maturing each year.
- **Capital Availability.** E&A targets significant capital availability at all times. As of March 31, 2011, more than \$560 million of contractual capital was available.
- **Flexibility.** E&A proactively manages all aspects of its balance sheet – including debt maturities, floating rate debt levels, secured debt levels and capital providers – to preserve maximum flexibility.
- **Simple, Transparent Business Model.** E&A enters into joint ventures on a limited and highly selective basis for strategic or capital recycling purposes. E&A has one capital recycling venture.

The Mosaic Development team consists of more than 25 in-house development, leasing, construction management, legal and other professionals. Key team members include:

Jodie McLean, President and Chief Investment Officer. Jodie McLean is President and Chief Investment Officer and has been a key player in the growth and expansion of Edens & Avant for the past 20 years. Today she is responsible for execution of the E&A's strategic plan, with a primary focus on expansion of assets and operations throughout the East Coast. Since 1997, she has been responsible for development, redevelopment and acquisition of more than \$2.2 billion in retail assets. McLean holds a BS degree in Finance and Management from the Moore School of Business, University of South Carolina and a degree from the South Carolina Honors College. She serves on the George Washington University School of Business – Center for Real Estate and Urban Analysis Board of Advisors, the South Carolina Honors College Partnership Board, The Hotchkiss School Finance and Audit Committee and the South Carolina Governors School of Science and Math Foundation Board as well as boards of other local charities. Additionally, McLean is a member of the Liberty Fellowship (Aspen Institute) Class of 2009 and the ULI CRC Gold Flight Council.

Steve Boyle, Managing Director. Steve Boyle is Managing Director, responsible for all development, leasing and acquisition activities in the E&A's Mid-Atlantic Region. He joined E&A in 2001, opening the E&A's regional headquarters office in Washington, DC. He has since grown that office to 50 team members with a portfolio of 40 properties and has been instrumental in leading the E&A's expansion into urban, dense areas in the region. Prior to joining Edens & Avant, Boyle was a retail investment broker in Los Angeles as well as in Washington, DC. A native of Long Island, NY, he is a graduate of Princeton University.

Mark Garside, Managing Director. Mark Garside is a Managing Director. He has responsibility for investments, debt and equity financing transactions, public financing transactions, joint venture and partnership structuring and business development. Garside has 13 years of commercial real estate experience in corporate finance, capital markets, investments and law and has participated in more than \$5 billion of private and public capital markets transactions including company and portfolio sales and acquisitions, initial public offerings, follow-on common offerings, joint ventures, secured financings and unsecured financings. Prior to joining Edens & Avant, Garside was a Vice President with Wachovia Securities Real Estate Investment Banking group, an investment

banker with Lehman Brothers and a commercial real estate attorney with Parker Poe law firm in Charlotte, NC. Garside received a Master of Business Administration degree from the University of Virginia and a Bachelor of Arts degree and a Juris Doctor degree, with honors, from the University of North Carolina.

Bill Caldwell, Managing Director. Bill Caldwell is a Managing Director with responsibilities over the Construction and Planning departments. A licensed architect and LEED Accredited Professional, he has more than 20 years of experience in master planning, urban design and architecture. He has been responsible for several high profile mixed-use and transit oriented planning projects in major cities around the world. Prior to joining Edens & Avant, Caldwell was a Vice President in the Washington, DC office of RTKL Associates, Inc. He is a member of the American Institute of Architects and is an AICP Certified Planner. Caldwell received a Master of Architecture from the University of Miami and a Bachelor of Science degree in Design: Architecture from Arizona State University.

Jessica Bruner, Vice President Leasing. Jessica Bruner is Vice President – Leasing with responsibilities for leasing activities and associates in the E&A's Mid-Atlantic region, which encompasses over 40 properties. Bruner has been a key contributor to Edens & Avant's strategic growth plans in this active region since 2002. Prior to joining the E&A, she was a leasing representative with Carl M. Freeman Retail. Bruner is a graduate of the University of Maryland where she received a Bachelor's degree in Government and Politics.

