ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending December 31, 2008

City of Atlanta, Georgia
Tax Allocation Bonds
(Princeton Lakes Project)
$21,000,000 Series 2006

Prepared by:

MUNICAP, INC.

June 3, 2009

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

I. *UPDATED INFORMATION*

Information updated from the annual development activity and disclosure report for the period ending June 30, 2007 is as follows.

- The mixed use developer, Princeton Lakes Partners, LLC, reports that the anticipated completion date for two hotels is December 2009.

- The mixed use developer reports that the anticipated completion date for the residential part the project is December 2009.

- The residential developer, Pulte Homes, reports that the anticipated build-out date is March 31, 2009.

- As of December 31, 2008, the residential developer reports that a total of 844 building permits were issued, including 143 building permits for the Regency Neighborhood, 120 building permits for the Park Neighborhood, 177 building permits for the Glen Neighborhood, 119 building permits for the Estates Neighborhood, 135 building permits for the Enclave Neighborhood and 150 building permits for the Deerwood Reserve Neighborhood.

- As of December 31, 2008, the mixed use developer reports that TGI Friday's opened for business on Outparcel Three.

- As of December 31, 2008, the mixed use developer reports that Ackerman opened for business on 39,500 square feet of Building I in the Medical Building section of the development, which represents 100 percent of the Building I leasable space. The developer also reported that 34,365 square feet of Building II in the Medical Building section of the development was leased to Ackerman, which represents 87 percent of the Building II leasable space.

- As of December 31, 2008, the mixed use developer reports that Patrick Malloy sold the second townhomes site, which was originally planned for 184 townhomes, to Hathaway Development Company for the construction of 306 rental apartment units. The developer also reports that Hathaway has received land disturbance permits and construction is expected to be completed by the end of 2009.

- As of December 31, 2008, the mixed use developer reports that leasing agreements have been signed for 170,347 square feet of retail space in the Princeton Lakes Road Retail section of the development, representing 100 percent of the available leasable space. The mixed use developer also reports that leasing agreements have been signed for 201,235 square feet of the retail space in the Camp Creek Market Place section of the development, representing 97.6 percent of the available leasable space.

- As of December 31, 2008, the mixed use developer reports that leasing

agreements have been signed for 72,846 square feet of the retail space in the Gateway Shopping Center, representing 100 percent of the available leasable space. The mixed use developer also reports that leasing agreements have been signed for 73,865 square feet of the office space in Buildings I and II, representing 93.5 percent of the available leasable space in Medical Buildings I and II.

- According to the residential developer a total of 821 units were sold as of December 31, 2008, which includes 143 units sold in the Regency Neighborhood, 120 units sold in the Park Neighborhood, 177 units sold in the Glen Neighborhood, 119 units sold in the Estates Neighborhood, 126 units sold in the Enclave Neighborhood and 136 units sold in the Deerwood Reserve Neighborhood.

- As of December 31, 2008, the residential developer reports that a total of 812 units closed, which includes 143 units in the Regency Neighborhood, 120 units in the Park Neighborhood, 177 units in the Glen Neighborhood, 118 units in the Estates Neighborhood, 121 units in the Enclave Neighborhood, and 133 in the Deerwood Reserve Neighborhood.

- As of May 1, 2009, the Fulton County Tax Commissioner's Office reported that the total amount of fiscal year 2008 net tax allocation increments billed and applicable to the Princeton Lakes TAD was $1,785,587. As of May 1, 2009, the Commissioner's Office reports that the total amount of tax allocation increments collected was $1,748,444 and the amount of delinquent tax increments was $39,143.

- According to Fulton County, the gross millage rates have decreased from 42.145 to 41.025 mills per $1,000 of assessed value between fiscal year 2007 and fiscal year 2008. The net millage rate available for paying debt service for bonds issued on behalf of the Princeton Lakes TAD, however, increased from 17.871 to 17.901 mills per $1,000 of assessed value between fiscal year 2007 and fiscal year 2008.

