

**AMENDED AND RESTATED SPECIAL ASSESSMENT AGREEMENT**

**THIS AMENDED AND RESTATED SPECIAL ASSESSMENT AGREEMENT** (this "Agreement") is made as of this 1<sup>st</sup> day of December, 2007, by and among the COUNTY OF CHESTERFIELD, VIRGINIA (the "County"); MAGNOLIA GREEN DEVELOPMENT, LLC, a Virginia limited liability company (the "Developer"); MAGNOLIA GREEN DEVELOPMENT, LLC, a Virginia limited liability company (the "Landowner"); and the LOWER MAGNOLIA GREEN COMMUNITY DEVELOPMENT AUTHORITY (the "CDA").

**WITNESSETH**

**WHEREAS**, by petition (the "Petition") filed with the County's Board of Supervisors (the "Board") pursuant to Sections 15.2-5152 *et seq.* of the Code of Virginia of 1950, as amended (the "Virginia Code"), the Board was requested to create a community development authority to assist in the development of public improvements as set forth in the Petition and as more particularly described on Exhibit B to this Agreement (the "Improvements") in conjunction with the development of approximately 1,660.248 acres located in the Matoaca Magisterial District of the County as a mixed-use development consisting of residential, commercial and office components, with recreation facilities and other amenities to be known as Lower Magnolia Green; and

**WHEREAS**, by Ordinance enacted August 22, 2007 (the "Ordinance"), the Board created the CDA and established the Lower Magnolia Green Community Development Authority District (the "CDA District"); and

**WHEREAS**, the parties wish to set forth several understandings with respect to the CDA in this Agreement:

**NOW, THEREFORE**, in consideration of the foregoing, the parties set forth the following understandings.

**1. Issuance of Bonds.**

The CDA proposes to issue bonds (the "Bonds") pursuant to Virginia Code Sections 15.2-5158(A)(2) and 15.2-5125 to be used to finance the acquisition, design, construction, project management and development of the Improvements in connection with the proposed development within the CDA District. The Bonds will be issued in one or more series in an amount sufficient to pay the costs of the Improvements, plus an amount estimated to be sufficient to pay capitalized interest for a period up to 36 months after the issuance of the Bonds, and the costs of issuing the Bonds (including, but not limited to, attorneys' fees, underwriter fees, engineering fees and appraisal fees), the costs of establishing any reserve fund required in connection with the issuance of the Bonds, and any additional administrative costs to be incurred by the County in connection with the administration and operation of the CDA. The aggregate principal amount of the Bonds will not exceed \$35,000,000. It is expected that the Bonds will be issued pursuant to an Indenture of Trust (the "Indenture") between the CDA and a corporate trustee (the "Trustee"). Any costs associated with the acquisition, design, construction, project

management and development of the Improvements that exceed the proceeds of the Bonds allocated therefore shall be the responsibility of the Developer or the County, as set forth in the Petition. If there are any Bond proceeds remaining after the completion of the acquisition, design, construction and development of the Improvements, such excess proceeds shall be used to pay down the Bonds. The Bonds shall have a term of no longer than 30 years from the date of issuance of the Bonds, inclusive of the capitalized interest period. The CDA will not issue any additional bonds or undertake any financing, including any refunding bonds, without the prior approval of the Board of Supervisors.

## **2. Development of Improvements.**

The Improvements to be financed with proceeds of the Bonds consist of various public infrastructure improvements, including the acquisition, construction and extension of certain roads and traffic improvements, all as described on Exhibit B to this Agreement. The CDA will enter into a Development/Acquisition Agreement with the Developer (the "Development/Acquisition Agreement") whereby the Developer will agree to complete and provide the Improvements and convey them to, as appropriate, the CDA, the County, or any other governmental entity, such as the Virginia Department of Transportation. The CDA and the Developer acknowledge that the Improvements are not subject to the requirements of the Virginia Public Procurement Act, Chapter 43, Title 2.2 of the Virginia Code (the "Procurement Act").

The Developer agrees that it will use its best efforts to complete the design and construction of the Improvements within 18 months after acquisition of the necessary right of way and permits by the County.

## **3. Submission of Information.**

Before the issuance of the Bonds, the CDA or the Developer, as appropriate, will submit to the County Administrator and the County's Director of Budget and Management the Limited Offering Memorandum or other disclosure document to be used in connection with the sale of the Bonds and such other information with respect to the CDA's finances or the Developer's finances, as appropriate, and the issuance of the Bonds as the County Administrator or the County Attorney may reasonably request. Such documents will be furnished to the County solely for informational purposes and receipt of any such document does not constitute approval of any such document by the County. To the extent that such Limited Offering Memorandum or other disclosure document includes information about the County, the CDA will provide to the County Administrator a draft of such information at least 15 days prior to the publication or use of such document and will either incorporate into such document any changes requested by the County Administrator within such 15-day period or will provide the County Administrator with a written explanation as to the laws or regulations that would prevent such changes from being made.

## **4. Special Assessment.**

The following provisions describe the levy and collection of a special assessment on real property in the CDA District and the payment by the County to the CDA of the Annual

Installment, as described below. It is the intent of this Agreement that debt service on the Bonds and other expenses of the CDA will be paid from the Annual Installment.

(a) Special Assessment.

(i) Request for Collection -- Not later than March 15 of each year, commencing in 2009, the CDA will furnish the annual report described in paragraph 5(e) to the County and will request the County to collect annual installments (the "Annual Installment") of a special assessment (the "Special Assessment") within the CDA District pursuant to Virginia Code Section 15.2-5158(A)(5) in an amount to be determined in accordance with the Rate and Method of Apportionment of Special Assessment attached hereto as Exhibit A (the "Rate and Method"), which amount may be zero to the extent funds are available under the Indenture to pay the Bonds and other costs of the CDA and the County. In making the above request, the CDA will provide such information as the County may request to enable it to collect the Annual Installment. The Special Assessment shall be in an amount equal to debt service on the Bonds, administrative expenses of the CDA, administrative expenses of the County in connection with the collection of the Special Assessment and the performance of its obligations hereunder, less other amounts available for the payment of such debt service and expenses (the "Assessment Amount"). The Annual Installment shall be equal to the Assessment Amount due in any calendar year. The County Administrator or other officer responsible for proposing the County's budget to the Board of Supervisors shall propose payments to the CDA to be derived from such Annual Installment in the County's budget for each fiscal year any Bonds are outstanding; provided that such payments shall be made only to the extent of available Annual Installment revenues. The County agrees that so long as the Bonds are outstanding that the County will collect the Annual Installment and pay the amounts received thereunder to the CDA, subject to appropriation each year by the Board of Supervisors.

