

**MOSAIC DISTRICT COMMUNITY DEVELOPMENT AUTHORITY
FAIRFAX COUNTY, VIRGINIA**

SPECIAL ASSESSMENT REPORT

Prepared By:

MuniCap, Inc.

January 27, 2011

MOSAIC DISTRICT COMMUNITY DEVELOPMENT AUTHORITY FAIRFAX COUNTY, VIRGINIA

SPECIAL ASSESSMENT REPORT

Purpose of Report

The Mosaic District Community Development Authority (the "Authority"), as created by the Board of Supervisors by the ordinance adopted on April 27, 2009, as amended by ordinance dated April 27, 2010 (the "Ordinance"), is being created to provide public improvements for the property within the geographic boundaries of the Mosaic District Community Development Authority district, as identified by the Ordinance (the "Mosaic District"). These improvements will provide a special benefit to the property owners in the Mosaic District. The Bonds are expected to be issued by the Authority to finance all or a portion of the costs of the public improvements, administrative expenses of the Authority, bond issuance costs, bond interest during construction and for a period after construction, and a debt service reserve fund. Special Assessments are intended to be levied to repay the Bonds.

The County will impose Special Assessments in amounts equal to the principal of the Bonds issued by the Authority, interest on the Bonds until repaid, and administrative expenses of the Authority related to the Bonds. Pursuant to the provisions of the approved "Rate and Method of Apportionment of Special Assessments," the annual installment of Special Assessments will be collected each year to provide funds for the payment of debt service on the Bonds, the cost of administration of the Authority, and other costs related to the Bonds. Alternatively, a property owner may pay the Special Assessments imposed on a parcel in full at any time without penalty.

The Authority is being created, Special Assessments levied, and bonds issued pursuant to the Virginia Water and Waste Authorities Act, beginning with §15.2-5100 et seq. of the Code of Virginia, 1950 (the "Act"), as it may be amended from time to time. The Act provides that the costs of improvements provided by the Authority may be assessed in a manner prescribed by the County upon property benefited by such improvements. This report explains the method of assessing the property in the Mosaic District for the improvements to be provided by the Authority.

Terms used herein and defined in the "Rate and Method of Apportionment of Special Assessments" shall have the meanings given to such terms therein.

Description of the Mosaic District

The Mosaic District consists of approximately 31 acres proposed to be developed as a mixed-used project. The property is generally bound by Lee Highway to the north, Yates Way, Strawberry Lane, and Fairfax Plaza Shopping Center to the east, Eskridge Road to the west and Luther Jackson Middle School to the south. A map of the property in the Mosaic District is attached to this report as Exhibit A.

Rezoning Application RZ 2005-PR-041 was approved by the Fairfax County Board of Supervisors on October 15, 2007 rezoning the 31.37 acres from Medium Intensity Industrial,

General Industrial, and Highway Corridor Overlay Districts to Planned Development Commercial (“PDC”), Planned Residential Mixed Use (“PRM”), and Highway Corridor Overlay Districts. Both the PDC and PRM districts allow for retail, restaurants, office, hotels, theater, and multi-family dwellings. A detailed list of permissible uses can be found in the Fairfax County Zoning Ordinance, Article 6, Part 1 and Part 4.

The property within the Mosaic District will be broken into the two PDC and PRM districts as follows:

- A. Approximately 24.14 acres to the PDC district and comprised of development parcels A, B, D, F, H, and I as identified on the site plan attached as Exhibit A, and
- B. Approximately 7.23 acres to the PRM District and comprised of development parcels C, E, and G as identified on the site plan attached as Exhibit A.

Under the current approved zoning, total development on the property shall not exceed 1,893,112 square feet of gross floor area (“GFA”) of principal and secondary uses, at an overall 1.39 floor area ratio, including affordable dwelling units and workforce housing units. A maximum of 1,442,712 square feet of GFA, exclusive of cellar space, shall be permitted within the PDC zone, and a maximum of 610,000 square feet of GFA, exclusive of cellar space, shall be permitted within the PRM zone. Cellar space shall be limited to 175,000 square feet for all permitted uses, except dwelling units which will be restricted separately to 25,000 square feet.

Under the current approved zoning, total non-residential uses within both the PDC and PRM zoning districts combined shall consist of a minimum of 460,000 square feet of GFA and a maximum total of 1,196,144 square feet of GFA (excluding cellar space). Residential gross floor area within both the PDC and PRM zoning district combined shall be a minimum of 550,000 square feet of GFA to a maximum of 1,205,112 square feet of GFA, including affordable dwelling units, affordable bonus density units, and workforce housing. A minimum of 500 residential units shall be constructed on the property and shall include all required affordable, bonus affordable, and workforce units. Market rate multi-family residential units constructed shall have an average gross unit size of 1,100 square feet. In no event shall the combined total maximum residential and non-residential GFA for the property exceed 1,893,112 square feet of GFA.

The development of the property in the Mosaic District, as approved by Rezoning Application RZ 2005-PR-041, is shown by Table A on the following page. This development is consistent with the corresponding zoning guidelines described above.

Table A
Development Plan

Development Type	Units/SF/Rooms
<i>Residential (for rent)</i>	
	<i>(Units)</i>
Market rate	710
Affordable dwelling	38
Workforce	55
Sub-total residential (for rent)	803
<i>Commercial</i>	
	<i>(SF)</i>
Parcel B anchor	168,900
Junior anchors	12,000
Specialty retail	269,163
Restaurant	52,600
Office	167,096
Theater	120,000
Sub-total commercial	789,759
	<i>(Rooms)</i>
Hotel	375

Proposed Improvements

The purpose of the Authority, the Special Assessments to be levied in the Mosaic District, and the Bonds to be issued with respect to the Authority is to finance a portion of the costs of the public improvements that benefit the property in the Mosaic District.

Table B on the following page identifies the estimated costs of public improvements that may be paid by the Bonds:

Table B
Authority Improvements to be Funded by Bonds

Authority Improvements	Estimated Costs
Roads	
Eskridge Road improvements	\$6,566,949
Lee Highway improvements	\$1,259,598
Market Street & alley	\$1,914,680
New Drive	\$4,213,118
North Street	\$2,231,054
Strawberry Lane	\$3,703,602
Townhouse Street	\$1,601,214
Festival Street (Lee to Strawberry)	\$4,072,843
Festival Street (North to Eskridge)	\$4,156,602
Festival Street (Strawberry to North)	\$4,137,995
Yates Way	\$909,032
Parks	\$8,659,208
Parking	\$30,000,000
Parcel A deck	
East deck	
Hotel parking budget	
Parcel B deck (excludes Target)	
Parcel B deck (includes Target)	
Parcel C deck	
Parcel E deck	
Residential parking budget	
Other	
Utility infrastructure (public)	\$890,163
Storm water system improvements	\$3,534,904
Luther Jackson Middle School improvements	\$619,038
Sub-total improvements	\$78,470,000
Less: developer funded costs	(\$6,470,000)
Authority improvements funded with bonds	\$72,000,000

The costs shown in this table are estimates. The actual costs are likely to vary from these estimates.

A description of the Authority improvements that may be funded by the Bonds follows:

Roads

These improvements consist of road improvements along Eskridge Road, Lee Highway, Strawberry Lane, North Street, Townhouse Street, Market Street, New Drive, Yates Way, and District Avenue. Costs include right-of-way acquisition, frontage upgrades, granite curbs, road widening, channelization, and utility relocation.

Parks

These improvements will provide the North Park community space located at the corner of the proposed Strawberry Lane and District Avenue and the South Park community space located on the proposed District Avenue, adjacent to Parcel G. Costs may include natural landscaping, decorative elements, lawn seating, outdoor performance space, a wading fountain, and a rain garden.

Public Parking

The Bonds will provide funding for all or a portion of approximately 3,600 parking spaces in one or more parking structures located within “Parcel A,” “Parcel B,” “Parcel C,” “Parcel E,” “East Deck,” “Residential Parking,” and “Hotel Parking” as labeled on the site plan included as Exhibit B. Construction of surface, sub-grade and above-grade structures will provide efficient land use, lessen traffic congestion and circulation impacts, and enhance commercial uses.