II. INTRODUCTION

The City of Atlanta, Georgia (the "City") issued $21,000,000 Series 2006A Tax Allocation Bonds pursuant to the Constitution and laws of the State of Georgia, including particularly (i) Chapter 44 of Title 36 of the Official Code of Georgia Annotated, as amended, known as the Redevelopment Powers Law (the "Act"), (ii) Resolution No. 02-R-1775, adopted by the City Council on November 18, 2002, and signed by the Mayor on November 26, 2002, (the "Initial Resolution"), (iii) Ordinance No. 06-O-0263, adopted by the City Council on February 8, 2006, and signed by the Mayor on February 9, 2006 (the "Financing Ordinance," together with the Initial Resolution, the "TAD Ordinance"), and (iv) the Indenture of Trust, dated as of February 1, 2006 (the "Indenture"), between the City and U.S. Bank National Association, as trustee (the "Trustee").

The properties in the tax allocation district are located in the City of Atlanta, Georgia with boundaries consisting of Hogan Road SW to the north; City of East Point to the east; Camp Creek Parkway SW to the south; and Fairburn Road SW to the west.

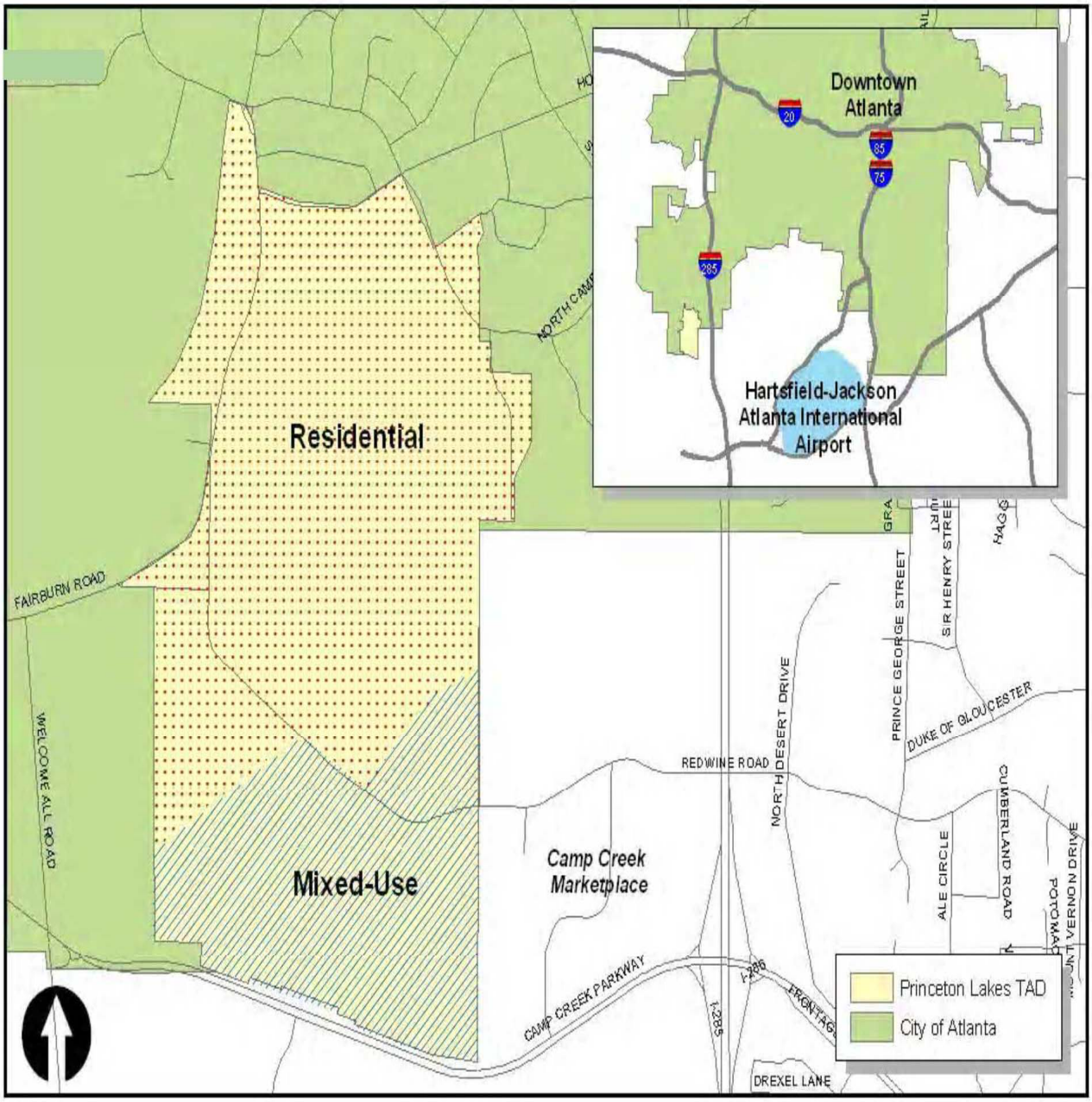
The Mixed Use Development in the Princeton Lakes tax allocation district (TAD), which includes retail, office and residential components to be located on a 188-acre parcel in the TAD between Redwine Road and Camp Creek Parkway, is being developed by Princeton Lakes Partners, LLC. The Residential Development, which is a master planned residential community that will include approximately 849 single family and townhomes on a 238-acre parcel in the northwest quadrant of the Princeton lakes TAD, is being developed by Pulte Homes Corporation.