(ii) Agreement with Respect to Assessment -- In accordance with Virginia Code Sections 15.2-5158(A)(5) and 15.2-2405 the parties hereto agree to the Special Assessment to be levied and apportioned in accordance with this Agreement and the Rate and Method which is incorporated as though set forth fully herein. The Developer and the Landowner for themselves, and their successors and assigns, represent and agree that the Special Assessment, as apportioned pursuant to the Rate and Method and the Special Assessment Report, dated September 25, 2007, does not exceed the peculiar benefit to the assessed property resulting from the Improvements and is apportioned to property within the CDA District on a rational basis. The Developer and the Landowner each acknowledge that the County may commence foreclosure proceedings for the collection of delinquent Special Assessments on parcels within the CDA District. In order to reduce the likelihood of any prolonged foreclosure actions, the Developer and the Landowner, as appropriate, will provide for facilitated service of process with respect to any foreclosure action in respect of delinquent Special Assessments levied in the CDA District and will waive affirmative defenses to any such foreclosure action pertaining to the formation of the District and its financing structure, including the Rate and Method, the validity of the Bonds, the requirements of the Indenture and the priority of CDA District liens and foreclosure of liens to collect

delinquent Special Assessments, provided, however, that such waiver is effective only to the extent the Developer or Landowner, as appropriate, may in a separate legal action (and not as an affirmative defense in any foreclosure action) challenge any levy not made in accordance with the terms of the Rate and Method, or in accordance with the procedure established in the County with regard to foreclosure procedures in general.

(b) Collection and Assignment of Special Assessment.

(i) Billing and Collection of Annual Installment -- The County shall bill the Annual Installment, to the extent the CDA requests collection of the Annual Installment, in the same manner and at the same time as it bills its real estate taxes. The amount of the Annual Installment for each parcel will be recorded in the County land records such that the public will have access to its existence. Penalties and interest on delinquent payments of the Annual Installment shall be charged as provided by law. The Annual Installment shall be included in a separate bill in the same envelope as the County's regular real estate tax bill, and shall be collected on the same dates as the County's real estate taxes. Payments of the Annual Installment collected by the County shall be segregated from all other funds of the County and may not be used for any other purpose by the County.

(ii) Assignment --The County pledges and assigns all of its right, title and interest in the Annual Installment to the CDA (except amounts that may be retained by the County to pay administrative costs, as described below in paragraphs 4(b)(iii) and 4(c). The CDA, in turn, pledges and assigns all of its right, title and interest in the Annual Installment to the Trustee who will use the moneys received, except for amounts segregated for administrative expenses, to make debt service payments on the Bonds before forwarding any remainder to the CDA and the County agrees to make all such payments directly to the Trustee. The County agrees to pay such amounts to or at the direction of the CDA not less frequently than semi-annually, not later than June 30 and December 31. Although it is the County's intention to make such payments to the CDA in each fiscal year, the County's obligations hereunder do not constitute a general obligation of the County or a pledge of its full faith and credit. The Annual Installment assigned by the County includes any payments from foreclosures, less costs of collection, and excludes administrative fees for the cost of administration as described in paragraph 4(c) herein and any interest or late payment fees or penalties retained by the County pursuant to paragraph 4(b)(iii).

(iii) Collection of Delinquent Annual Installment -- The County's customary tax payment enforcement proceedings will apply to the collection of any delinquent payment of any Annual Installment. The County shall pursue the collection of delinquent payments with the same diligence it employs in the collection of the County's general *ad valorem* real estate taxes, including the commencement of tax foreclosure proceedings to the extent provided by the then-current statutes of the Commonwealth of Virginia. The County agrees that it will provide notice to the CDA of any legal proceedings to be instituted for the collection of delinquent payments of any Annual Installment. The parties understand and agree that the County's ordinary discretion in this regard allows it to decide not to expend resources to collect *de minimis*

outstanding amounts; *provided* that the County will obtain the CDA's consent with respect to any such amounts in excess of \$200 that the County determines not to expend resources to collect. The CDA agrees to cooperate with the County in any such enforcement action. Any interest or late payment fees or penalties collected by the County on delinquent payments of Annual Installment will be retained by the County.

(c) Administrative Costs. The CDA shall reimburse the County for its reasonable costs and expenses associated with the CDA, including the administration, billing and collection of the Annual Installment. Administrative expenses (not to exceed a total of \$80,000 until the first year the Annual Installment is collected and \$10,000 in subsequent years) may be deducted by the County in its remittance to the CDA or the Trustee for the Bonds; provided that the initial payment of \$80,000 may be paid from proceeds of the Bonds in lieu of deducting it from the first payment of the Annual Installment. To the extent the County's administrative expenses exceed the amount deducted by the County in its remittance to the CDA, the County may require the CDA to include the amount of such excess as an Administrative Expense under the Rate and Method and pay such amount to the County. The CDA will maintain with the Trustee an Administrative Expense Fund and will request the Trustee to deposit in such Fund sufficient money to pay the CDA's and the County's administrative expenses, including the fees of their respective counsel, the cost of the CDA's audit and the fees of the CDA Administrator, as defined below. In addition to administrative expenses, the County shall be entitled to recover any additional costs incurred by the County in conjunction with any and all proceedings to collect the amounts payable to the CDA hereunder, including tax foreclosure, administrative and other proceedings.

 (d) Notice to Subsequent Landowners. The Landowner will cause a notice of the Special Assessment to be recorded against each parcel in the CDA District in the land records of the Clerk of the Circuit Court of the County. The Developer and the Landowner will include in each sales contract and each deed for the conveyance of a fee simple interest in any portion of land within the CDA District that is subject to an outstanding Special Assessment a disclosure statement that includes a statement of the amount of the applicable portion of the Special Assessment and setting forth the name and address of the CDA's Administrator or other location where information regarding the CDA and the Special Assessment may be obtained. All such sales contracts and deeds shall also include a covenant that all subsequent deeds conveying any fee simple interest in land within the CDA District that is subject to an outstanding Special Assessment include such disclosure statement. The Developer and Landowner, as appropriate, each agree that they will notify the CDA and the CDA's Administrator in writing, within ten (10) days after recordation of a deed of conveyance, of the sale of any land owned by the Developer or Landowner, as appropriate, indicating the tax map parcel number of the property sold and the purchaser of the property.

