MINUTES OF THE SPECIAL MEETING OF THE FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY

December 2, 2009

On December 2, 2009, the Commissioners of the Fairfax County Redevelopment and Housing Authority (FCRHA) met in the FCRHA Board Room, One University Plaza, 4500 University Drive, Fairfax, Virginia.

CALL TO ORDER

FCRHA Vice-Chair Elisabeth Lardner, as Acting Chair, called the Special Meeting of the FCRHA to order at 6:25 p.m. FCRHA Commissioners present or absent for a portion or all of the meeting were as follows:

PRESENT	ABSENT
Elisabeth Lardner, Vice Chairman	Ronald F. Christian, Chairman
Will Jasper	John Kershenstein
Charlen Kyle	Robert C. Carlson
Albert J. McAloon	Rod Solomon
Richard Sullivan	
Robert Schwaninger	
Richard Kennedy	

Also present at the meeting were the following staff of the Department of Housing and Community Development (HCD): Paula C. Sampson, Director; Mary A. Stevens, Deputy Director; Tom Fleetwood, Strategic Planner; John Payne, Deputy Director, Real Estate; Steve Solomon, Director, Financial Management Division (FMD); Aseem Nigam, Director, Real Estate Finance and Grants Management (REFGM); Molly Norris, Acting Associate Director, REFGM; Carol Erhard, Director, Rental Services, Office of Housing Management (OHM); Michael Pearman, Portfolio Manager, REFGM; Mike Trent, Network Analyst, Information Systems and Services (ISS); Erin Ballard-Maung, FCRHA Assistant. Other Fairfax County staff in attendance: David Stroh, Assistant County Attorney and FCRHA Counsel.

ACTION ITEM

1.

RESOLUTION NUMBER 60-09

Approval of the Assignment and Assumption Agreement in Connection with the Foreclosure and Subsequent Sale of the Property Initially Refinanced and Rehabilitated with the Issuance of $34,000,000 in Fairfax County Redevelopment and Housing Authority Multifamily Housing Revenue Bonds (Reston Glen Apartments Project) Series 2007 (Hunter Mill District)

WHEREAS, the Fairfax County Redevelopment and Housing Authority (the “Authority”) is a political subdivision of the Commonwealth of Virginia, established pursuant to the Virginia Housing Authority Law, Title 36, Chapter 1, Code of Virginia,

1950, as amended (the "Act"), and is authorized thereby to issue its notes and bonds from time to time to fulfill its public purposes within the meaning of the Act; and

WHEREAS, pursuant to and in accordance with the Act, on June 21, 2007 the Authority issued its tax-exempt and taxable Multifamily Housing Revenue Bonds (Reston Glen Project) Series 2007, consisting of Series A Bonds, Series B Bonds and Series C Bonds, (collectively, the "Bonds") in an aggregate principal of $34,000,000; and

WHEREAS, the proceeds of the Bonds were used in part to provide financing for the refinancing and rehabilitation of the 200-unit residential rental property known as Reston Glen Apartments (the "Project"), located in Fairfax County, at 12265 Laurel Glade Court, Reston, Virginia and

WHEREAS, the Project was owned by Fairfield Laurel Glade LLC (the "Former Owner") with FF Kearny Mesa LLC (or an entity related to Fairfield Residential, LLC) as the managing member; and

WHEREAS, the Series A Bonds and the Series B Bonds were sold to Goldman Sachs & Co. (the "Bond Purchaser") and the Series C Bonds were sold to the Owner or an affiliate of Fairfield Residential LLC (the "Fairfield Purchaser") all pursuant to a private placement as provided in the Bond Purchase Agreement among the Authority, the Owner and the Bond Purchaser (the "Bond Purchase Agreement"); and

WHEREAS, the Bonds were not credit enhanced, were not rated and were subject to restrictions on transferability; and

WHEREAS, the issuance of the Bonds was evidenced by the following forms:

(i) the Trust Indenture (the "Indenture") between the Authority and Bank of New York as trustee (the "Trustee"), pursuant to which the Bonds were issued;

(ii) the Loan Agreement (the "Loan Agreement") by and between the Authority and the Former Owner;

(iii) the Land Use Restriction Agreement (the "Land Use Restriction Agreement") by and among the Authority, the Trustee and the Former Owner;

(iv) the Bond Purchase Agreement; and

WHEREAS, the Bond Purchaser and the Former Owner entered into Total Return Swap Agreements (Swap Agreements) in conjunction with the Series A Bonds and the Series B Bonds; and

WHEREAS, pursuant to the terms and obligations under the Swap Agreements and related documents, the Bond Purchaser held certain rights, including the right to foreclose on the Project if there was an Event of Default under the Swap Agreements; and

WHEREAS, the Bond Purchaser exercised its right to foreclose on the Project on October 20, 2009 as a result of an Event of Default under the Swap Agreements; and

WHEREAS, as a result of the foreclosure sale of the Project an affiliate of the Bond Purchaser became the interim owner of the Project; and

WHEREAS, the Bond Purchaser is seeking the approval of the Authority for Red Stone Partners IV Reston LLC (the "New Owner") to replace the Former Owner and to modify the loan documents to reflect the assumption by the New Owner of the obligations of the Former Owner under the loan documents; and

WHEREAS, the New Owner has agreed to honor the terms of the Indenture and to assume the obligations of the Former Owner under the Loan Agreement and the other loan documents as represented in the Assignment, Assumption, Consent, Modification and Release Agreement; and

WHEREAS, the Authority previously authorized on March 22, 2007 the provision of a loan (AHPP Loan) in an amount of up to $2,375,000 in conjunction with the issuance of the Bonds; and

WHEREAS, the AHPP Loan was evidenced by the following forms:

(i) the AHPP Land Use Restriction Agreement (the "AHPP Land Use Restriction Agreement") by and among the Authority and the Former Owner;

(ii) the AHPP Loan Agreement (the "AHPP Loan Agreement") by and between the Authority and the Former Owner; and

WHEREAS, the foreclosure sale of the Project extinguished the AHPP Loan and the AHHP Land Use Restriction Agreement; and

WHEREAS, the New Owner has agreed to enter into a new loan (the "Proceeds of Sale Agreement") in an amount equal to the prior AHPP Loan that was extinguished for repayment under certain circumstances; and

WHEREAS, the New Owner has also agreed to enter into a new Land Use Restriction Agreement (the "Replacement Land Use Restriction Agreement") replacing the prior AHPP Land Use Restriction Agreement that was extinguished and new Right of First Refusal Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY:

Section 1. ***Incorporation of Recitals.*** The Recitals contained in this Resolution are true and correct and are incorporated in this Resolution by this reference.

Section 2. ***The Assignment, Assumption, Consent, Modification and Release Agreement.*** The Assignment, Assumption, Consent, Modification and Release Agreement is hereby approved in the form made available at this meeting. The Chairman, Vice Chairman, Secretary or an Assistant Secretary of the Authority is hereby authorized and directed to execute and deliver the Assignment, Assumption, Consent, Modification and Release Agreement in substantially the form herein approved with such additions, deletions and modifications thereto as may be approved by the Chairman, Vice Chairman, Secretary or an Assistant Secretary of the Authority, the execution of the Assignment, Assumption, Consent, Modification and Release Agreement being conclusive evidence of such approval and of the approval of the Authority.

Section 3. ***Proceeds of Sale Agreement.*** The Proceeds of Sale Agreement is hereby approved in the form made available at this meeting. The Chairman, Vice Chairman, Secretary or an Assistant Secretary of the Authority is hereby authorized and directed to execute and deliver the Proceeds of Sale Agreement in substantially the form herein approved with such additions, deletions and modifications thereto as may be approved by the Chairman, Vice Chairman, Secretary or an Assistant Secretary of the Authority, the execution of the Proceeds of Sale Agreement being conclusive evidence of such approval and of the approval of the Authority.