Utility Infrastructure

These improvements will provide water and sewer pipes throughout the Mosaic District. The costs to connect the off-site water and sewer pipes to the on-site infrastructure will also be included.

Storm Water System Improvements

The storm water system includes improvements to structures, channels and underground pipes that carry storm water run-off to nearby ponds, lakes, streams and rivers. Underground detention systems are designed to control storm water run-off quantity, quality, timing and distribution for property within the Mosaic District.

Luther Jackson Middle School (LJMS)

LJMS improvements will provide a 64 space shared parking lot, upgrades to the athletic fields, and a public access easement located along the common boundary between Luther Jackson Middle School and the Mosaic District and/or a cash contribution for the athletic field improvements for LJMS. Improvements will include construction of the paved connection to the existing service drive behind LJMS, grading of the common boundary, construction of 64 LJMS and Mosaic District shared parking spaces, paving, striping, curb and gutter, retaining walls, lights, stormwater management facilities, a landscaped berm, installation of an access control gate, and grading and resurfacing of the athletic fields. The 64 shared parking spaces will be provided pursuant to an agreement to meet the parking needs of property in the Mosaic District.

The public improvements described above are all provided to meet the needs of the property in the Mosaic District that result from the proposed development of the property. The improvements provide roads, parks and open space, storm water management systems, utilities, and other public infrastructure that do not currently exist and will be necessary for the proposed development of the property. A site plan identifying the public improvements is included as Exhibit B.

Projected Issuance of Bonds

The Bonds are projected to be issued by the Authority in one or more series to finance a portion of the costs of the public improvements described above. Further, it is anticipated that the Authority will issue different type of bonds, including (i) the Series A Tax Revenue Bonds (the "Tax Revenue Bonds"), which will be supported by tax increment revenues and special assessments assumed to be repaid over a period of 25 years, which includes three years of funded capitalized interest and 22 years thereafter over which the bonds are repaid, and (ii) the Series B Special Assessment Bonds (the "Special Assessment Bonds"), which will be supported solely by special assessments assumed to be repaid over thirty years (collectively, the "Bonds").

Bond proceeds may include the costs of constructing improvements, certain administrative expenses, a debt service reserve fund, issuance costs and capitalized interest. Interest income on the bond proceeds will act as a supplement to the bond proceeds before they are fully expended. Table C shows the estimated sources and uses of funds for the issuance of the Bonds.

Table C
Projected Issuance of the Bonds

Source and Uses	Tax Revenue Bonds	Special Assessment Bonds	Total Bonds
Sources:			
Bond proceeds	\$65,035,000	\$30,400,000	\$95,435,000
Interest earned in the improvement fund	\$113,529	\$0	\$113,529
Sub-total sources of funds	\$65,148,529	\$30,400,000	\$95,548,529
Uses:			
Public improvements	\$42,000,000	\$30,000,000	\$72,000,000
Issuance costs	\$601,632	\$400,000	\$1,001,632
Underwriter's discount	\$682,868	\$0	\$682,868
Capitalized interest	\$15,360,529	\$0	\$15,360,529
Debt service reserve fund	\$6,503,500	\$0	\$6,503,500
Sub-total uses of funds	\$65,148,529	\$30,400,000	\$95,548,529

The actual issuance of the Bonds may vary from these estimates depending on the interest rate on the Bonds, the date the Bonds are issued, the cost of issuing Bonds, reinvestment rates on the bond proceeds, and other factors.

Bond issuance costs include legal fees, financial consulting fees, cost of studies, the set-up and first year's fee of the trustee, trustee's counsel, County expenses, document printing costs, and other miscellaneous costs related to the issuance of the Bonds. Underwriter's discount is the fee to the underwriter for selling the Bonds.

Capitalized interest will fund the interest on the Tax Revenue Bonds for approximately 42 months after the issuance of the Tax Revenue Bonds. Capitalized interest allows time for the public improvements to be constructed, for the property to be added to the property tax roll, and property taxes to be collected from the property and applied to the payment of debt service on the Bonds.

The purpose of the debt service reserve fund is to ensure there are sufficient funds to pay debt service should it be necessary to take action to collect delinquent Special Assessments. The proceeds in the reserve fund are invested and the income is applied to the annual debt service on the Bonds. The reserve fund itself is expected to eventually be applied to the repayment of the Bonds.

Projected Debt Service and Administrative Expenses

A schedule showing projected debt service and administrative expenses is attached to this report as Exhibit C. Interest is assumed to be 7.0% per year on the outstanding principal on the Tax Revenue Bonds and 6.0% on the Special Assessment Bonds. Administrative expenses are estimated at \$50,000 and \$30,000 annually for the Tax Revenue and Special Assessment Bonds, respectively. Administrative expenses are assumed to be adjusted annually for inflation at two percent per year. The assessments will be reduced pursuant to the “Rate and Method of Apportionment of Special Assessments” for any reductions in debt service, including reductions due to a lower interest rate and reduced administrative expenses. Total principal, interest, and administrative expenses of the special assessments are shown below in Table D.

Table D
Total Special Assessments

Principal portion	\$95,435,000
Interest portion	\$110,856,133
Administrative expenditures	\$2,563,784
Total Special Assessments	\$208,854,917

Determination of Special Assessments

The reasonable basis for the Special Assessments levied in the Mosaic District is based on the following:

- (i) The public improvements to be provided by the Authority provide a peculiar and special benefit to the property in the Mosaic District and this benefit equals or exceeds the cost of the Special Assessments;
- (ii) The Bonds are issued to pay for all or a portion of the public improvements that provide a peculiar and special benefit to the assessed property and the Special Assessments collected each year are equal to the amount required to repay the Bonds and to pay administrative expenses related to the Bonds; and
- (iii) The Special Assessments are allocated to parcels within the Mosaic District on a basis that reasonably reflects the benefit each parcel receives from the public improvements.

The following sections of this report explain how the Special Assessments as levied pursuant to the “Rate and Method of Apportionment of Special Assessments” for the Authority are consistent with these concepts.

Special Benefit

The property will receive a peculiar and special benefit from the public infrastructure improvements to be provided by the Authority. The public improvements are located in the Mosaic District and provided specifically to meet the demands of the property in the Mosaic District. The public infrastructure to be funded by the Authority improves storm water quality in the Mosaic District, upgrades roads, provides parks and parking facilities and provides other public improvements specifically for the property in the Mosaic District. These improvements are required for the proposed use of the property as described above. Accordingly, the public improvements to be funded by the Authority provide a peculiar and special benefit to the property in the Mosaic District.

The peculiar and special benefit of the public infrastructure improvements to be provided by the Authority will be equal to or greater than the cost of the Special Assessments levied on the property. The value of peculiar and special benefit is confirmed by two means. First, the owners of all of the property in the Mosaic District have requested the County impose Special Assessments on the property for the purpose of providing the public improvements. It is reasonable to believe the owners are acting in their interest and making this request because the benefit they receive from the public improvements exceed the cost of the Special Assessments.

Second, the Special Assessments are being levied to provide improvements that are necessary for the highest and best use of the property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (*Dictionary of Real Estate Appraisal, Fourth Edition.*) The four criteria for highest and best use are (i) legal permissibility, (ii) physical possibility, (iii) financial feasibility, and (iv) maximum productivity.

The owners of the property to be assessed have analyzed various options for the use of the property, taking into consideration the legally permitted uses, the physical constraints of the site, financial parameters, market demand, and other relevant factors. The owners are understandably interested in maximizing their return on the property. Based on this analysis, the highest and best use of the property, including any costs required for that use, is the proposed uses for the property. The proposed uses of the property will require the public improvements that are to be provided by the Authority. Without these improvements, the property could not be put to its highest and best use.

A portion of the financing provided by the Authority is long-term financing and may pay interest to the bond holders that is exempt from income taxes, resulting in a lower rate than other available financing on comparable terms. The special assessments also make available bond financing that may be repaid in part from incremental real property taxes. The terms of the Bonds also facilitate financing of improvements for a large-scale mixed-use development with multiple owners. As a result of these and other advantageous terms, the financing provided by the Authority is the most beneficial means of financing the public improvements.