Pursuant to the Act and respective ordinance, $21,000,000 in Tax Allocation Bonds were issued to finance the public improvements serving the properties located within the tax allocation district. As described in the Limited Offering Memorandum (LOM), the City has expressly covenanted in the Indenture not to issue additional bonds secured by Pledged Revenues.

The developers and the Atlanta Development Authority have agreed to provide certain information regarding the development of the property and the operations of the district pursuant to the development and continuing disclosure agreements. These reports are not, however, provided pursuant to Rule 15c2-12.

The information about development activity in this report was provided by the developers (Princeton Lakes Partners, LLC, and Pulte Homes Corporation) and is believed to be accurate; however, no effort has been made to independently verify the information.

No representation is made as to the materiality or completeness of the information provided herein or as to whether other relevant information exists with respect to the period covered by this report. Other matters or events may have occurred or become known during or since that period that may be material. All information is provided as of December 31, 2008, unless otherwise stated, and no representation is made that the information contained in this report is indicative of information that may pertain since the end of the period covered by this report or in the future.


Downtown Atlanta
Hartsfield-Jackson Atlanta International Airport
Residential
Mixed-Use
Camp Creek Marketplace
FAIRBURN ROAD
WELCOME ALL ROAD
REDWINE ROAD
NORTH DESERT DRIVE
PRINCE GEORGE STREET
SIR HENRY STREET
DUKE OF GLOUCESTER
ALE CIRCLE
CUMBERLAND ROAD
POTOMAC
MOUNT VERNON DRIVE
CAMP CREEK PARKWAY
DREXEL LANE
Princeton Lakes TAD
City of Atlanta

III. *DEVELOPMENT ACTIVITY*

A. OVERVIEW

The Princeton Lakes Tax Allocation District is located in the City of Atlanta, Georgia with boundaries consisting of Hogan Road SW to the north; City of East Point to the east; Camp Creek Parkway SW to the south; and Fairburn Road SW to the west. The Mixed Use Development in the TAD includes retail, office and residential components to be located on a 188-acre parcel in the Princeton Lakes TAD between Redwine Road and Camp Creek Parkway. The Residential Development is a master planned residential community which will include approximately 849 single family and townhomes on a 238-acre parcel in the northwest quadrant of the Princeton lakes TAD.

The Mixed Use Development will consist of approximately 378,231 square feet of retail development expected to include major national and regional retail chains including a national furniture retailer, pharmacy, regional banks and a grocery store. The Mixed Use Development will also consist of two medical office buildings and a small general purpose office building totaling approximately 93,000 square feet. The Mixed Use Development will include 654 residential units consisting of 350 market rate garden apartments and 304 townhomes. Proceeds of the Bonds will be used to reimburse the mixed use developer for a portion of the cost of certain public improvements required to support the Mixed Use Development, which includes water detention facility improvements, installation of sewer and water improvements, installation of intersection and traffic signals on major connecting parkway, construction of new multilane parkway, installation of road improvements including construction of a bridge; and streetscape and landscape improvements to common areas.

The Residential Development is a master planned residential community which will include approximately 849 single family and townhomes on a 238-acre parcel in the northwest quadrant of the Princeton Lakes TAD. The community will consist of primarily single family detached homes, with one planned neighborhood of approximately 150 townhomes. The Residential Development is expected to consist of a proportional mix of styles and price ranges, consisting of two, three, four and five bedroom units. The Residential Development will have greenways and pedestrian pathways connecting the homes to adjacent commercial developments and existing public transportation routes. Proceeds of the Bonds will be used to reimburse the residential developer for a portion of the cost of certain public improvements required to support the Residential Development, which includes site preparation and clearance, grading and sediment control, dewatering, muck removal and the installation of detention ponds, installation of sewer and water infrastructure, including water mains and sanitary sewer, roadway improvements, common area and perimeter improvements, and sidewalk and street light installation.