## 5. Additional Covenants.

(a) Public Ownership of Improvements. The Developer and the CDA agree that all Improvements financed with proceeds of the Bonds will be owned by the CDA or other appropriate public entity. The Developer and the CDA further agree that the County shall not be required to undertake ownership, operation or maintenance of any such improvements unless the County agrees to such undertaking.

(b) Bonds Not Secured by County's Full Faith and Credit. The CDA Bonds will not constitute a debt or a pledge of the full faith and credit of the County and will not impose any liability on the County except as expressly agreed to by the County in this Agreement and the Ordinance.

(c) Minimum Denominations. The CDA will sell the Bonds only in minimum denominations of \$100,000.

(d) Continuing Disclosure. The Developer and the CDA agree to comply with the continuing disclosure requirements to the extent required by Securities and Exchange Commission Rule 15c2-12 and to furnish copies of all filings under such Rule to the County Administrator within 15 days after filing. The Developer and the County shall cooperate with CDA and shall endeavor to provide information with respect to the Developer, the Improvements and the Special Assessment, as appropriate, reasonably requested by the CDA in connection with the CDA's disclosure obligations.

(e) CDA Administrator; Financial Reports. The CDA will engage a professional administrator (the "CDA's Administrator") to oversee its financial affairs and shall obtain an annual report of the CDA's finances from such administrator. Copies of such financial report and all other reports required by the Trustee for the Bonds and the owners of the Bonds shall be furnished to the County Administrator and the County's Budget Director as soon as they are available to the CDA. The CDA will provide draft annual financial statements to the County by August 31 and audited financial statements to the County by September 30 of each year prepared in accordance with generally accepted accounting principles. Unless otherwise approved by the County, the CDA's audited financial statements will be audited by the auditor engaged by the County to audit the County's financial statements. The fiscal year of the CDA shall be from July 1 through June 30.

(f) Compliance with Applicable Laws. The Developer and the CDA agree that all Improvements financed with proceeds of the CDA Bonds will be built in accordance with all applicable zoning, environmental and other regulatory requirements and any Improvements that the County agrees to acquire will be built in compliance with all applicable specifications of the County.

(g) Indemnification. The County shall be indemnified and held harmless by the Developer from anything which the Developer may do or refrain from doing in connection with this Agreement, the CDA, the CDA District or the development of the Improvements, or for any claims, demands or losses, or for any claims against or damages made or suffered by the County, excepting such as may arise through or be caused by the willful misconduct or negligence of the County or any of the County's employees. The Developer agrees that the indemnifications and protections afforded the County in this subsection shall survive the termination of this Agreement. Further, the Developer agrees that references in this subsection to the County shall be deemed to include the County's supervisors, officers, employees and agents. The Developer will carry general liability insurance that covers its liability under this paragraph in an amount not less than \$2,000,000.

(h) Assets Upon Dissolution. Upon dissolution of the CDA, the assets of the CDA not previously conveyed to any other governmental entity, such as the Virginia Department of Transportation, shall be transferred to or at the direction of the County.

**6. Nature of County's Obligations.**

The County's obligation to make payments to the CDA of the Annual Installment shall not be deemed to be a general obligation of the County, shall be payable solely from payments of the Annual Installment received by the County and shall be subject to and dependent on appropriations being made from time to time of the Annual Installment by the Board of Supervisors for such purpose.

**7. Notice of Non-Appropriation or Payment.**

The County shall furnish to the Developer, the CDA and the Trustee for the Bonds as soon as available a copy of the approved budget of the County for the next succeeding fiscal year of the County. The County Administrator shall deliver to the CDA and to the Trustee for the Bonds within 10 days after the beginning of each of the County's fiscal years a written notice specifying the amounts appropriated by the Board of Supervisors to the CDA during such fiscal year. The County agrees to notify the Trustee for the Bonds and each Nationally Recognized Municipal Securities Information Repository and any State Information Depository within the Commonwealth of Virginia in the event the Board of Supervisors fails to appropriate any amounts payable hereunder by the County.

**8. Successors and Assigns.**

This Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

**9. Amendments.**

This Agreement may be amended only in writing signed by each of the parties hereto or their successors and assigns.

**10. Term.**

This Agreement shall be in full force and effect until all Bonds have been paid or deemed no longer outstanding under the Indenture.

**11. Severability.**

If any clause, provision or section of this Agreement is held to be illegal or invalid by any court, the invalidity of the clause, provision or section will not affect any of the remaining clauses, provisions or sections, and this Agreement will be construed and enforced as if the illegal or invalid clause, provision or section has not been contained in it.

**12. Parties in Interest.**

Nothing in this Agreement, express or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the CDA, the County, the Landowner and the Developer any rights, remedies or claims under or by reason of this Agreement or any covenants, conditions or stipulations hereof, and all covenants, conditions, promises and agreements in this Agreement shall be for the sole and exclusive benefit of the CDA, the County, the Landowner and the Developer.

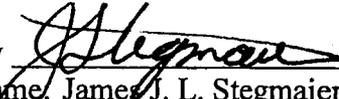
**13. Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

[SIGNATURES ON FOLLOWING PAGES]

WITNESS the following signatures.

COUNTY: COUNTY OF CHESTERFIELD, VIRGINIA

By   
Name: James J. L. Stegmaier  
Title: County Administrator

DEVELOPER: MAGNOLIA GREEN DEVELOPMENT, LLC,  
a Virginia limited liability company

By: MAGNOLIA GREEN DEVELOPMENT  
MEMBER, LLC, a Virginia limited liability  
company, Manager

By: MAGNOLIA GREEN DEVELOPMENT  
HOLDINGS, LLC, a Virginia limited liability  
company, Manager

By: RAYKAT, INC., a Virginia corporation,  
Manager

By \_\_\_\_\_  
Name: Raymond L. Zimmerman  
Title: President

LANDOWNER: MAGNOLIA GREEN DEVELOPMENT, LLC,  
a Virginia limited liability company

By: MAGNOLIA GREEN DEVELOPMENT  
MEMBER, LLC, a Virginia limited liability  
company, Manager

By: MAGNOLIA GREEN DEVELOPMENT  
HOLDINGS, LLC, a Virginia limited liability  
company, Manager

By: RAYKAT, INC., a Virginia corporation,  
Manager

By \_\_\_\_\_  
Name: Raymond L. Zimmerman  
Title: President

WITNESS the following signatures.