In summary, the peculiar and special benefit to the property is greater than the Special Assessments imposed on the property for the following reasons:

1. The improvements to be provided by the Authority are required for the highest

- and best use of the property;
2. The highest and best use of the property is the use of the property that is most valuable (including any costs associated with the use of the property);
 3. The financing provided by the Authority is the most beneficial means of financing the improvements;
 4. As a result, the special benefits to the property from the improvements to be provided by the Authority will be equal to or greater than the cost of the Special Assessments that will finance the improvements necessary to achieve the highest and best use of the property.

Assessments Collected Each Year

The annual installment of Special Assessments are shown in the Special Assessment Roll, Appendix A of the “Rate and Method of Apportionment of Special Assessments” and Exhibit C attached to this report. After the issuance of the Bonds, the annual installment is projected to be paid over approximately twenty-five years for the Tax Revenue Bonds and approximately thirty years for the Special Assessment Bonds. The annual installment includes the principal to be repaid, which is equal to the estimated principal of the Bonds to be issued, interest on the unpaid principal, and administrative expenses of the Authority as shown below in Table E. As described above, the annual installments as shown on the Special Assessment Roll have been set each year in the amount necessary to pay the debt service on the Bonds, which are to be issued to finance the public improvements that provide a peculiar and special benefit, and the administrative expenses related to the repayment of the Bonds by the Authority.

Table E
Total Special Assessments

Principal portion	\$95,435,000
Interest portion	\$110,856,133
Administrative expenditures	\$2,563,784
Total Special Assessments	\$208,854,917

As explained above, two series of bonds are proposed to be issued, with different maturities, one of which may be repaid in whole or in part from tax increment revenues paid by the County to the Authority. As an accounting convention, in order to track the portion of the Special Assessments and annual installment applied to each series of Bonds and the portion of the annual installments that may be reduced by tax increment revenues, the Special Assessments and annual installments are identified in two parts. The Special Assessment Part A (and Annual Installment Part A) will be applied to the repayment of the Tax Revenue Bonds and the Special Assessment Part B (and Annual Installment Part B) will be applied to the repayment of the Special Assessment Bonds.

The actual expenses of the Authority may be less than estimated herein. The “Rate and Method of Apportionment of Special Assessments” provide for the annual installment collected each year to equal the actual amount required to pay debt service on the Bonds and administrative expenses of the Authority. Additionally, the “Rate and Method of Apportionment

of Special Assessments” provide for Special Assessments to be reduced to equal the actual costs of providing the public improvements, including the costs related to issuance and repayment of the Bonds.

In summary, the Special Assessments are set in a manner consistent with the estimate of the annual debt service on the Bonds to be issued to finance the public improvements that provide a peculiar benefit to the property being assessed and the administrative expenses related to the repayment of the Bonds by the Authority and are therefore set in a reasonable manner.

Allocation of the Special Assessments

This section explains how the Special Assessments are allocated to the property in the Mosaic District in a reasonable manner that is representative of the benefit each property receives from the public improvements to be provided by the Authority.

Pursuant to the Special Assessment Agreement, the owner of each parcel in the Mosaic District has consented to the Special Assessments imposed on the property, including the method of allocating the assessments to the parcels, demonstrating the reasonableness of the allocation of the Special Assessments. The Special Assessments are imposed on all of the real property within the Mosaic District, with the exception of non-benefited property and public property. Non-benefited property is property within the Mosaic District that will not use and will not increase in value as a result of the construction of the public improvements. The “Rate and Method of Apportionment of Special Assessments” provide for the Special Assessments to be reallocated as property is subdivided. The reallocation is made on the same basis as the initial allocation of Special Assessments as shown on the Special Assessment Roll and explained herein.

The method used to allocate the assessments in the “Rate and Method of Apportionment of Special Assessments” is based on the estimated value of the property in the Mosaic District as developed and fully able to utilize the improvements. Future estimated value reasonably reflects the increase in value to property that will result from the improvements. Property with higher value is reasonably assumed to be able to benefit more from the improvements, reflected by the higher value, and property with lower value able to benefit less from the improvements, reflected by the lower value. Exhibit D of this report provides detailed assumptions for the calculation of estimated value.

In order to facilitate the allocation of Special Assessments on the basis of estimated future value, property has been classified into thirteen different classes, as shown by Table F on the following page. The value of property within each class has been estimated, and this value used to determine an equivalent assessment factor. The assessments within each land use class are the same per expected residential dwelling unit, per 1,000 square feet of gross floor area of commercial space, or per guest room. That is, each residential unit is assessed the same, each 1,000 square feet of office or small or large retail is assessed the same, and each guest room is assessed the same. Classes 1 through 9 represent permissible uses as currently approved by Rezoning Application RZ 2005-PR-041. Classes 10 through 13 are created in anticipation of future possible land uses.

Table F on the following page shows each land use class, the estimated value, and the resulting equivalent assessment factor.

Table F
Equivalent Assessment Factors by Land Use Class Based on Estimated Value

Land Use Class	Property Use	Average Estimated Value ¹	Equivalent Assessment Factors	
Land Use Class 1	Large Retail	\$135,492	0.64	Per 1,000 SF of GFA
Land Use Class 2	Mid-Size Retail	\$267,006	1.26	Per 1,000 SF of GFA
Land Use Class 3	Small Retail and Restaurants	\$449,514	2.11	Per 1,000 SF of GFA
Land Use Class 4	Theater	\$192,086	0.90	Per 1,000 SF of GFA
Land Use Class 5	Office	\$261,210	1.23	Per 1,000 SF of GFA
Land Use Class 6	Hotel	\$139,820	0.66	Per Room
Land Use Class 7	Multiple Family Market Rate Rental Units	\$212,731	1.00	Per Unit
Land Use Class 8	Multiple Family Affordable Rental Units	\$76,742	0.36	Per Unit
Land Use Class 9	Multiple Family Workforce Rental Units	\$145,919	0.69	Per Unit
Land Use Class 10	Townhouse A (2,200 + SF)	\$591,176	2.78	Per Unit
Land Use Class 11	Townhouse B (2,000 - 2,199 SF)	\$538,627	2.53	Per Unit
Land Use Class 12	Townhouse C (0-1,999 SF)	\$478,811	2.25	Per Unit
Land Use Class 13	Multiple Family For Sale Units	\$399,466	1.88	Per Unit

¹Based on a comparison of comparable research and income capitalization valuation, completed by MuniCap, Inc. See Exhibit D.

Special Assessments are to be allocated to parcels on the basis of equivalent assessment factors. An equivalent assessment factor is calculated for each land use class. Equivalent assessment factors represent the ratio of estimated value per unit, per 1,000 square feet or per room for each class. The calculation of the equivalent assessment factors are shown in Table F.

The Special Assessments on each parcel are to be based on the expected development on each parcel, the equivalent assessment factors for each land use class, and the Special Assessments per equivalent unit. Based on the approved development plan for the Mosaic District as shown in Table A and the equivalent assessment factors from Table F, the projected total equivalent units are 2,124 as shown below in Table G. Classes 10 through 13 include land use classes that may be built depending on market conditions. The development of such land use classes would be subject to future County approvals. Current approvals allow for Land Use Classes 1 through 9, as a result, Land Use Classes 10 through 13 are excluded from Table G below.

TABLE G
Total Equivalent Units

Land Use Class	Approved Development	Equivalent Assessment Factors	Total Equivalent Units
Land Use Class 1	169	0.64	108
Land Use Class 2	12	1.26	15
Land Use Class 3	322	2.11	680
Land Use Class 4	120	0.90	108
Land Use Class 5	167	1.23	205
Land Use Class 6	375	0.66	246
Land Use Class 7	710	1.00	710
Land Use Class 8	38	0.36	14
Land Use Class 9	55	0.69	38
Total			2,124

Table H below shows the derivation of the Special Assessments per equivalent unit based on the total Special Assessments of the Authority, as shown in Exhibit C, and the number of equivalent units as shown in Table G.