B. GOVERNMENTAL APPROVALS AND PERMITS

The mixed use developer, Princeton Lakes Partners, LLC, reports that as of December 31, 2008, the permits needed for vertical construction have been received and construction was completed for Parcels A through M in the Princeton Lakes Road Retail section of the retail development. The mixed use developer also reports that the necessary vertical construction

permits were received for all parcels in the Camp Creek Market Place section of the development and construction was substantially completed as of December 31, 2008.

According to the mixed use developer, the townhomes builder for the residential part of the mixed use development, Patrick Malloy Communities, received 120 building permits on October 15, 2006 within the first townhomes site.

The residential developer, Pulte Homes, reports that, as of December 31, 2008, a total of 844 building permits were issued for the different neighborhoods. The 844 building permits include 143 building permits for the Regency Neighborhood, 120 building permits for the Park Neighborhood, 177 building permits for the Glen Neighborhood, 119 building permits for the Estates Neighborhood, 135 building permits for the Enclave Neighborhood, and 150 building permits for the Deerwood Reserve Neighborhood.

C. STATUS OF DEVELOPMENT

The mixed use developer, Princeton Lakes Partners, LLC, reports that as of December 31, 2008, the anticipated completion date for the Retail/Office and residential phases of the mixed use development were December 2008 and December 2009, respectively. The residential developer, Pulte Homes, reports that as of December 31, 2008, the anticipated build-out date for the Residential Development was March 31, 2009.

Table III-1-A below shows the status of development of the Princeton Lakes Road Retail as of December 31, 2008.

Table III-1-A
Status of Development
Princeton Lakes Road Retail

Retail Component	Tenants	Development Status
Princeton Lakes Road Retail		
Parcel A	Walgreens	Open
Parcel B	Shoppers at Princeton Lakes	Open
Parcel C	Hotel	Under Contract
Parcel D	BB&T Bank	Open
Parcel E	World of Beverages	Open
Parcel F	Zaxby's Fast Food	Open
Parcel G-L	Movie Management	Open
Parcel M	Hotel	Under Contract

The mixed use developer, Princeton Lakes Partners, LLC, reports that four major tenants including DSW Shoes, LA Fitness, American Signature Furniture and Circuit City opened for business on April 30, 2006 in the Camp Creek Market Place. As of December 31, 2008, the

mixed use developer reports that Jason's Deli, Jason's to Go, Sealy Mattress, Ashley Stewart, Barber Shop, Optima Uniforms, Beauty Supply, Hair Salon, Hibbett Sports, and Splendid Things Bridal were opened in shops one through four. As of December 31, 2008, the mixed use developer also reports that Chili's, TGI Fridays and Bank of America opened for business on Outparcels two, three and four, respectively.

Table III-1-B in the following page shows the status of development of the Camp Creek Market Place as of December 31, 2008.

Table III-1-B
Status of Development
Camp Creek Market Place

Retail Component	Tenants	Development Status
Camp Creek Market Place		
Major Tenant A	DSW Shoes	Open
Major Tenant B	LA Fitness	Open
Major Tenant C	American Signature Furniture	Open
Major Tenant D	Circuit City	Open
Shops 1-4	Jason's Deli, Jason's to Go, Sealy Mattress, Ashley Stewart, Barber Shop, Optima Uniforms, Beauty supply, Hair Salon, Hibbett sports, and Splendid Things Bridal	Open
Outparcel 1	Landmark Properties	TBD
Outparcel 2	Chili's	Open
Outparcel 3	TGI Fridays	Open
Outparcel 4	Bank of America	Open

The mixed use developer reports that a major tenant, Publix Grocery Store, was opened for business in the Gateway shopping Center on April 30, 2006. The mixed use developer also reports that Hollywood Video, Subway, Countrywide Home Loans, Alre's Hair Salon, State Farm Insurance, America's Best Contacts, Majestic Nails, and Bruster's Ice Cream were opened for business in shops one through four as of June 30, 2006.