COUNTY: **COUNTY OF CHESTERFIELD, VIRGINIA**

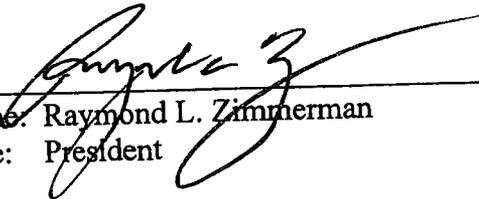
By \_\_\_\_\_  
Name: James J. L. Stegmaier  
Title: County Administrator

DEVELOPER: **MAGNOLIA GREEN DEVELOPMENT, LLC,**  
a Virginia limited liability company

By: **MAGNOLIA GREEN DEVELOPMENT  
MEMBER, LLC,** a Virginia limited liability  
company, Manager

By: **MAGNOLIA GREEN DEVELOPMENT  
HOLDINGS, LLC,** a Virginia limited liability  
company, Manager

By: **RAYKAT, INC.,** a Virginia corporation,  
Manager

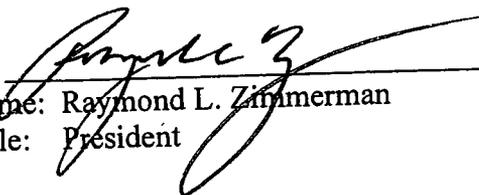
By   
Name: Raymond L. Zimmerman  
Title: President

LANDOWNER: **MAGNOLIA GREEN DEVELOPMENT, LLC,**  
a Virginia limited liability company

By: **MAGNOLIA GREEN DEVELOPMENT  
MEMBER, LLC,** a Virginia limited liability  
company, Manager

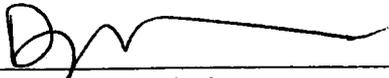
By: **MAGNOLIA GREEN DEVELOPMENT  
HOLDINGS, LLC,** a Virginia limited liability  
company, Manager

By: **RAYKAT, INC.,** a Virginia corporation,  
Manager

By   
Name: Raymond L. Zimmerman  
Title: President

CDA:

**LOWER MAGNOLIA GREEN COMMUNITY  
DEVELOPMENT AUTHORITY**

By   
Name: Debra Girvin  
Title: Chairman

Exhibits: A – Rate and Method of Apportionment of Special Assessments  
B – CDA Improvements

Exhibit A

Rate and Method

**MAGNOLIA GREEN COMMUNITY DEVELOPMENT AUTHORITY  
CHESTERFIELD COUNTY, VIRGINIA**

**Rate And Method of Apportionment  
Of Special Assessments**

**A. INTRODUCTION**

A Special Assessment shall be imposed and the Special Assessment or an Annual Installment of the Special Assessment shall be collected on real property within the Magnolia Green CDA through the application of the procedures described below. The Board of Directors of the CDA or its designee shall make all determinations in this Rate and Method of Apportionment of Special Assessment unless stated otherwise.

**B. DEFINITIONS**

The terms used herein shall have the following meanings:

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

"Administrative Expenses" means the following costs directly related to the administration of the CDA: the actual costs of computing the Annual Installments; the actual costs of collecting the Annual Installments (whether by the County or otherwise); the actual costs of remitting the Annual Installments to the Trustee; the actual costs of the Administrator and Trustee (including legal counsel) in the discharge of their duties; the costs of the CDA of complying with arbitrage rebate requirements; the costs of the CDA of complying with securities disclosure requirements; and any other costs of the CDA in any way related to the administration and operation of the CDA, including, without limitation, the costs of official meetings of the CDA, the costs of legal counsel, accountants, auditors, and other consultants and advisors, and costs related to commencing foreclosure and pursuing collection of delinquent Annual Installments.

"Administrator" means the official or designee of the CDA who shall be responsible for determining the Annual Revenue Requirement and such other responsibilities as provided herein, in the Bond Indenture, or by the Board of Directors.

"Annual Installment" means the portion of the Special Assessment as set forth in the Special Assessment Roll due and payable each Assessment Year. The Annual Installment for each year as shown in the Special Assessment Roll may be revised as long as the total of the Annual Installments as shown in the Special Assessment Roll is not exceeded. The Annual Installment shall be allocated to Assessed Property in proportion to the Special Assessment allocated to each Parcel as set forth in Section C hereof.

**"Annual Installment Rate"** means, for any Assessment Year, a percentage equal to the Annual Revenue Requirement divided by the current total of the Principal Portion of the Special Assessment.

**"Annual Credit"** means, for each Assessment Year, for each Parcel, the (i) the Annual Installment for the Parcel for that year (ii) less the Annual Payment for the Parcel for that Assessment Year.

**"Annual Payment"** shall be the portion of the Annual Installment to be collected each Assessment Year as determined by the provisions of Section E.

**"Annual Revenue Requirement"** means, for any Assessment Year, the sum of the following: (1) debt service on the Bonds to be paid from the Annual Installments; (2) periodic costs associated with such Bonds, including but not limited to, rebate payments and credit enhancement on the Bonds; and (3) Administrative Expenses; less (4) any credits applied under the Bond Indenture, such as interest earnings on any account balances, and (5) any other funds available to the CDA that may be applied to the Annual Revenue Requirement.

**"Assessed Property"** means, for any Assessment Year, Parcels within the CDA other than Non-Benefited Property.

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

**"Board"** means the Board of Supervisors of the County.

**"Board of Directors"** means the Board of Directors of the CDA.

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

**"Bonds"** means any bonds or other debt, including refunding bonds, whether in one or more series, issued by or on behalf of the CDA under the Act and to be repaid with the Special Assessments.

**"Building Square Footage"** or **"BSF"** means the actual or, for property not yet developed, the estimated leasable building area as shown on the building permit, architectural plans or other available documents, as estimated by the Administrator.

**"Commercial Property"** means Assessed Property used or intended for use once fully developed in a trade or business other than rental residential, including any ancillary uses thereto.