Tom Kiler, Development Manager. Tom Kiler is a Development Manager with day-to-day development responsibilities over Mosaic for the last 5 years. Prior to joining Edens & Avant, Kiler was an Associate for Triangle Economic Research in Durham, NC. He received a Master of Business Administration from the University of North Carolina and a Bachelor of Arts degree, with honors, from Harvard University. Kiler is also a LEED Accredited Professional.

ENGINEER'S REPORT

VIKA Virginia, LLC, McLean, Virginia (the "Engineer"), has prepared a report attached hereto as Appendix C (the "Engineer's Report"), discussing the Mosaic Development and the infrastructure improvements to be constructed by or on behalf of the Authority. The Engineer's Report discusses the approvals required for such infrastructure improvements and estimates the actual costs of constructing such improvements. The Engineer's Report should be read in its entirety.

THE CDA FACILITIES

Infrastructure Improvements

The CDA Facilities consist of portions of the following infrastructure improvements with the following total estimated costs:

<u>Improvement</u>	<u>Estimated Cost</u>
Portion of the Public Roads and Streetscaping	\$31,226,498
Parks and Open Space	8,173,574
Utility Infrastructure	874,853
Storm Water System Improvements	3,474,107
Luther Jackson Middle School Improvements	607,942
Portions of the Retail Parking Facilities	23,789,503
Total	\$68,146,477

The total cost of the infrastructure improvements in the Mosaic Development is estimated to be approximately \$135,586,000, which will be financed with funds available to the Developer, including 2011 Bond proceeds funds derived from the sale of certain portions of the real estate, committed equity and credit facility draws as described under "**THE MOSAIC DEVELOPMENT – Development Finance Plan.**" Approximately \$42,000,000 of the total cost of infrastructure is expected to be funded with proceeds of the 2011 Bonds, as described above. The remaining costs, including a portion of the CDA Facilities, are expected to be funded with proceeds of the 2011B Bonds, to the extent issued, and other funds available to the Developer.

The Engineer's Report attached hereto as Appendix C contains estimated costs for the CDA Facilities. Bids have been received for approximately 35% of the total construction costs to be paid by the Authority with proceeds of the 2011 Bonds. Portions of the cost estimates are based on projected costs for CDA Facilities components, are subject to change and cannot be guaranteed. For more information on the status of construction bids for various project components, see the subsection "**Construction.**" See also the section "**THE MOSAIC DEVELOPMENT – Development Finance Plan.**"

Pursuant to the terms of the CDA Development Agreement, the completed portions of the CDA Facilities will be conveyed or dedicated to Fairfax County, the Authority or such other public entity as the Authority may direct. Portions of the CDA Facilities that are expected to be owned by the Authority include North Park, South Park, Strawberry Lane and District Avenue (the "Authority-Owned Infrastructure"). The Authority-Owned Infrastructure will be managed pursuant to management agreements entered into by the Authority and a manager or managers to be approved by the Authority.

Construction

Status. Construction of the CDA Facilities has commenced and is approximately 25% complete. The anticipated completion date for a significant portion of the work is February, 2012.

Status of Approvals

Certain governmental approvals necessary to commence construction of the CDA Facilities have been obtained. Several permits have not yet been issued but are expected to be issued within the time needed. The status of the various governmental approvals and permits required for the CDA Facilities are described in Section 6 of the Engineer's Report in Appendix C.

CDA Development Agreement

Eskridge and Eskridge Properties, as co-developers of the CDA Facilities, and the Authority will enter into the CDA Development Agreement, pursuant to which the Developer will coordinate, oversee and supervise the development, design and construction of the CDA Facilities. The Developer's responsibilities are expected to include preparing plans for each CDA Facilities component, supervising the services and activities of the engineers and contractors employed on each CDA Facilities component, and reviewing requisitions for payment submitted by all of the professionals on the CDA Facilities. The Developer will convey or dedicate all of the infrastructure improvements financed by the 2011 Bonds, once completed, to Fairfax County, the Authority or to such other governmental entity as the Authority may direct. The Development Agreement provides that proceeds of the 2011 Bonds will be disbursed to pay the costs of the CDA Facilities pursuant to requisitions provided by the Developer to the Authority. A copy of the Development Agreement is also available during the offering of the 2011 Bonds from the Underwriter and thereafter from the Trustee.