Section 4. ***Right of First Refusal Agreement.*** The Right of First Refusal Agreement is hereby approved in the form made available at this meeting. The Chairman, Vice Chairman, Secretary or an Assistant Secretary of the Authority is hereby authorized and directed to execute and deliver the Right of First Refusal Agreement in substantially the form herein approved with such additions, deletions and modifications thereto as may be approved by the Chairman, Vice Chairman, Secretary or an Assistant Secretary of the Authority, the execution of the Right of First Refusal Agreement being conclusive evidence of such approval and of the approval of the Authority.

Section 5. ***The Replacement Land Use Restriction Agreement.*** The AHPP Land Use Restriction Agreement is hereby approved in the form made available at this meeting. The Chairman, Vice Chairman, Secretary or an Assistant Secretary of the Authority is hereby authorized and directed to execute and deliver the AHPP Land Use Restriction Agreement in substantially the form herein approved with such additions, deletions and modifications thereto as may be approved by the Chairman, Vice Chairman, Secretary or an Assistant Secretary of the Authority, the execution of the AHPP Land Use Restriction Agreement being conclusive evidence of such approval and of the approval of the Authority.

Section 6. ***The Escrow Agreement.*** The Escrow Agreement is hereby approved in the form made available at this meeting. The Chairman, Vice Chairman, Secretary or an Assistant Secretary of the Authority is hereby authorized and directed to execute and deliver the Escrow Agreement in substantially the form herein approved with such additions, deletions and modifications thereto as may be approved by the Chairman, Vice Chairman, Secretary or an Assistant Secretary of the Authority, the execution of the Escrow Agreement being conclusive evidence of such approval and of the approval of the Authority.

Section 7. ***Other Action.*** The Chairman, Vice Chairman, Secretary or an Assistant Secretary of the Authority or any Authorized Representative is hereby authorized and directed to execute and deliver any and all additional documents, certificates and instruments necessary or proper to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution

Section 8. ***No Personal Liability.*** No stipulation, obligation or agreement herein contained or contained in the Indenture, the Loan Agreement, the Bond Purchase Agreement, the Land Use Restriction Agreement, the Tax Agreement, the Bonds or in any other agreement, certificate or document executed on behalf of the Authority shall be deemed to be a stipulation, obligation or agreement of any Commissioner, officer, agent or employee of the Authority in his or her individual capacity, and no such Commissioner, officer, agent or employee shall be personally liable on the Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

Section 9. ***Action Approved and Confirmed.*** All acts and doings of the Commissioners, officers, agents or employees of the Authority which are in conformity with the purposes and intent of this Resolution and in the furtherance of the issuance of the Bonds and the execution, delivery and performance of the documents and agreements authorized hereby are in all respects approved and confirmed.

Section 10. ***Severability.*** If any provision of this Resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision or cause any other provisions to be invalid, inoperative or unenforceable to any extent whatsoever.

Section 11. ***Repealer; Effective Date.*** Any resolutions or orders or parts thereof in conflict with this Resolution are to the extent of such conflict hereby repealed. This Resolution shall take effect immediately upon its adoption.

A motion was made by Commissioner McAloon, seconded by Commissioner Jasper, to adopt Resolution 60-09. Aseem Nigam, Director, Real Estate Finance and Grants Management, gave a brief presentation, with input from Paula Sampson, Director, and Margo Stern, Bond Counsel. After discussion, a vote was taken and the motion carried unanimously. No other business was discussed or action taken.

ADJOURNMENT

A motion was made by Commissioner Schwaninger, seconded by Commissioner McAloon, to adjourn the meeting at 6:50 p.m. A vote was taken and the motion carried unanimously.

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Elisabeth Lardner, Vice-Chairman
Acting Chair

(Seal)

_____
Paula C. Sampson, Assistant Secretary