TABLE H
Special Assessments per Equivalent Unit

Total Special Assessments	\$208,854,917
Total Equivalent Units	2,124
Total Special Assessments per Equivalent Unit	\$98,332
Total Principal Portion of Assessments	\$95,435,000
Total Equivalent Units	2,124
Total Principal Portion per Equivalent Unit	\$44,932

Special Assessments are to be allocated to each parcel pro rata to the equivalent units of each parcel. As a result, a parcel that represents ten percent of the equivalent units will be allocated ten percent of the Special Assessments. For example, the approved development plan includes 168,900 square feet of large retail (Class 1) and 375 hotel rooms (Class 6). If all of this development were to be on a single parcel, the total equivalent units for the parcel would be 354, as shown below in Table I.

TABLE I
Equivalent Units on a Sample Parcel

Land Use Class	Approved Development (Per 1,000 GFA/ Rooms)	Equivalent Assessment Factors	Total Equivalent Units
Land Use Class 1	169	0.64	108
Land Use Class 4	375	0.66	246
Total			354

Based on the total development outlined in Table G, the sample parcel in Table I would be responsible for 16.67% of the total assessments, as shown below in Table J.

TABLE J
Allocation of Assessments to Sample Parcel

Total equivalent units	2,124
Equivalent units on sample parcel	354
Share of equivalent units or sample parcel	16.67%
Total special assessments	\$208,854,917
Allocation of assessments to sample parcel	\$34,814,255
Total principal portion of assessments	\$95,435,000
Allocation of principal to sample parcel	\$15,908,165

Exhibit E of this report shows the allocation of Special Assessments to each land use class for the approved development plan. Exhibit F of this report shows the allocation of Special Assessment to each parcel within the Mosaic District.

Special Assessments are to be imposed on each parcel as shown on the Special Assessment Roll and will be reallocated to new parcels pursuant to the “Rate and Method of Apportionment of Special Assessments” on the basis of equivalent assessment factors for each land use class. The equivalent assessment factors for each property type are calculated as explained above and as shown in Exhibit E.

Summary of Reasonable Basis of the Special Assessments

Special Assessments are imposed on the assessed property in the Mosaic District according to the provisions of the “Rate and Method of Apportionment of Special Assessments” in a reasonable manner. This report explains the reasonable basis of the Special Assessments. The reasonable basis may be summarized as follows:

1. The public improvements are being provided specifically for the use of the property in the Mosaic District, and as a result, provide a peculiar and special benefit to the property within the Mosaic District;
2. The special benefit of the public improvements to the property subject to Special Assessments equals or exceeds the cost of the Special Assessments;
3. The Bonds are issued to finance the costs of the public improvements, which provide a special benefit to the property in the Mosaic District, and other costs related to the issuance of the Bonds;
4. Special Assessments collected on all of the property in the Mosaic District each year are equal to the amount required to pay the debt service on the Bonds and administrative expenses of the Authority related to the Bonds;

5. Special Assessments are to be allocated to each parcel within the Mosaic District in a manner that is reasonably representative of the benefit each property receives from the public improvements to be provided by the Authority.

For these reasons, the Special Assessments are imposed on the assessed property in the Mosaic District in a reasonable manner.

Exhibit A

Mosaic District Site Plan

Exhibit A Mosaic District Site Plan

TOTAL PROGRAM	
Retail Shops	269,164 SF
Restaurants	52,600 SF
Jr. Anchor	12,000 SF
Target	168,900 SF
Cinema	120,000 SF
Office	167,096 SF
Hotel(300 rooms)	250,000 SF
Residential(803 units)	853,352 SF
TOTAL	1,893,112 SF

PARCEL G (2013)	
Retail Shops	36,000 SF
Restaurants	10,000 SF
Residential(272 units)	288,882 SF
TOTAL	334,882 SF

PARCEL A (2012)	
Retail Shops	21,100 SF
Restaurants	15,000 SF
Jr. Anchor	12,000 SF
Office	167,096 SF
Hotel(150 rooms)	100,00 SF
TOTAL	315,196 SF

PARCEL E (2013)	
Retail Shops	20,000 SF
Residential (127 units)	135,594 SF
TOTAL	155,594 SF

PARCEL C (2012)	
Retail Shops	20,000 SF
Residential (128 units)	135,594 SF
TOTAL	155,594 SF

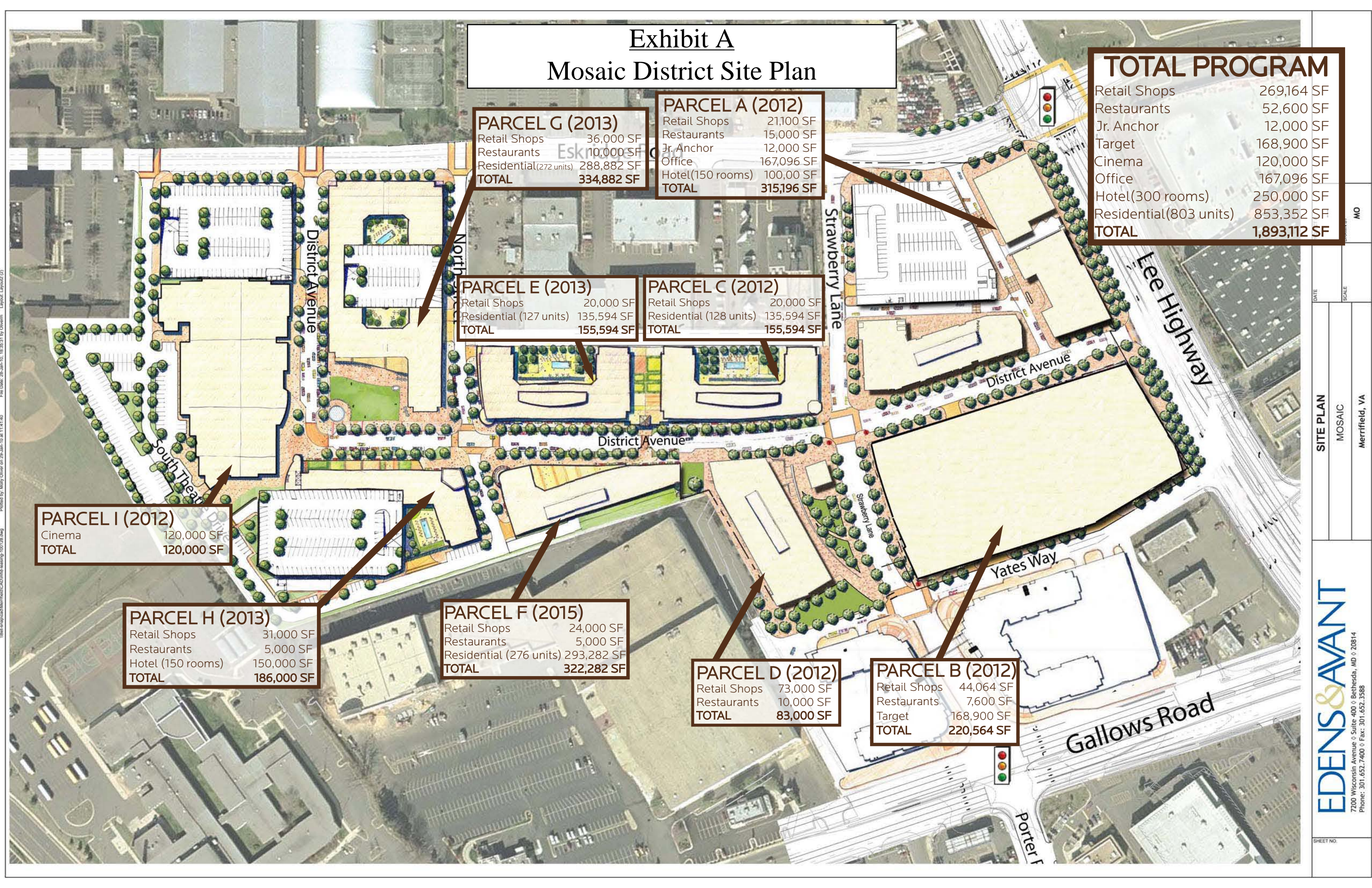
PARCEL I (2012)	
Cinema	120,000 SF
TOTAL	120,000 SF

PARCEL H (2013)	
Retail Shops	31,000 SF
Restaurants	5,000 SF
Hotel (150 rooms)	150,000 SF
TOTAL	186,000 SF