UNDERWRITING

Stone & Youngberg LLC and Citigroup Global Markets, Inc. (the "Underwriters") have entered into a Bond Purchase Agreement with the Authority to purchase the 2011 Bonds. The Underwriters will purchase (i) the 2011A Bonds at an aggregate purchase price of \$_____ (reflecting the par amount of the 2011A Bonds less an underwriting discount of \$_____ (____% of the par amount)) and (ii) the 2011A-T Bonds at an aggregate purchase price of \$_____ (reflecting the par amount of the 2011A-T Bonds less an underwriting discount of \$_____ (____% of the par amount)). The obligation of the Underwriters to pay for the 2011 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the delivery of specified opinions of counsel and of a certificate of the Authority and the Developer that there has been no material adverse change in their respective condition (financial or otherwise) from that set forth in this Limited Offering Memorandum.

The Underwriters may offer and sell the 2011 Bonds to certain dealers (including dealer banks and dealers depositing the 2011 Bonds into investment trusts) and others at a price different from the public offering price stated on the cover page of this Limited Offering Memorandum. Such initial public offering price may be changed from time to time by the Underwriters.

Citigroup Inc., parent company of Citigroup Global Markets Inc., an underwriter of the 2011 Bonds, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2011 Bonds.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the 2011 Bonds will be subject to the approving opinion of Sidley Austin LLP, Washington, D.C., Bond Counsel, which will be furnished at the expense of the Authority upon delivery of the 2011 Bonds, in substantially the form of Appendix E (the "Bond Opinion"). The Bond Opinion will be limited to matters relating to the authorization and validity of the 2011 Bonds and to the tax-exempt status of interest on the 2011A Bonds as described in the section "**TAX MATTERS**" and will make no statement as to the financial resources of the Authority or its ability to provide for payment of the 2011 Bonds or as

to the accuracy or completeness of this Limited Offering Memorandum or any other information that may have been relied on by anyone in making the decision to purchase the 2011 Bonds.

Certain legal matters will be passed on for the Authority by the County Attorney, for the Underwriters by McGuireWoods LLP and for the Developer by Hunton & Williams LLP and the McNair Law Firm.

TAX MATTERS

Opinion of Bond Counsel – 2011A Bonds

In the opinion of Bond Counsel, except as provided in the following sentence, interest on the 2011A Bonds will not be includable in the gross income of the owners of the 2011A Bonds for purposes of federal income taxation under existing law. Interest on the 2011A Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the 2011A Bonds in the event of a failure by the Authority or the Developer to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and their respective covenants regarding use, expenditure, and investment of the proceeds of the 2011A Bonds and timely payment of certain investment earnings to the United States Treasury. No opinion is rendered by Bond Counsel as to the effect on the exclusion from gross income of the interest on the 2011A Bonds for federal income tax purposes of any action taken or not taken without the approval of Bond Counsel or upon the advice or approval of counsel other than Bond Counsel.

In the opinion of Bond Counsel, interest on the 2011A Bonds will not be a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. We express no opinion as to the extent to which, if any, interest on the 2011A Bonds may be excluded from the calculation of federal corporate alternative minimum taxable income. The Code contains other provisions that could result in tax consequences, upon which Bond Counsel renders no opinion, as a result of ownership of such 2011A Bonds or the inclusion in certain computations of interest that is excluded from gross income.

Original Issue Discount

The excess, if any, of the amount payable at maturity of any maturity of the 2011A Bonds over the issue price thereof constitutes original issue discount. The amount of original issue discount that has accrued and is properly allocable to an owner of any maturity of the 2011A Bonds with original issue discount (a “Discount Bond”) will be excluded from gross income for federal income tax purposes to the same extent as interest on the 2011A Bonds. In general, the issue price of a maturity of the 2011A Bonds is the first price at which a substantial amount of 2011A Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers) and the amount of original issue discount accrues in accordance with a constant yield method based on the compounding of interest. A purchaser’s adjusted basis in a Discount Bond is to be increased by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bonds for federal income tax purposes. Original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed below. Consequently, owners of any Discount Bond should be aware that the accrual of original issue discount in each year may result in additional distribution requirements, or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

The accrual of original issue discount and its effect on the redemption, sale, or other disposition of a Discount Bond that is not purchased in the initial offering at the first price at which a substantial amount of such 2011A Bonds is sold to the public may be determined according to rules that differ from those described above. Owners of such Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount with respect to such Discount Bonds and with respect to state and local tax consequences of owning and disposing of such Discount Bonds.