**"County"** means Chesterfield County, Virginia.

**"Equivalent Units"** means, for Land Use Class 1, Land Use Class 2, Land Use Class 3, Land Use Class 4, and Land Use Class 5, the number of units that is or may be built on a Parcel, and for Land Use Class 6 and Land Use Class 7, the Building Square Footage in 1,000s of square feet, multiplied by the factors for each land use class shown below, which represent an allocation of the costs of the Public Improvements funded by the Bonds:

|                  |                    |
|------------------|--------------------|
| Land Use Class 1 | 0.75 per unit      |
| Land Use Class 2 | 0.86 per unit      |
| Land Use Class 3 | 1.07 per unit      |
| Land Use Class 4 | 2.15 per unit      |
| Land Use Class 5 | 0.60 per unit      |
| Land Use Class 6 | 1.36 per 1,000 BSF |
| Land Use Class 7 | 0.87 per 1,000 BSF |

The computation of the Equivalent Units shall be calculated by the Administrator and confirmed by the Board of Directors, based on the information available regarding the use of the Parcel. Equivalent Units may be estimated on the basis of net acreage and reasonable density ratios.

**"Land Use Class 1"** means Residential Property subdivided or intended to be subdivided into single family lots with a minimum width of fifty feet at the building restriction line, excluding Land Use Class 2, Land Use Class 3, and Land Use Class 4.

**"Land Use Class 2"** means Residential Property subdivided or intended to be subdivided into single family lots with a minimum width of seventy-five feet at the building restriction line, excluding Land Use Class 3 and Land Use Class 4.

**"Land Use Class 3"** means Residential Property subdivided or intended to be subdivided into single family lots with a minimum width of eight-five feet at the building restriction line, excluding Land Use Class 4.

**"Land Use Class 4"** means Residential Property subdivided or intended to be subdivided into single family lots with a minimum width of one hundred feet at the building restriction line.

**"Land Use Class 5"** means Residential Property used or intended to be used for multifamily units and any other Residential Property not classified as Land Use Class 1, Land Use Class 2, Land Use Class 3, and Land Use Class 4.

**"Land Use Class 6"** means Commercial Property used of intended for use primary for commerce with the general public (that is, retail property), including any ancillary uses thereto.

**“Land Use Class 7”** means Commercial Property not classified as Land Use Class 6, including any ancillary uses thereto.

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

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

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

**“Parcel”** means a lot or parcel with a tax map identification number assigned by the County for real property tax purposes or otherwise identified on the Special Assessment Roll.

**“Principal Portion of the Special Assessment”** means the portion of the Special Assessments equal to the outstanding principal amount of the Bonds. The Principal Portion of the Special Assessments shall be allocated to Assessed Property proportionate to the Special Assessments as set forth in Section C hereof. The Principal Portion of the Special Assessments may be increased for refunding bonds or other reasons as long as the total of the Special Assessments are not increased as set forth in the Special Assessment Roll.

**“Public Improvements”** means those improvements that the CDA has been authorized to provide to be paid with the Special Assessment.

**“Public Property”** means, for any Assessment Year, property within the boundaries of the CDA owned by or irrevocably offered for dedication to the federal government, Commonwealth of Virginia, the County, the CDA, or any other public agency, political subdivision, or entity, whether in fee simple or any other property ownership interest that creates a substantially exclusive use in the property.

**“Residential Property”** means Assessed Property used or intended for use once fully developed as permanent dwelling units, including ancillary uses thereto.

**“Special Assessment”** or **“Special Assessments”** mean the Special Assessments on each parcel, including both the Principal Portion of the Special Assessment and the Annual Installment to be collected each year (which amount also includes the Principal Portion of Special Assessment), as shown on the Special Assessment Roll, as calculated by the Administrator and confirmed by the Board of Directors pursuant to the provisions of Section C.1., as it may be reapportioned upon the subdivision of any Parcel according to the provisions of Section C.2. and as it may be reduced according to the provisions of Sections C.3. and C.4.

**"Special Assessment Roll"** means the document attached hereto as Appendix A-1 and A-2, as updated from time to time by the Board of Directors of the CDA in accordance with the procedures set forth herein.

**"Trustee"** means the fiscal agent or trustee as specified in the Bond Indenture, including a substitute fiscal agent or trustee.

**C. SPECIAL ASESMENTS**

**1. The Amount of the Special Assessment**

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

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

Where the terms have the following meanings:

- A = the Special Assessment for a Parcel
- B = the total of the Special Assessments for all Parcels as shown in the Special Assessment Roll
- C = the Equivalent Units of a Parcel
- D = the sum of the Equivalent Units of all of the Parcels in the CDA.

The total of all Special Assessments shall not be reduced after the issuance of Bonds except as provided below.

**2. Reapportionment of Special Assessments**

**a. At the Request of an Owner**

Upon a change in the estimate of the total of the Equivalent Units of a Parcel, the Board of Directors may reapportion the Special Assessment on some or all of the Parcels upon the unanimous request of the owners of the Parcels for which the Special Assessment is to be reapportioned. The reapportionment shall be made according to the following formula:

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

Where the terms have the following meanings:

- A = the Special Assessment of the Parcel
- B = the total of the Special Assessments for all Parcels subject to the reallocation
- C = the Equivalent Units of a Parcel
- D = the sum of the Equivalent Units of all Parcels subject to the reallocation.

In all cases, the Special Assessment after the subdivision of a Parcel shall equal the sum of the Special Assessment before the subdivision of the Parcel.

**b. Upon the Subdivision of a Parcel**

Upon the subdivision of any Parcel, the Special Assessment (including both the Principal Portion of the Special Assessment and the Annual Installments) of the Parcel prior to the subdivision shall be reallocated to each new Parcel in proportion to the Equivalent Units of each Parcel and the Special Assessment for the Parcel prior to the subdivision. The reapportionment of the Special Assessment shall be represented by the formula:

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

Where the terms have the following meanings:

- A = the Special Assessment of the Parcel
- B = the Special Assessment of the Parcel prior to the subdivision
- C = the Equivalent Units of a Parcel
- D = the sum of the Equivalent Units of all of the new Parcels of Assessed Property that result from the subdivision.

In all cases, the Special Assessment after the subdivision of a Parcel shall equal the sum of the Special Assessment before the subdivision of the Parcel.

**c. Upon the Consolidation of a Parcel**

Upon the consolidation of two or more Parcels, the Special Assessment for the consolidated Parcel shall be the sum of the Special Assessments for the Parcels prior to the consolidation, with each calculated separately.