PARCEL F (2015)	
Retail Shops	24,000 SF
Restaurants	5,000 SF
Residential (276 units)	293,282 SF
TOTAL	322,282 SF

PARCEL D (2012)	
Retail Shops	73,000 SF
Restaurants	10,000 SF
TOTAL	83,000 SF

PARCEL B (2012)	
Retail Shops	44,064 SF
Restaurants	7,600 SF
Target	168,900 SF
TOTAL	220,564 SF



DATE: _____
SCALE: _____
SITE PLAN: MOSAIC
Merrifield, VA

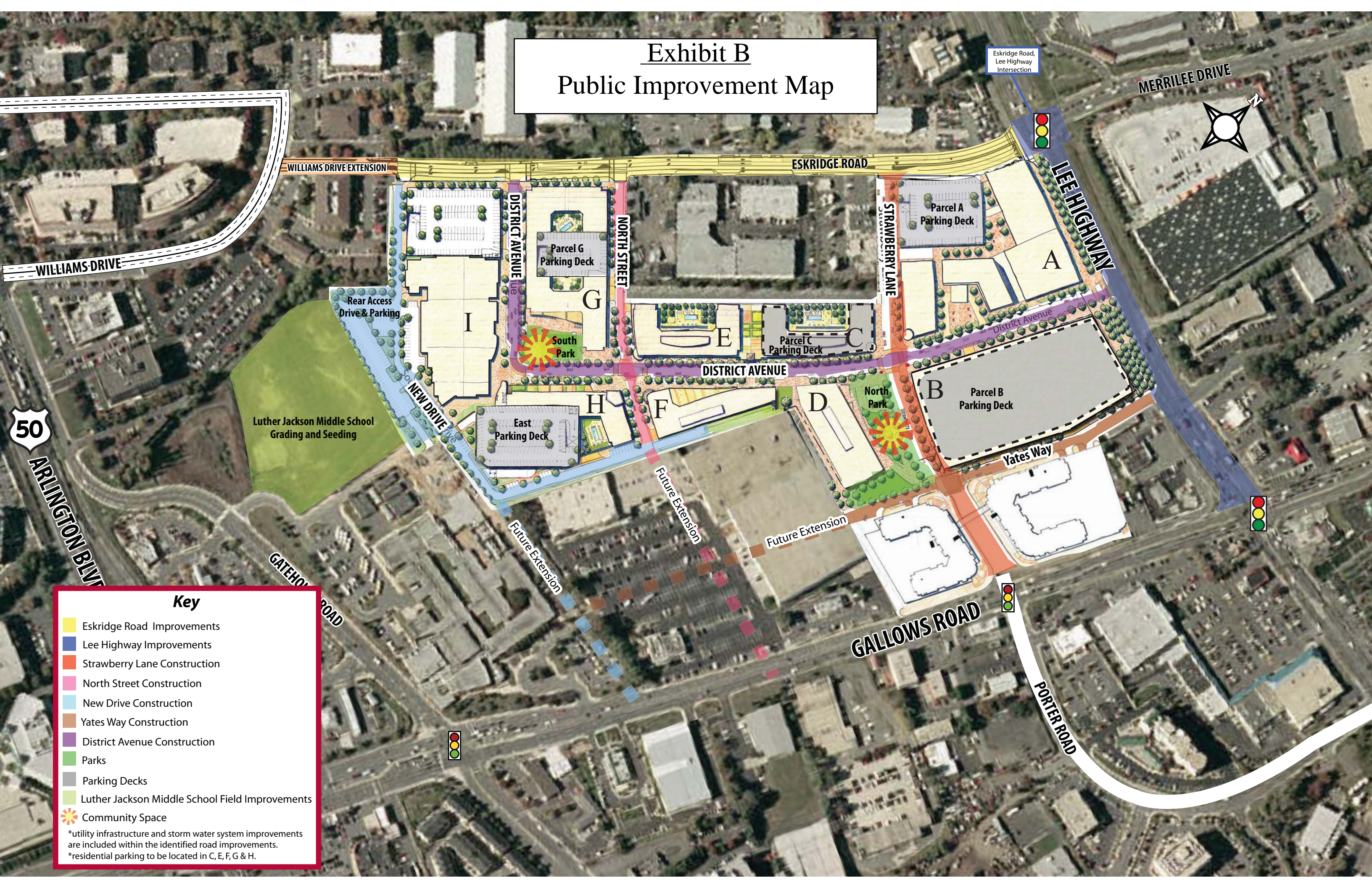
EDENS & AVANT
7200 Wisconsin Avenue • Suite 400 • Bethesda, MD • 20814
Phone: 301.652.7400 • Fax: 301.652.3588

SHEET NO. _____

Exhibit B

Public Improvement Map

Exhibit B Public Improvement Map



Eskridge Road, Lee Highway Intersection

MERRILEE DRIVE



WILLIAMS DRIVE EXTENSION

ESKRIDGE ROAD

LEE HIGHWAY

WILLIAMS DRIVE

DISTRICT AVENUE

NORTH STREET

STRAWBERRY LANE

Parcel A
Parking Deck

A

Rear Access Drive & Parking

Parcel G
Parking Deck

G

South Park

Parcel C
Parking Deck

C

DISTRICT AVENUE

Parcel B
Parking Deck

B

Luther Jackson Middle School
Grading and Seeding

NEW DRIVE

East
Parking Deck

H

F

North
Park

D

Parcel B
Parking Deck

Yates Way

Future Extension

Future Extension

Future Extension

50

ARLINGTON BLVD

GATEHOPE ROAD

GALLOWES ROAD

PORTER ROAD

Key

- Eskridge Road Improvements
- Lee Highway Improvements
- Strawberry Lane Construction
- North Street Construction
- New Drive Construction
- Yates Way Construction
- District Avenue Construction
- Parks
- Parking Decks
- Luther Jackson Middle School Field Improvements
- Community Space

*utility infrastructure and storm water system improvements are included within the identified road improvements.
*residential parking to be located in C, E, F, G & H.

Exhibit C

**Projected Debt Service and
Administrative Expenses**

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

**Exhibit C-1
Total Combined Bonds
Tax Revenue and Special Assessment Bonds
Projected Debt Service and Administrative Expenses**

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

Exhibit D

Estimated Land Use Class Values

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

Exhibit D-I: Estimate of Land Use Class Values

Land Use Class	Projected Development			Market Value ¹			Market Value Per 1,000 SF/Room/Unit ²	Total Market Value
	GFA	Units	Rooms	Per SF	Per Unit	Per Room		
<i>Land Use Class 1 - large retail</i>	168,900	NA	NA	\$135.49	NA	NA	\$135,492	\$22,884,585
<i>Land Use Class 2 - mid-size retail</i>	12,000	NA	NA	\$267.01	NA	NA	\$267,006	\$3,204,073
<i>Land Use Class 3 - small retail</i>								
Specialty retail	269,163	NA	NA	\$453.11	NA	NA	\$453,109	\$121,960,053
Restaurant	52,600	NA	NA	\$431.12	NA	NA	\$431,120	\$22,676,908
Sub-total land use class 2	321,763			\$449.51			\$449,514	\$144,636,961
<i>Land Use Class 4 - theater</i>	120,000	NA	NA	\$192.09	NA	NA	\$192,086	\$23,050,369
<i>Land Use Class 5 - office</i>	167,096	NA	NA	\$261.21	NA	NA	\$261,210	\$43,647,078
<i>Land Use Class 6 - hotel</i>	250,000	NA	375	\$209.73	NA	\$139,820	\$139,820	\$52,432,472
<i>Land Use Class 7 -mf market rate rental units</i>	660,300	710	NA	\$228.74	\$212,731	NA	\$212,731	\$151,038,846
<i>Land Use Class 8 - mf affordable rental units</i>	29,471	38	NA	\$98.95	\$76,742	NA	\$76,742	\$2,916,201
<i>Land Use Class 9 - mf workforce rental units</i>	42,882	55	NA	\$187.15	\$145,919	NA	\$145,919	\$8,025,528
<i>Land Use Class 10 - townhouse (2,200+ SF)</i>	-	-	NA	\$262.75	\$591,176	NA	\$591,176	-
<i>Land Use Class 11 - townhouse (2,000 - 2,199 SF)</i>	-	-	NA	\$262.75	\$538,627	NA	\$538,627	-
<i>Land Use Class 12 - townhouse (0-1,999 SF)</i>	-	-	NA	\$290.19	\$478,811	NA	\$478,811	-
<i>Land Use Class 13 - multiple family for sale units</i>	-	-	NA	\$363.15	\$399,466	NA	\$399,466	-
Total	1,772,412	803	375					\$451,836,113

MuniCap, Inc.