Bond Premium

The excess, if any, of the tax basis of 2011A Bonds purchased as part of the initial public offering to a purchaser (other than a purchaser who holds such 2011A Bonds as inventory, stock in trade, or for sale to customers in the ordinary course of business) over the amount payable at maturity is "bond premium." Bond premium is amortized over the term of such 2011A Bonds for federal income tax purposes (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). Owners of such 2011A Bonds are required to decrease their adjusted basis in such 2011A Bonds by the amount of amortizable bond premium attributable to each taxable year such 2011A Bonds are held. The amortizable bond premium on such 2011A Bonds attributable to a taxable year is not deductible for federal income tax purposes; however, bond premium on such 2011A Bonds is treated as an offset to qualified stated interest received on such 2011A Bonds. Owners of such 2011A Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the treatment of bond premium upon sale or other disposition of such 2011A Bonds and with respect to the state and local tax consequences of owning and disposing of such 2011A Bonds.

Backup Withholding

Interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of interest on the 2011A Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the 2011A Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the Internal Revenue Service as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the Internal Revenue Service ("IRS").

Other Tax Consequences

Under existing law, the 2011A Bonds, their transfer and the income therefrom, including any profit made on their sale, are free from taxation by the Commonwealth of Virginia and its political subdivisions.

The Code contains other provisions (some of which are noted below) that could result in tax consequences, upon which Bond Counsel expresses no opinion, as a result of ownership of the 2011A Bonds or the inclusion in certain computations of interest on the 2011A Bonds that is excluded from gross income for purposes of federal income taxation.

PROSPECTIVE PURCHASERS OF THE 2011A BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE APPLICABILITY AND IMPACT OF ANY SUCH COLLATERAL TAX CONSEQUENCES.

Ownership of tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S Corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Prospective purchasers of 2011A Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

Future Tax Developments

Future legislative proposals, if enacted into law, regulations, rulings or court decisions may cause interest on the 2011A Bonds to be subject, directly or indirectly, to federal income taxation, or interest on the 2011 Bonds to

be subject to state or local income taxation or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Further, legislation or regulatory actions and proposals may affect the economic value of the federal or state tax exemption or the market value of the 2011A Bonds. Prospective purchasers of 2011 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, rulings or litigation as to which Bond Counsel, expresses no opinion.

Opinion of Bond Counsel – 2011A-T Bonds

In General

Interest on the 2011A-T Bonds will be includable in the gross income of the owners thereof for purposes of federal income taxation. See “Certain U.S. Federal Income Tax Considerations” below. Under existing law, the 2011A-T Bonds, their transfer and the income therefrom, including any profit made on their sale, are free from taxation by the Commonwealth of Virginia and its political subdivisions.

Certain U.S. Federal Income Tax Considerations

The following summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the 2011A-T Bonds is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (including changes in effective dates), which change may be retroactive, or possible differing interpretations. It deals only with 2011A-T Bonds held as capital assets and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, dealer’s in securities or currencies, persons holding 2011A-T Bonds as a hedge against currency risks or as a position in a “straddle” for tax purposes, or persons whose functional currency is not the U.S. dollar. It also does not deal with holders other than investors who purchase 2011A-T Bonds in the initial offering at the first price at which a substantial amount of such substantially identical 2011A-T Bonds are sold to the general public (except where otherwise specifically noted). Persons considering the purchase of the 2011A-T Bonds should consult their own tax advisors concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the 2011A-T Bonds arising under the laws of any other taxing jurisdiction.

As used herein, the term “U.S. Holder” means a beneficial owner of a 2011A-T Bond that is for U.S. federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (b) the trust was in existence on August 20, 1996 and properly elected to continue to be treated as a United States person. Moreover, as used herein, the term “U.S. Holder” includes any holder of a 2011A-T Bond whose income or gain in respect of its investment in a 2011A-T Bond is effectively connected with a U.S. trade or business.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is the beneficial owner of any 2011A-T Bond, the treatment of a partner in a partnership will generally depend on the status of such partner and the activities of such partnership.