**3. Reduction in the Special Assessments**

**a. Reduction in Costs**

If the Board of Directors resolves that the total actual costs to be incurred by the CDA, including the costs of the Public Improvements and the costs related to the issuance and repaying of Bonds, including refunding bonds, and Administrative Expenses are less than the total amount of the Special Assessments, then the Board of Directors shall reduce the Special Assessments (including the Principal Portion of the Special Assessments and the Annual Installment, as applicable) such that the sum of Special Assessments equal the

total costs incurred or to be incurred. The Special Assessments shall be reduced by an equal percentage such that the sum of the resulting Special Assessment for every Parcel equals the actual costs to be incurred by the CDA.

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

**b. Repayment of the Bonds**

The Special Assessment applicable to any Parcel shall be reduced each year as Bonds are repaid. The Special Assessment for each Parcel shall be reduced for the Annual Installment collected from each Parcel. The Principal Portion of the Special Assessment shall be reduced for each Parcel for the principal portion of the Annual Installment collected from each Parcel. The Administrator may adjust the amortization of the Special Assessment in a manner that is consistently applied to all of the Parcels in the CDA for the purpose of causing the Special Assessment to equal zero once the Bonds are fully repaid.

**D. METHOD OF DETERMINING THE ANNUAL PAYMENT TO BE COLLECTED EACH ASSESSMENT YEAR**

Commencing with the Annual Payment to be collected in 2009 and for each following Assessment Year, the Administrator shall calculate and the Board of Directors shall confirm the Annual Payment on each Parcel. The Annual Payment for each Parcel shall be equal to the following formula:

$$A = B \times C$$

Where the terms have the following meaning:

- A = the Annual Payment for a Parcel
- B = the Principal Portion of the Special Assessment for the Parcel
- C = the Annual Assessment Rate for the Assessment Year for which the calculation is being made

The Annual Payment for a Parcel may not exceed the Annual Installment for the Parcel. The Annual Payment as calculated shall be collected from each Parcel of Assessed Property in conformance with Section F. The aggregate amount of the Annual Payment on all of the Parcels in any year shall equal the Annual Revenue Requirement for such Assessment Year.

**E. UPDATING THE ASSESSMENT ROLL**

In order to facilitate the collection of the Special Assessments, the Board of Directors shall update Special Assessment Roll each Assessment Year to reflect (i) the current

identification of the Parcels in the CDA, (ii) the Special Assessment allocated for each Parcel, including any adjustments to the Special Assessment as provided for in Section C, (iii) the Principal Portion of the Special Assessment for each Parcel; (iv) the Annual Installment of the Special Assessment for each Parcel, (v) the Annual Credit and Annual Payment to be collected from each Parcel for the Assessment Year, (vi) prepayments of the Special Assessment, and (vii) termination of the Special Assessment.

**F. MANNER OF COLLECTION OF THE ANNUAL INSTALLMENT**

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

**G. ADMINISTRATIVE REVIEW**

An owner of a lot claiming that a calculation error has been made in the update of Special Assessment Roll in any Assessment Year shall send a written notice describing the error to the Board of Directors (or the Administrator if delegated to review appeals pursuant to this section by the Board of Directors) not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Board of Directors (or the Administrator if so designated by the Board of Directors) shall promptly review the notice, and if necessary, meet with the property owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

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

**H. TERMINATION OF THE COLLECTION OF THE ANNUAL INSTALLMENTS**

Except for any delinquent Annual Installments and related penalties and interest, Annual Installments shall be collected for a term not to exceed the term of all of the Bonds. In no

event shall the Annual Installment be collected beyond the period in which the Special Assessment is fully paid as provided for herein.

#### **I. PREPAYMENT OF SPECIAL ASSESSMENT**

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

1. A sum equal to the Principal Portion of the Special Assessment for the Parcel, as it may have been set, reapportioned or reduced pursuant to the provisions of Section C; less,
2. A credit for the reserve fund equal to the amount provided for in the Bond Indenture; plus,
3. A sum equal to (a) the amount needed to pay interest on the outstanding Bonds to be redeemed and the investment earnings on the prepayment amount until the Bonds can be called and redeemed, after taking into consideration the Annual Payment paid or to be paid but not accounted for in the calculation of the Principal Portion of the Special Assessment in Step 1 and (b) expenses of the CDA related to the prepayment.

The amounts calculated in the preceding steps shall be paid to the CDA and shall be distributed by the CDA to pay costs related to the prepayment and according to the Bond Indenture. Upon the payment of such prepayment amount to the CDA, the obligation to pay the Special Assessment shall be deemed to be permanently satisfied, the Special Assessment shall be reduced to zero, the Annual Installment shall not be collected on the Parcel thereafter, and the CDA shall provide to the owner (or cause to be recorded) a recordable notice of the payment of the Special Assessment within a reasonable period of time of receipt of such prepayment amount.

The Special Assessment on any Parcel may be prepaid in part in an amount sufficient to allow for a convenient redemption of Bonds as determined by the Administrator. The amount of the prepayment shall be calculated and applied as described above; however, the principal portion of the prepayment shall be based on the amount on the partial prepayment to be made. Upon the payment of such prepayment amount, the obligation to pay the Special Assessment and the Annual Installment shall be reduced to the extent prepaid and, within a reasonable period of time of receipt of such prepayment amount, the CDA shall provide to the owner (or cause to be recorded) a recordable notice of the reduction in of the Special Assessment.

**J. MANDATORY PREPAYMENT OF SPECIAL ASSESSMENTS**

**1. Prepayment of Assessments for Non-Benefited Property**

A prepayment of the Special Assessment shall be required on any Parcel that is acquired by an entity that results in the Parcel being classified as Non-Benefited Property, if the Special Assessment may not be reapportioned to a Parcel of Assessed Property pursuant to the provisions of Section C. In the event an entire Parcel becomes Non-Benefited Property such that the Special Assessment cannot be reallocated to any other Parcel pursuant to the provisions of Section C., the Special Assessment shall become immediately due and payable and shall be collected from proceeds of a sale, condemnation, or other form of compensation for the property or from any other legally available source of funds.

**2. Prepayment of Assessments Resulting From a Change in the Equivalent Units**

The Assessments shall be prepaid in part upon a reduction of the Equivalent Units to less than required by the Bond Indenture. The Mandatory Prepayment shall be due from the Parcel (or any resultant Parcels) that results in the application of the provisions of this section.