26-Jan-11

¹See Schedule II.

²Represents the estimated value per 1,000 square feet, per room, or per unit used to calculate the equivalent assessment factors.

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

Exhibit D-II: Comparison of Valuation Methods¹

Property Type	Income Capitalization ²	Comparables ³
<u>Parcel B anchor</u>		
Per SF	\$123.81	<u>\$135.49</u>
<u>Junior anchors</u>		
Per SF	\$308.22	<u>\$267.01</u>
<u>Specialty retail</u>		
Per SF	<u>\$453.11</u>	\$308.71
<u>Restaurant</u>		
Per SF	<u>\$431.12</u>	\$365.72
<u>Office</u>		
Per SF	<u>\$261.21</u>	\$220.05
<u>Hotel</u>		
Per SF	<u>\$209.73</u>	\$180.38
Per room	<u>\$139,819.93</u>	\$126,243.02
<u>Theater</u>		
Per SF	<u>\$192.09</u>	\$173.29
<u>Residential (For Rent)</u>		
Market:		
Per SF	<u>\$228.74</u>	\$155.60
Per unit	\$212,730.77	\$172,012.60
ADU:		
Per SF	<u>\$98.95</u>	\$93.36
Per unit	\$76,742.14	\$103,207.56
Workforce:		
Per SF	<u>\$187.15</u>	\$140.04
Per unit	\$145,918.69	\$154,811.34
<u>Residential (For Sale)</u>		
Townhouse:		
Type A - 4 Bedroom		
Per SF ⁴	NA	<u>\$262.75</u>
Per unit ⁴	NA	\$543,444.44
Type B - 3 Bedroom		
Per SF ⁴	NA	<u>\$262.75</u>
Per unit ⁴	NA	\$543,444.44
Type C - 3 Bedroom		
Per SF ⁴	NA	<u>\$290.19</u>
Per unit ⁴	NA	\$512,666.67
Condominium:		
Per SF	NA	<u>\$363.15</u>
Per unit	NA	\$427,465.00

MuniCap, Inc.

26-Jan-11

¹Valuation approach chosen for each type of development is underlined and shown in bold and italics.

²See Schedule III.

³See Schedule IV. ADU and workforce housing assumptions provided by Edens & Avant. Assumes that ADU housing is equal to 60% and workforce housing is equal to 90% of the market residential value.

⁴Townhouse units do not generate rental income. As a result, only the comparable approach is utilized to estimate value.

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

Exhibit D-III: Projected Market Value (Income Capitalization)

	Parcel B Anchor	Junior Anchors ⁵	Specialty Retail ⁵	Restaurant ⁵	Office ⁵	Theater
<i>Income Capitalization</i>						
Square feet ¹	168,900	12,000	269,163	52,600	167,096	120,000
Annual rent PSF ²	\$15.00	\$31.50	\$50.00	\$50.00	\$35.00	\$21.82
Assumed vacancy rate ³	5%	0%	6%	5%	7%	5%
Less: assumed vacancy	(\$0.75)	\$0.00	(\$3.00)	(\$2.50)	(\$2.45)	(\$1.09)
Effective gross income	\$14.25	\$31.50	\$47.00	\$47.50	\$32.55	\$20.73
Assumed expense ratio ³	18%	7%	9%	8%	23%	10%
Less: assumed expenses	(\$2.50)	(\$2.25)	(\$4.00)	(\$4.00)	(\$7.50)	(\$2.50)
Net operating income	\$11.75	\$29.25	\$43.00	\$43.50	\$25.05	\$18.23
Capitalization rate ⁴	9.49%	9.49%	9.49%	10.09%	9.59%	9.49%
Total estimated market value PSF	\$123.81	\$308.22	\$453.11	\$431.12	\$261.21	\$192.09

MuniCap, Inc.

26-Jan-11

¹Provided by Edens & Avant.

²Assumptions for anchor annualized rents provided by Department of Tax Administration for Fairfax County. Theater annualized rents are assumed to be the rent by tenant type provided by Edens & Avant.

³Assumptions provided by Director of Tax Administration for Fairfax County. Assumes the junior anchor parcel will be a grocer with a long term lease based on information provided by E&A.

⁴The market cap rate is estimate at 8.40% for all properties except restaurant, for which the market cap rate is estimated to 9.0%, and office, for which the market cap rate is estimated to be 8.50%. The property tax rate of 1.09% is added to the market cap rate to arrive at the fully loaded cap rate. Property taxes are not included in estimated expenses. Assumptions are provided by the Department of Tax Administration for Fairfax County.

⁵Annual rent per square foot assumptions are based on information in the *Market Analysis and Product Program Recommendations for Mosaic District in Merrifield, Virginia* prepared by The Concord Group.

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

Exhibit D-III: Projected Market Value (Income Capitalization)

	Hotel
<i>Income Capitalization</i>	
Square feet ¹	250,000
Number of rooms	375
Average daily rate per room ²	\$180.00
Gross annual income	\$65,700.00
Assumed occupancy rate ³	65%
Effective gross income per room	\$42,705.00
Assumed expense ratio ³	65%
Less: assumed expenses	(\$27,758.25)
Net operating income per room	\$14,946.75
Capitalization rate ⁴	10.69%
Total estimated value per room	\$139,819.93

MuniCap, Inc.

26-Jan-11

¹Provided by Edens & Avant. See Schedule I.

²Based on information in the Market Analysis and Product Program Recommendations for Mosaic District in Merrifield, Virginia prepared by The Concord Group.

³Provided by Director of Tax Administration for Fairfax County.

⁴To account for real property tax, 1.09% is added to the 9.60% cap. rate. Assumptions provided by the Department of Tax Administration for Fairfax County.

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

Exhibit D-III: Projected Market Value (Income Capitalization)

	Residential (For Rent)		
	Market Rate	ADU	Workforce
<i>Income Capitalization</i>			
Number of units ¹	710	38	55
Average net SF per unit ¹	930	776	780
Monthly rent PSF ²	\$2.25	\$1.35	\$2.03
Monthly rent per unit	\$2,092.50	\$1,047.00	\$1,578.84
Annual rent per unit	\$25,110.00	\$12,563.95	\$18,946.05
Less: assumed vacancy (7%) ¹	(\$1,757.70)	(\$879.48)	(\$1,326.22)
Effective gross income	\$23,352.30	\$11,684.48	\$17,619.82
Less: assumed expenses (19%) ¹	(\$5,100.00)	(\$5,100.00)	(\$5,100.00)
Net operating income per unit	\$18,252.30	\$6,584.48	\$12,519.82
Capitalization rate ³	8.58%	8.58%	8.58%
Total estimated value per unit	\$212,730.77	\$76,742.14	\$145,918.69

MuniCap, Inc.

26-Jan-11

¹Provided by Edens & Avant.

²Market rate rents are based on information in the Market Analysis and Product Program Recommendations for Mosaic District in Merrifield, Virginia prepared by The Concord Group. Assumes ADU and workforce rents are 60% and 90% of the market rate rent.

³The market cap rate is estimated to be 7.49%. The real property tax rate of 1.09% is added to the cap. Rate to arrive at the fully loaded cap rate. Assumptions provided by the Department of Tax Administration for Fairfax County.