Payments of Interest

Payments of interest on a 2011A-T Bond generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting), provided such interest is "qualified stated interest," as defined below.

Original Issue Discount

The following summary is a general discussion of the U.S. federal income tax consequences to U.S. Holders of the purchase, ownership and disposition of 2011A-T Bonds issued with original issue discount ("OID Bonds"), if any. The following summary is based upon final Treasury regulations (the "OID Regulations") released by the IRS under the original issue discount provisions of the Code.

For U.S. federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a bond over its issue price, if such excess equals or exceeds a de minimis amount (generally 1/4 of 1% of the bond's stated redemption price at maturity multiplied by the number of complete years to its maturity from its issue date or, in the case of a bond providing for the payment of any amount other than qualified stated interest (as defined below) prior to maturity, multiplied by the weighted average maturity of such bond). The issue price of each maturity of substantially identical 2011A-T Bonds equals the first price at which a substantial amount of such maturity of 2011A-T Bonds has been sold (ignoring sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The stated redemption price at maturity of a 2011A-T Bond is the sum of all payments provided by the 2011A-T Bond other than "qualified stated interest" payments. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate. Payments of qualified stated interest on a 2011A-T Bond are generally taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting).

A U.S. Holder of an OID Bond must include original issue discount in income as ordinary interest income for U.S. federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such U.S. Holder's regular method of tax accounting. In general, the amount of original issue discount included in income by the initial U.S. Holder of an OID Bond is the sum of the daily portions of original issue discount with respect to such OID Bond for each day during the taxable year (or portion of the taxable year) on which such U.S. Holder held such OID Bond. The "daily portion" of original issue discount on any OID Bond is determined by allocating to each day in any accrual period a ratable portion of the original issue discount allocable to that accrual period. An "accrual period" may be of any length and the accrual periods may vary in length over the term of the OID Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period. The amount of original issue discount allocable to each accrual period is generally equal to the difference between (i) the product of the OID Bond's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of an OID Bond at the beginning of any accrual period is the sum of the issue price of the OID Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the OID Bond that were not qualified stated interest payments. Under these rules, U.S. Holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder who purchases an OID Bond for an amount that is greater than its adjusted issue price as of the purchase date and less than or equal to the sum of all amounts payable on the OID Bond after the purchase date, other than payments of qualified stated interest, will be considered to have purchased the OID Bond at an "acquisition premium." Under the acquisition premium rules, the amount of original issue discount which such U.S. Holder must include in its gross income with respect to such OID Bond for any taxable year (or portion thereof in which the U.S. Holder holds the OID Bond) will be reduced (but not below zero) by the portion of the acquisition premium properly allocable to the period.

U.S. Holders may generally, upon election, include in income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) that accrues on a debt instrument by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions. This election will generally apply only to the debt instrument with respect to which it is made and may be revoked only with the consent of the IRS.

Market Discount

If a U.S. Holder purchases a 2011A-T Bond, other than an OID Bond, for an amount that is less than its issue price (or, in the case of a subsequent purchaser, its stated redemption price at maturity) or, in the case of an OID Bond, for an amount that is less than its adjusted issue price as of the purchase date, such U.S. Holder will be treated as having purchased such 2011A-T Bond at a “market discount,” unless the amount of such market discount is less than the specified de minimis amount.

Under the market discount rules, a U.S. Holder will be required to treat any partial principal payment (or, in the case of an OID Bond, any payment that does not constitute qualified stated interest) on, or any gain realized on the sale, exchange, retirement or other disposition of, a 2011A-T Bond as ordinary income to the extent of the lesser of (i) the amount of such payment or realized gain or (ii) the market discount which has not previously been included in gross income and is treated as having accrued on such 2011A-T Bond at the time of such payment or disposition. Market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of the 2011A-T Bonds, unless the U.S. Holder elects to accrue market discount on the basis of semiannual compounding.