The Mandatory Prepayment shall be calculated as set forth in Section I, with the Principal Portion of the Special Assessment being prepaid for the reduction in the number of Equivalent Units below the minimum number of Equivalent Units required by the Bond Indenture.

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

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

**K. AMENDMENTS**

Immaterial amendments may be made to this Rate and Method of Apportionment of Special Assessments by the Board of Directors without further notice under the Act and without notice to owners of Assessed Property within the CDA. Immaterial amendments shall be those that (i) clarify or correct minor inconsistencies in the matters set forth herein, (ii) provide for lawful procedures for the collection and enforcement of the Special Assessments and other charges imposed herein so as to assure their efficient collection, and (iii) otherwise improve the ability of the CDA to fulfill its obligations to impose and collect the Special Assessments and charges imposed herein and to make it available for the payment of the Bonds, Administrative Expenses, and other costs of the CDA. No such amendment shall be approved unless and until it has (i) been found and

determined that the amendment is necessary and appropriate and does not materially adversely affect the rights of the owners of the Bonds and (ii) received an opinion of a nationally recognized bond counsel to the effect that the amendment is authorized pursuant to the terms of the Bond Indenture and the County ordinance approving the Rate and Method of Apportionment of Special Assessments. Amendments may not be made to this Rate and Method of Apportionment of Special Assessments pursuant to the procedure described above that would increase the total of the Special Assessments or charges as set forth herein.

**L. INTERPRETATION OF PROVISIONS**

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

**M. SEVERABILITY**

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

Appendix A-1

SPECIAL ASSESSMENT ROLL  
ANNUAL INSTALLMENT OF SPECIAL ASSESSMENT

Magnolia Green Community Development Authority  
Chesterfield County, Virginia

| Assessments<br>Due | Principal           | Interest            | Administrative<br>Expenses | Annual<br>Installment |
|--------------------|---------------------|---------------------|----------------------------|-----------------------|
| 2008               | \$0                 | \$2,275,000         | \$50,000                   | \$2,325,000           |
| 2009               | \$0                 | \$2,275,000         | \$51,000                   | \$2,326,000           |
| 2010               | \$13,000            | \$2,275,000         | \$52,020                   | \$2,340,020           |
| 2011               | \$60,000            | \$2,274,155         | \$53,060                   | \$2,387,215           |
| 2012               | \$111,000           | \$2,270,255         | \$54,122                   | \$2,435,377           |
| 2013               | \$165,000           | \$2,263,040         | \$55,204                   | \$2,483,244           |
| 2014               | \$225,000           | \$2,252,315         | \$56,308                   | \$2,533,623           |
| 2015               | \$289,000           | \$2,237,690         | \$57,434                   | \$2,584,124           |
| 2016               | \$358,000           | \$2,218,905         | \$58,583                   | \$2,635,488           |
| 2017               | \$433,000           | \$2,195,635         | \$59,755                   | \$2,688,390           |
| 2018               | \$514,000           | \$2,167,490         | \$60,950                   | \$2,742,440           |
| 2019               | \$601,000           | \$2,134,080         | \$62,169                   | \$2,797,249           |
| 2020               | \$694,000           | \$2,095,015         | \$63,412                   | \$2,852,427           |
| 2021               | \$795,000           | \$2,049,905         | \$64,680                   | \$2,909,585           |
| 2022               | \$904,000           | \$1,998,230         | \$65,974                   | \$2,968,204           |
| 2023               | \$1,021,000         | \$1,939,470         | \$67,293                   | \$3,027,763           |
| 2024               | \$1,146,000         | \$1,873,105         | \$68,639                   | \$3,087,744           |
| 2025               | \$1,281,000         | \$1,798,615         | \$70,012                   | \$3,149,627           |
| 2026               | \$1,426,000         | \$1,715,350         | \$71,412                   | \$3,212,762           |
| 2027               | \$1,581,000         | \$1,622,660         | \$72,841                   | \$3,276,501           |
| 2028               | \$1,748,000         | \$1,519,895         | \$74,297                   | \$3,342,192           |
| 2029               | \$1,927,000         | \$1,406,275         | \$75,783                   | \$3,409,058           |
| 2030               | \$2,119,000         | \$1,281,020         | \$77,299                   | \$3,477,319           |
| 2031               | \$2,325,000         | \$1,143,285         | \$78,845                   | \$3,547,130           |
| 2032               | \$2,546,000         | \$992,160           | \$80,422                   | \$3,618,582           |
| 2033               | \$2,782,000         | \$826,670           | \$82,030                   | \$3,690,700           |
| 2034               | \$3,035,000         | \$645,840           | \$83,671                   | \$3,764,511           |
| 2035               | \$3,306,000         | \$448,565           | \$85,344                   | \$3,839,909           |
| 2036               | \$3,595,000         | \$233,675           | \$87,051                   | \$3,915,726           |
| <b>Total</b>       | <b>\$35,000,000</b> | <b>\$50,428,300</b> | <b>\$1,939,612</b>         | <b>\$87,367,912</b>   |

The Annual Installment is due each year with regular real property taxes on December 5 and June 5. The Annual Installment due each year shall be revised as set forth in the Rate and Method of Apportionment of Special Assessments.

Appendix A-2

SPECIAL ASSESSMENT ROLL  
TOTAL SPECIAL ASSESSMENT

Magnolia Green Community Development Authority  
Chesterfield County, Virginia  
Assessments Due in 2008

| Tax Map<br>Parcel No. | Acreage  | Special<br>Assessment | Principal<br>Portion of Special<br>Assessment | Annual<br>Installment |
|-----------------------|----------|-----------------------|---|-----------------------|
| 704-672-1535          | 1428.184 |                       |   | \$0                   |
| 702-667-9566          | 122.733  |                       |   | \$0                   |
| 698-669-6309          | 109.331  |                       |   | \$0                   |
| Total                 |          | \$87,367,912          | \$35,000,000                                  | \$0                   |

The Special Assessment Roll shall be adjusted from time to time pursuant to the provisions of the Rate and Method of Apportionment of Special Assessments.