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

Exhibit D-IV: Projected Market Value (Comparables)

Property Type	Property Address	Area	Year Built	Parcel ID	Building Area			Market Value			Total Market Value			
					SF	Screens	Rooms	Land	Building	Total	Per SF	Per Screen	Per Room	
<i>Parcel B Anchor</i>														
Target	1911 Towne Center Blvd.	Annapolis	2008	02 10 90225790	173,794	NA	NA	\$6,275,000	\$28,142,600	\$34,417,600	\$198.04	NA	NA	
Target	6600 Richmond Highway	Alexandria	2003	0922 01 0016I	120,381	NA	NA	\$9,152,770	\$7,024,470	\$16,177,240	\$134.38	NA	NA	
Target	14391 Chantilly Crossing Lane	Fairfax	2003	1343 01 0041C	143,100	NA	NA	\$8,586,000	\$10,294,350	\$18,880,350	\$131.94	NA	NA	
Target	6100 Arlington Blvd.	Falls Church	2002	0514 01 0004	193,009	NA	NA	\$8,158,190	\$17,668,290	\$25,826,480	\$133.81	NA	NA	
Target	10301 New Guinea Road	Fairfax	1997	0772 01 0013C	111,275	NA	NA	\$7,270,540	\$7,530,590	\$14,801,130	\$133.01	NA	NA	
Target	12197 Sunset Hills Road		1997	0173 01 0033C	135,889	NA	NA	\$8,370,760	\$11,283,470	\$19,654,230	\$144.63	NA	NA	
					703,654				\$95,339,430			<u>\$135.49</u>		
<i>Junior Anchors</i>														
Whole Foods	143 Maple Avenue East	Vienna	1965	0384 02 0130A	37,669	NA	NA	\$7,163,140	\$1,404,540	\$8,567,680	\$227.45	NA	NA	
Whole Foods ¹	4501 Market Commons Drive	-	2006	0552 01 0015A4	95,545	NA	NA	\$3,927,820	\$19,948,500	\$23,876,320	\$249.90	NA	NA	
Harris Teeter	8200 Crestwood Heights Drive	McLean	2008	0294 14 0001C	64,440	NA	NA	\$3,235,900	\$17,094,920	\$20,330,820	\$315.50	NA	NA	
					197,654				\$52,774,820			<u>\$267.01</u>		
<i>Specialty Retail</i>														
Fairfax Corner Town Center ²	12500 Fair Lakes	Fairfax	2003	0561 01 0047 P-T	155,033	NA	NA	\$12,010,230	\$36,152,930	\$48,163,160	\$310.66	NA	NA	
Spectrum Town Center ²	1815 Fountain Drive	Reston	1996-2004	0171 01 0003P	108,744	NA	NA	\$12,356,320	\$23,447,550	\$35,803,870	\$329.25	NA	NA	
Spectrum Town Center ²	1815 Fountain Drive	Reston	1996	0171 01 0003K	103,617	NA	NA	\$8,769,200	\$20,062,730	\$28,831,930	\$278.25	NA	NA	
Market Commons ²	13075 Fair Lakes Shopping Center	Fairfax	1993	0551 14 0004C3	10,914	NA	NA	\$564,190	\$3,425,110	\$3,989,300	\$365.52	NA	NA	
					378,308				\$116,788,260			<u>\$308.71</u>		
<i>Restaurant</i>														
Coastal Flats	12500 Fair Lakes	Fairfax	2004	0561 01 0047 J	10,013	NA	NA	\$1,400,000	\$2,331,510	\$3,731,510	\$372.67	NA	NA	
PF Changs	12500 Fair Lakes	Fairfax	2003	0561 01 0047 K	7,715	NA	NA	\$1,400,000	\$1,389,850	\$2,789,850	\$361.61	NA	NA	
Julios Rio Grand	12500 Fair Lakes	Fairfax	2003	0561 01 0047 L	9,237	NA	NA	\$1,400,000	\$1,940,230	\$3,340,230	\$361.61	NA	NA	
					26,965				\$9,861,590			<u>\$365.72</u>		
<i>Office</i>														
One Freedom Square	11950 Market Street	Fairfax	1999	0171 16 0013	434,722	NA	NA	\$22,722,990	\$99,585,910	\$122,308,900	\$281.35	NA	NA	
MetroPlace/Dunn Loring	2600 Park Tower Drive	Fairfax	1999	0492 37 B	268,877	NA	NA	\$8,168,130	\$40,906,110	\$49,074,240	\$182.52	NA	NA	
Metro Park 5	6363 Walker Lane	Franconia	2006	0911 31 0003	175,184	NA	NA	\$686,000	\$36,230,420	\$36,916,420	\$210.73	NA	NA	
Fairview Park Drive	3190 Fairview Park Drive	Fairfax	1990	0494 13 0010	246,108	NA	NA	\$8,015,980	\$44,991,990	\$53,007,970	\$215.38	NA	NA	
Fairview Park Drive	3130 Fairview Park Drive	Fairfax	1999	0592 26 0004	197,804	NA	NA	\$6,395,770	\$30,870,780	\$37,266,550	\$188.40	NA	NA	
Fairview Park Drive	2941 Fairview Park Drive	Fairfax	2000	0494 01 0074A	401,218	NA	NA	\$12,240,000	\$62,870,200	\$75,110,200	\$187.21	NA	NA	
Fairview Park Drive	3150 Fairview Park Drive	Fairfax	2001	0592 01 0059	264,495	NA	NA	\$8,339,070	\$58,748,440	\$67,087,510	\$253.64	NA	NA	
Fairfax Corner Office	12500 Fair Lakes	Fairfax	2001	0561 01 0047H	136,977	NA	NA	\$3,545,990	\$23,379,120	\$26,925,110	\$196.57	NA	NA	
					2,125,385				\$467,696,900			<u>\$220.05</u>		
<i>Hotel</i>														
Homewood Suites	8130 Porter Road	Falls Church	1997	0494 01 0049F	82,301	NA	107	\$1,926,000	\$12,338,720	\$14,264,720	\$173.32	NA	\$133,315.14	
Residence Inn Fairfax Merrifield	8125 Gatehouse Road	Falls Church	2000	0494 14 0005	120,049	NA	159	\$2,226,000	\$19,725,710	\$21,951,710	\$182.86	NA	\$138,061.07	
Hilton Garden Inn	8301 Boone Blvd.	Vienna	2006	0391 06 0018	87,396	NA	148	\$4,440,000	\$11,608,180	\$16,048,180	\$183.63	NA	\$108,433.65	
					289,746	414					\$52,264,610	\$180.38	<u>\$126,243.02</u>	
<i>Theater</i>														
Fairfax Corner Theater	11900 Palace Way	Fairfax	2003	0561 01 0047I	89,261	14	NA	\$6,295,240	\$6,353,840	\$12,649,080	\$141.71	\$903,505.71	NA	
Regal Kingstowne 16	5910 Kingstowne Center	Alexandria	2005	0912 01 0036I	68,950	16	NA	-	-	\$14,768,062	\$214.19	\$923,003.88	NA	
											<u>\$173.29</u>	\$913,904.73		

MuniCap, Inc.

26-Jan-11

¹Consists of approximately 20,000 square feet of strip retail. Based on information provided by Fairfax County Tax Administration.

²Town center consisting of attached mini anchors and small retail shops. Contains retail only for Fairfax Corner Town Center.