A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a 2011A-T Bond with market discount until the maturity of such 2011A-T Bond or certain earlier dispositions, because a current deduction is only allowed to the extent the interest expense exceeds an allocable portion of market discount. A U.S. Holder may elect to include market discount in income currently as it accrues (on either a ratable or semiannual compounding basis), in which case the rules described above regarding the treatment as ordinary income of gain upon the disposition of the 2011A-T Bond and upon the receipt of certain cash payments and regarding the deferral of interest deductions will not apply. Generally, such currently included market discount is treated as ordinary income for U.S. federal income tax purposes. Such an election will apply to all debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Premium

If a U.S. Holder purchases a 2011A-T Bond for an amount that is greater than the sum of all amounts payable on the Bond after the purchase date, other than payments of qualified stated interest, such U.S. Holder will be considered to have purchased the 2011A-T Bond with “amortizable bond premium” equal in amount to such excess. A U.S. Holder may elect to amortize such premium using a constant yield method over the remaining term of the 2011A-T Bond and may offset interest otherwise required to be included in respect of the 2011A-T Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a 2011A-T Bond held by a U.S. Holder that does not make such election will decrease the amount of gain or increase the amount of loss otherwise recognized on the disposition of such 2011A-T Bond. However, if the 2011A-T Bond may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity, special rules would apply which could result in a deferral of the amortization of some bond premium until later in the term of the 2011A-T Bond (as discussed in more detail below). Any election to amortize bond premium applies to all taxable debt instruments held by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

The following rules apply to any 2011A-T Bond which may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity. The amount of amortizable bond premium attributable to such 2011A-T Bond shall be equal to the lesser of (1) the difference between (A) such U.S. Holder’s tax basis in the 2011A-T Bond and (B) the sum of all amounts payable on the 2011A-T Bond after the purchase date, other than payments of qualified stated interest or (2) the difference between (X) such U.S. Holder’s tax basis

in the 2011A-T Bond and (Y) the sum of all amounts payable on the Bond after the purchase date due on or before the early call date, other than payments of qualified stated interest. If the 2011A-T Bonds may be redeemed on more than one date prior to maturity, the early call date and amount payable on that early call date that produces the lowest amount of amortizable bond premium, is the early call date and amount payable on the early call date that is initially used for purposes of calculating the amount pursuant to clause (2) of the previous sentence. If an early call date is not taken into account in computing premium amortization and the early call is in fact exercised, a U.S. Holder will be allowed a deduction for the excess of the U.S. Holder's tax basis in the 2011A-T Bond over the amount realized pursuant to the redemption. If an early call date is taken into account in computing premium amortization and the early call is not exercised, the 2011A-T Bond will be treated as reissued on such early call date for the call price. Following the deemed reissuance, the amount of amortizable bond premium is recalculated pursuant to the rules of this section "—Premium." The rules relating to a 2011A-T Bond which may be optionally redeemed are complex and prospective purchasers are urged to consult their own tax advisors regarding the application of the amortizable bond premium rules to their particular situation.

Disposition of a 2011A-T Bond

Except as discussed above, upon the sale, exchange or retirement of a 2011A-T Bond a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest) and such U.S. Holder's tax basis in the 2011A-T Bond. A U.S. Holder's tax basis in a 2011A-T Bond generally will equal such U.S. Holder's initial investment in the 2011A-T Bond increased by any original issue discount included in income (and accrued market discount, if any, if the U.S. holder has included market discount in income) and decreased by the amount of payments, other than qualified stated interest payments, received and amortizable bond premium taken with respect to such 2011A-T Bond. Such gain or loss generally will be long-term capital gain or loss if the 2011A-T Bond has been held by the U.S. Holder at the time of disposition for more than one year. If the U.S. Holder is an individual, long term capital gain will be subject to reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

Medicare Tax

Recently enacted legislation will impose an additional 3.8% tax on the net investment income (which includes interest, original issue discount and gains from a disposition of a 2011A-T Bond) of certain individuals, trust and estates, for taxable years beginning after December 31, 2012. Prospective investors in the 2011A-T Bonds should consult their tax advisors regarding the possible applicability of this tax to an investment in the 2011A-T Bonds.