## Exhibit B

### CDA Improvements

#### Primary Improvements

The realignment, reconstruction and widening, including required utility relocations, engineering design and related consulting services, of Otterdale Road from its intersection with Hull Street Road (Route 360) to its intersection with Woolridge Road, approximately 1.18 miles and Woolridge Road from its intersection with Otterdale Road up to the western terminus of, but not including, the existing causeway crossing the Swift Creek Reservoir, approximately 2.73 miles, as further shown on the map attached hereto as Exhibit B-1 (the "Primary Improvements"). These portions of Otterdale and Woolridge Roads will be expanded to four lanes as median divided roadways, with turn lanes, substantially in accordance with the design specifications shown on the plan dated March 22, 2007, prepared by Timmons Group, entitled "Woolridge Road Typical Sections, a copy of which is attached hereto as Exhibit B-2 as a part hereof (subject to modifications mutually agreed upon by the County, the Petitioner and the CDA), and shall include construction of required stormwater management basins. Landscaping shall include seeding of grass within the median and areas disturbed by construction activities and such other reasonable landscaping requested by the County up to \$350,000, if sufficient bond proceeds are available. No sidewalks or bike lanes shall be installed and utility work shall be limited to relocation of existing facilities. \$25,000,000 of the proceeds of the bonds will be allocated to the costs of the Primary Improvements. In addition, any remaining proceeds after payment of all other costs of the CDA, including construction of the Additional Improvements (as described herein) to the extent of the proceeds allocated thereto, shall be available for payment of the costs of the Primary Improvements.

The County will be responsible, at no cost to the Petitioner or the CDA, for (i) obtaining all rights of way and easements required for construction of the Primary Improvements, including required utility relocations and required stormwater management basins which may include off-site basins and basins designed to accept stormwater run-off from property in the watershed but not included in the CDA, (ii) obtaining all permits required from VDOT for the Primary Improvements, including providing any bonds required in connection with such permits, (iii) all wetlands permitting and mitigation requirements for the Primary Improvements from the U.S. Army Corps of Engineers and the Virginia Department of Environmental Quality, including providing any required bonds, and (iv) payment or waiver of all County fees relating to the approval of all plans relating to the Primary Improvements. The Petitioner will be responsible for providing plans, satisfactory to the County, for the necessary right of way acquisition and construction both of the Primary Improvements and the Additional Improvements. The plans shall include, but not be limited to, utility relocation plans, storm water management basins, wetland delineation and mitigation and all other customary right of way acquisition and construction plan requirements. The plans will be provided to the County in a time frame acceptable to the County. The Petitioner shall also provide any re-design of the plans required by any governmental entity, including the County,

provided that the County shall complete its review of each set of plans and make any comments regarding redesign within thirty (30) days after the plans are submitted to the County and shall use diligent efforts to cause VDOT to so the same.

The County shall have eighteen (18) months from the time it receives from the Petitioner plans sufficient for the acquisition of right of way for the Primary Improvements in a form that can be approved by VDOT (approximately 80% complete) in which to acquire the right of way and easements and obtain the permits (the "Right of Way Acquisition Period"). The 18-month period shall begin to run from the date when the County's Director of Transportation certifies that he has received plans which are in approvable form. If the County has not obtained the easements, rights of way and permits within the Right of Way Acquisition Period, the County will be responsible for payment of all costs relating to the Improvements in excess of that portion of the bonds allocated to the Primary Improvements or otherwise available to pay the costs of the Primary Improvements or, if the County is unable or unwilling to pay such costs, the Improvements will be modified, as directed by the County, as necessary to limit the costs to be paid by the CDA for the Improvements to such amounts.

Generally contemporaneous with the construction of the Primary Improvements and subject to appropriation by the Board of Supervisors, the County, at no cost to the Petitioner or the CDA, shall construct an extension of Woolridge Road from the terminus of the Primary Improvements across the Swift Creek Reservoir to Genito Road as a four lane roadway.

In order to maximize the benefits of the CDA to the County, the CDA will agree that any portion of the Primary Improvements which are to be constructed by others pursuant to zoning conditions or other commitments to the County may be excluded from the Primary Improvements to be constructed by the CDA at any time within nine (9) months after establishment of the CDA provided that the County agrees to cause the construction of such excluded Primary Improvements to be completed by the date projected for completion of the Primary Improvements by the CDA. In such event, the CDA shall pay to the County the net savings from elimination of such portion of the Primary Improvements which funds shall be used by the County for the extension of Woolridge Road across the Swift Creek Reservoir to Genito Road or for the costs incurred by the County relating to the rights of way and approvals to be obtained by the County for the Primary Improvements.

#### Additional Improvements

The CDA shall also construct additional improvements (the "Additional Improvements") consisting of (i) improvements to Woolridge Road from approximately station 10+00 to station 12+00 at the Woolridge Road entrance to Magnolia Green in accordance with the plans dated September 14, 2001, last revised July 31, 2006, prepared by Timmons Group, entitled "Woolridge Road Extension To Magnolia Green" (ii) improvements to Route 360 consisting of an additional lane of pavement along the west bound lanes of Route 360 and intersection improvements at the Chain Tree Parkway entrance to Magnolia Green from approximately station 10+40 to station 12+50, all in accordance with the plans dated December 3, 2003, last revised April 20, 2007, prepared by Timmons Group, entitled "Weeping Willow Drive & Chain Tree Parkway", (iii) improvements to Route 360 consisting of an additional lane of

pavement along the west bound lanes of Route 360 in an area beginning at the western terminus of the lane identified in (ii) and extending approximately one thousand feet west of Site Road D identified in the zoning of the Magnolia Green property, the exact location of such improvements to be mutually agreed upon by the County and landowner, (iv) improvements to Route 360 consisting of improvements at the intersection of Route 360 and Site Road D identified in the zoning of the Magnolia Green property (not to exceed 200 linear feet from the Route 360 right of way), the exact location of such improvements to be mutually agreed upon by the County and landowner, and (v) a traffic signal at the intersection of Hull Street Road and the Chain Tree Parkway entrance to Magnolia Green (across from Baldwin Creek Road) if warranted (estimated cost \$200,000). A maximum of \$2,100,000.00 of the proceeds of the bonds will be allocated to the costs of the Additional Improvements and the Landowner will be responsible for payment of any additional costs of such Additional Improvements.

#### General

All work to be performed by the CDA and the County is to be performed as soon as practical in accordance to a schedule to be agreed upon by the CDA and the County and diligently pursued to completion. The Petitioner acknowledges that construction of the traffic signal described as Additional Improvement number (iii) cannot take place until VDOT has approve placement of a traffic signal at that location based upon VDOT standards for the placement of traffic signalization.