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

Exhibit D-IV: Projected Market Value (Comparables)

Property Type	Property Address	Parcel ID	Area	Year Built	Building Area		Market Value			Total Market Value	
					SF	Units	Land	Building	Total	Per SF	Per Unit
<i>Residential (For Rent)</i>											
Camden at Fairfax Corner	12500 Fair Lakes	0561 01 0047E	Fairfax	2006	283,458	262	\$8,330,000	\$34,465,240	\$42,795,240	\$150.98	\$163,340.61
Monroe Place	2300 Woodland Crossing Drive	0164 23 R/0164T23 R	Herndon	2007	231,711	204	\$11,873,700	\$25,488,930	\$37,362,630	\$161.25	\$183,150.15
					515,169	466			\$80,157,870	<u>\$155.60</u>	\$172,012.60
<i>Townhouse - Type A & B (2,001+ SF)</i>											
Centerpointe Homes	12131 Tribune Street	0463 26 0056A	Fairfax	2010	2,096	-	\$188,000	\$376,000	\$564,000	\$269.08	\$564,000.00
Centerpointe Homes	12143 Tribune Street	0463 26 0050	Fairfax	2009	2,072	-	\$170,000	\$368,000	\$538,000	\$259.65	\$538,000.00
Centerpointe Homes	4139 Halsted Street	0463 26 0057	Fairfax	2008	2,015	-	\$175,000	\$362,000	\$537,000	\$266.50	\$537,000.00
Centerpointe Homes	4101 Halsted Street	0463 26 0090	Fairfax	2007	2,088	-	\$175,000	\$373,000	\$548,000	\$262.45	\$548,000.00
Centerpointe Homes	4103 Halsted Street	0463 26 0089	Fairfax	2007	2,040	-	\$170,000	\$365,000	\$535,000	\$262.25	\$535,000.00
Centerpointe Homes	4105 Halsted Street	0463 26 0088	Fairfax	2007	2,040	-	\$170,000	\$369,000	\$539,000	\$264.22	\$539,000.00
Centerpointe Homes	4107 Halsted Street	0463 26 0087	Fairfax	2007	2,088	-	\$170,000	\$373,000	\$543,000	\$260.06	\$543,000.00
Centerpointe Homes	4109 Halsted Street	0463 26 0086	Fairfax	2007	2,088	-	\$170,000	\$373,000	\$543,000	\$260.06	\$543,000.00
Centerpointe Homes	4111 Halsted Street	0463 26 0085A	Fairfax	2007	2,088	-	\$175,000	\$369,000	\$544,000	\$260.54	\$544,000.00
					2,068				\$543,444	<u>\$262.75</u>	\$543,444.44
<i>Townhouse - Type C (1,600 SF - 2,000 SF)</i>											
Centerpointe Homes	12101 Loyola Lane	0463 26 0078	Fairfax	2007	1,952	-	\$175,000	\$384,000	\$559,000	\$286.37	\$559,000.00
Centerpointe Homes	4120 Halsted Street	0463 26 0079	Fairfax	2008	1,896	-	\$175,000	\$392,000	\$567,000	\$299.05	\$567,000.00
Centerpointe Homes	4124 Halsted Street	0463 26 0081	Fairfax	2008	1,896	-	\$170,000	\$390,000	\$560,000	\$295.36	\$560,000.00
Fair Lakes	12426 Oak Rail Lane	0552 25 0002	Fairfax	2009	1,600	-	\$110,000	\$350,000	\$460,000	\$287.50	\$460,000.00
Fair Lakes	12419 Oak Rail Lane	0552 25 0006	Fairfax	2009	1,656	-	\$115,000	\$355,000	\$470,000	\$283.82	\$470,000.00
Fair Lakes	12421 Oak Rail Lane	0552 25 0007	Fairfax	2009	1,600	-	\$110,000	\$350,000	\$460,000	\$287.50	\$460,000.00
					1,767				\$512,667	<u>\$290.19</u>	\$512,666.67
<i>Condominiums</i>											
Midtown Reston North	11990 Market Steet Unit 416	0171 32 0416	Fairfax	2006	939	-	\$68,000	\$272,340	\$340,340	\$362.45	\$340,340.00
Midtown Reston North	11990 Market Steet Unit 506	0171 32 0506	Fairfax	2006	939	-	\$68,000	\$273,070	\$341,070	\$363.23	\$341,070.00
Midtown Reston North	11990 Market Steet Unit 206	0171 32 0206	Fairfax	2006	939	-	\$68,000	\$270,880	\$338,880	\$360.89	\$338,880.00
Midtown Reston North	11990 Market Steet Unit 204	0171 32 0204	Fairfax	2006	1,169	-	\$83,000	\$331,840	\$414,840	\$354.87	\$414,840.00
Midtown Reston North	11990 Market Steet Unit 214	0171 32 0214	Fairfax	2006	1,169	-	\$80,000	\$321,040	\$401,040	\$343.06	\$401,040.00
Midtown Reston North	11990 Market Steet Unit 304	0171 32 0304	Fairfax	2006	1,169	-	\$80,000	\$321,770	\$401,770	\$343.69	\$401,770.00
Midtown Reston North	11990 Market Steet Unit 314	0171 32 0314	Fairfax	2006	1,169	-	\$78,000	\$309,970	\$387,970	\$331.88	\$387,970.00
Midtown Reston North	11990 Market Steet Unit 203	0171 32 0203	Fairfax	2006	1,426	-	\$109,000	\$438,390	\$547,390	\$383.86	\$547,390.00
Midtown Reston North	11990 Market Steet Unit 503	0171 32 0503	Fairfax	2006	1,426	-	\$110,000	\$439,580	\$549,580	\$385.40	\$549,580.00
Midtown Reston North	11990 Market Steet Unit 813	0171 32 0813	Fairfax	0	1,426	-	\$110,000	\$441,770	\$551,770	\$386.94	\$551,770.00
Total					1,177				\$427,465	<u>\$363.15</u>	\$427,465.00

Exhibit E

**Allocation of Special Assessments
by Land Use Class**

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

Exhibit E-1

**Allocation of Special Assessments (Part A & Part B)
Tax Revenue and Special Assessment Bonds**

Table 1: Assessment Part A and Part B per Equivalent Unit Factor

	Total Assessments (Part A & B)	Total Equivalent Units	Assessments Per Equivalent Unit (Part A & B)
Total Assessment	\$208,854,917	2,124	\$98,332
Principal Portion of Assessment	\$95,435,000	2,124	\$44,932
Annual Assessment (2011-2012)	\$1,924,933	2,124	\$906

Table 2: Assessment Part A and Part B Per Land Use Class

Property Type	Equivalent Assessment Factor <i>(per 1,000 sf)</i>	Total Assessments (Part A & B) <i>(per 1,000 sf)</i>	Principal Portion of Assessment Part A & B Per 1,000 SF/Room/Unit <i>(per 1,000 sf)</i>	Annual Assessments (Part A & B) <i>(per 1,000 sf)</i>
Land Use Class 1 - large retail	0.64	\$62,629	\$28,618	\$577
Land Use Class 2 - mid-size retail	1.26	\$123,420	\$56,396	\$1,138
Land Use Class 3 - small retail and restaurant	2.11	\$207,782	\$94,945	\$1,915
Land Use Class 4 - theater	0.90	\$88,789	\$40,572	\$818
Land Use Class 5 - office	1.23	\$120,740	\$55,172	\$1,113
	<i>(per room)</i>	<i>(per room)</i>	<i>(per room)</i>	<i>(per room)</i>
Land Use Class 6 - hotel	0.66	\$64,630	\$29,532	\$596
	<i>(per unit)</i>	<i>(per unit)</i>	<i>(per unit)</i>	<i>(per unit)</i>
Land Use Class 7 - market rate rental units	1.00	\$98,332	\$44,932	\$906
Land Use Class 8 - affordable rental units	0.36	\$35,473	\$16,209	\$327
Land Use Class 9 - workforce rental units	0.69	\$67,449	\$30,820	\$622

Exhibit F

**Allocation of Special Assessments
by Parcel**

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

**Exhibit F-1
Allocation of Special Assessments by Parcel**

Table 1: Total Assessments per Parcel

Tax Parcel Number	Expected Development per Parcel (1,000's of SF/Units/Rooms)	Equivalent Units ¹	Total Special Assessments	Principal Portion of Special Assessments
0493 01 0080 E	938	1,142	\$112,343,818	\$51,334,833
0493T 01 0080 E	0	0	\$0	\$0
0493 01 0080 F	803	761	\$74,873,253	\$34,212,883
0493 01 0081 A	25	53	\$5,194,538	\$2,373,613
0493T 01 0081 A	0	0	\$0	\$0
0493 01 0082 A	21	45	\$4,384,190	\$2,003,329
0493T 01 0082 A	0	0	\$0	\$0
0493 01 0082 B	12	15	\$1,481,038	\$676,751
Parcel B Anchor	169	108	\$10,578,079	\$4,833,590
	1,968	2,124	\$208,854,917	\$95,435,000

¹Equivalent units are calculated based on the expected development per parcel and the equivalent unit factor by property type. Equivalent units are calculated as shown in the Assessment Roll, Appendix A to the Rate and Method of Apportionment of Special Assessments.