Non-U.S. Holders

A non-U.S. Holder will not be subject to United States federal income taxes on payments of

principal, premium (if any), interest (including original issue discount, if any) on a 2011A-T Bond, unless such non-U.S. Holder is a bank receiving interest described in section 881(c)(3)(A) of the Code. To qualify for the exemption from taxation, the Withholding Agent, as defined below, must have received a statement from the individual or corporation that:

- is signed by the beneficial owner of the 2011A-T Bond under penalties of perjury,
- certifies that such owner is not a U.S. Holder, and
- provides the beneficial owner's name and address.

A "Withholding Agent" is the last United States payor (or a non-U.S. payor who is a qualified intermediary, U.S. branch of a foreign person, or withholding foreign partnership) in the chain of payment prior to payment to a non-U.S. Holder (which itself is not a Withholding Agent). Generally, this statement is made on an IRS Form W-8BEN ("W-8BEN"), which is effective for the remainder of the year of signature plus three full calendar years unless a change in circumstances makes any information on the form incorrect. Notwithstanding the preceding sentence, a W-8BEN with a U.S. taxpayer identification number will remain effective until a change in circumstances makes any information on the form incorrect, provided that the Withholding Agent reports at least

annually to the beneficial owner on IRS Form 1042-S. The beneficial owner must inform the Withholding Agent within 30 days of such change and furnish a new W-8BEN. A non-U.S. Holder who is not an individual or corporation (or an entity treated as a corporation for federal income tax purposes) holding the 2011A-T Bonds on its own behalf may have substantially increased reporting requirements. In particular, in the case of 2011A-T Bonds held by a foreign partnership (or foreign trust), the partners (or beneficiaries) rather than the partnership (or trust) will be required to provide the certification discussed above, and the partnership (or trust) will be required to provide certain additional information.

A non-U.S. Holder whose income with respect to its investment in a 2011A-T Bond is effectively connected with the conduct of a U.S. trade or business would generally be taxed as if the holder was a U.S. person provided the holder provides to the Withholding Agent an IRS Form W-8ECI.

Certain securities clearing organizations, and other entities who are not beneficial owners, may be able to provide a signed statement to the Withholding Agent. However, in such case, the signed statement may require a copy of the beneficial owner's W-8BEN (or the substitute form).

Generally, a non-U.S. Holder will not be subject to United States federal income taxes on any amount which constitutes capital gain upon retirement or disposition of a 2011A-T Bond, unless such non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and such gain is derived from sources within the United States. Certain other exceptions may be applicable, and a non-U.S. Holder should consult its tax advisor in this regard.

The 2011A-T Bonds will not be includible in the estate of a non-U.S. Holder unless at the time of such individual's death, payments in respect of the 2011A-T Bonds would have been effectively connected with the conduct by such individual of a trade or business in the United States.

Backup Withholding

Backup withholding of United States federal income tax may apply to payments made in respect of the 2011A-T Bonds to registered owners who are not "exempt recipients" and who fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the 2011A-T Bonds to a U.S. Holder must be reported to the IRS, unless the U.S. Holder is an exempt recipient or establishes an exemption. Compliance with the identification procedures described in the preceding section would establish an exemption from backup withholding for those non-U.S. Holders who are not exempt recipients.

In addition, upon the sale of a 2011A-T Bond to (or through) a broker, the broker must report the sale and withhold on the entire purchase price, unless either (i) the broker determines that the seller is a corporation or other exempt recipient or (ii) the seller certifies that such seller is a non-U.S. Holder (and certain other conditions are met). Certification of the registered owner's non-U.S. status would be made normally on an IRS Form W-8BEN under penalties of perjury, although in certain cases it may be possible to submit other documentary evidence.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS.

Circular 230 Notice

Any discussion of U.S. federal tax issues set forth in this Official Statement relating to the 2011A-T Bonds was written in connection with the promotion and marketing of the transactions described in this Official Statement. Such discussion is not intended or written to be legal or tax advice with respect to the 2011A-T Bonds to any person and is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any U.S. federal tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

LITIGATION

There is no litigation of any nature to which the Authority is a party pending or, to the knowledge of the Authority, threatened against it to restrain or enjoin the issuance, sale, execution or delivery of the 2011 Bonds, or in any way contesting or affecting the validity of the 2011 Bonds or any proceedings taken with respect to the issuance or sale thereof or the Authority's power and authority to issue the 2011 Bonds, or in any way contesting or affecting the validity of or application of the moneys or the security provided for the 2011 Bonds.

There is no litigation pending or, to the best knowledge of the Authority, threatened against it which, even if adversely determined against the Authority, would have a material adverse effect on the Authority's financial position or future operations.

There is no litigation pending or, to the best knowledge of the Developer, threatened against it or any of its related entities which, even if adversely determined against them, would have a material adverse effect on (a) the validity of the CDA Development Agreement, the Memorandum of Understanding, or the consummation of the transactions contemplated thereby, (b) the validity of any governmental approval of any development by the Developer within the District or any aspect thereof, and (c) the Developer's financial position or future operations or its ability to perform its obligations under the CDA Development Agreement, the Memorandum of Understanding or undertake any development in the District.

NO RATING

No rating has been sought, or is expected to be sought in the future, with respect to the 2011 Bonds.

RELATIONSHIP OF PARTIES

Sidley Austin LLP is serving as bond counsel and represents or has represented the Trustee on certain unrelated matters. McGuireWoods LLP is serving as counsel to the Underwriters and represents or has represented the Trustee on certain unrelated matters. Hunton & Williams LLP is serving as counsel to the Developer and represents or has represented the Underwriters and the Trustee on certain unrelated matters.

CONTINUING DISCLOSURE

The Administrator, the Developer and the Authority have agreed to provide certain ongoing information to the 2011 Bondholders. See the sections "**DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - The Indenture - The Administrator**" in Appendix D and "**PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT**" in Appendix F for specific provisions regarding the obligation of the Administrator, the Developer and the Authority to provide limited continuing disclosure at specific times. Such information provided may not be all the information necessary to value the 2011 Bonds at any particular time.

MISCELLANEOUS

The Authority has duly authorized the distribution of this Preliminary Limited Offering Memorandum. The Developer has approved this Preliminary Limited Offering Memorandum.

**MOSAIC DISTRICT COMMUNITY
DEVELOPMENT AUTHORITY**

By _____
Chairman

Approved:

ESKRIDGE (E&A), LLC

By _____
Jodie W. McLean
President

ESKRIDGE PROPERTIES (E&A), LLC

By _____
Jodie W. McLean
President

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL ASSESSMENTS

APPENDIX B

APPRAISAL REPORT

Joseph J. Blake & Associates, Inc. has prepared an appraisal and market study of the properties within the District to be assessed and has issued the following Appraisal Report. The Appraisal Report should be read in its entirety for an understanding of the assumptions and rationale underlying the forecast contained therein. The Appraisal Report projects the market value of the properties within the District once the CDA Facilities are completed. There can be no assurance, however, that the additional improvements constituting all of the CDA Facilities will be completed by the Developer as described in this Limited Offering Memorandum, which difference could be material to the market value of the properties within the District and could affect the amount of County Advanced Revenues and the schedule on which the 2011 Bonds are paid.

APPENDIX C

ENGINEER'S REPORT

APPENDIX D

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX G

TAX INCREMENT PROJECTION STUDY

PREPARED BY MUNICAP, INC.

*MuniCap, Inc. has prepared the following Tax Increment Projection Study that provides estimates of County Advanced Revenues for each year in which the 2011 Bonds are outstanding. Such estimates are based on the best information currently available to the Administrator and the Developer. A number of factors, including those discussed in the section "**CERTAIN BONDHOLDERS' RISKS**" and in this Appendix G, could cause the actual figures to be materially different from the projected figures. The Tax Increment Projection Study should be read in its entirety for an understanding of the assumptions and rationale underlying the forecasts contained therein.*

APPENDIX H

MARKET ANALYSIS STABALIZATION VALUATION ANALYSIS

APPENDIX I

CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION CONCERNING FAIRFAX COUNTY, VIRGINIA

*[The following information should not be read with a view to the creditworthiness of
Fairfax County, which is not obligated to pay debt service on the 2011 Bonds.]*