Table III-1-C in the following page shows the status of development of the Grocery Shopping Center reported by the mixed use developer as of December 31, 2008.

Table III-1-C
Status of Development
Gateway Shopping Center

Retail Component	Tenants	Development Status
Grocery Shopping Center		
Major Tenant F	Publix Grocery Store	Open
Shops 4	Hollywood Video, Subway, Countrywide Home Loans, Alre's Hair Salon, State Farm Insurance, America's Best Contacts, Majestic Nails, and Bruster's Ice Cream	Open
Outparcel 5	Wachovia Bank	Open

The mixed use developer reports that as of December 31, 2008, Buildings I and II were completed and occupied by multiple tenants in the Medical Building section of the development.

Table III-1-D in the following page shows the status of development of the Office Buildings reported by the mixed use developer as of December 31, 2008.

Table III-1-D
Status of Development
Office Buildings

Retail Component	Tenants	Development Status
Medical Building		
Building I	Multiple tenants	Open
Building II	Multiple tenants	Open
Office Building		
Building III	Multiple tenants	Currently seeking tenants
Day Care	Available	

The mixed use developer reports that 304 townhomes were originally closed with Patrick Malloy Communities, the townhomes builder. As of December 31, 2008, the mixed use developer reports that Patrick Malloy Communities sold the second townhomes site, which was originally planned for 184 townhomes, to Hathaway Development Company for the construction of 306 rental apartment units. The developer also reports that Hathaway has received land disturbance permits and construction is expected to be completed by the end of 2009. Table III-1-E on the following page shows the status of development of townhouses within the Mixed Use Development as of December 31, 2008.

Table III-1-E
Status of Development
Townhouses Development

Builder	Number of Units	Number of Units Closed with Builder(s)	Number of Building Permits Issued
Patrick Malloy	120	120	120
Total	120	120	120

The mixed use developer also reports that, construction of all the 350 Garden Apartment units was completed and 339 apartment units were rented as of December 31, 2008. The developer also reported that Hathaway Development Company has begun vertical construction on 306 Garden Apartment units.

The residential developer, Pulte Homes, reports that the total number of units initially anticipated for the Regency Neighborhood decreased by four units to 143 units as a result of restrictions imposed by the state water regulations during the land disturbance permitting process in April 2006. The developer reports that the total number of units initially anticipated for the Park Neighborhood increased by one unit to 120 units as a result of changes to a pocket park and the total number of units initially anticipated for the Enclave Neighborhood increased by one unit to 161 units as a result of lot layout redistribution. The developer also reports that the total number of units initially anticipated for the Estates Neighborhood decreased by three units to 119 units as a result of re-drawing of lot lines during address plat process with the Planning and Zoning Department. Accordingly, the total number of units in the Residential Development was 844 as of June 30, 2006.

Table III-2 below shows the number of units and building permits issued for the Residential Development as of December 31, 2008.

Table III-2
Status of Building Permits
Residential Development

Neighborhood	Initial Expected Number of Units	Revised Number of Units	Building Permits Issued
Regency	147	143	143
Park	119	120	120
Glen	151	177	177
Estates	122	119	119
Enclave	160	135	135
Deerwood Reserve	150	150	150
Total	849	844	844

(i.) Leasing Status

According to the mixed use developer, Princeton Lakes Partners, LLC, as of December 31, 2008, leasing agreements have been signed for 170,347 square feet of retail space in the Princeton Lakes Road Retail representing 100 percent of the available leasable space.

Table III-3-A below shows the tenants, space leased and percent of total space leased in the Princeton Lakes Road Retail as of December 31, 2008.

Table III-3-A
Leasing Status
Princeton Lakes Road Retail

Retail Component	Tenants	Space Leased (in sq ft)	Percent of Total Space Leased
Princeton Lakes Road Retail			
Parcel A	Walgreens	10,000	5.9%
Parcel B	Shoppers at Princeton Lakes	13,300	7.8%
Parcel C	Hotel	45,000	26.4%
Parcel D	BB&T Bank	3,999	2.3%
Parcel E	World of Beverages	14,160	8.3%
Parcel F	Zaxby's Fast Food	3,388	2.0%
Parcel G-L	Movie Management	35,500	20.8%
Parcel M	Hotel	45,000	26.4%
	Total Leased	**170,347**	**100%**
Remaining Leasable Space		**-**	**0%**

According to the mixed use developer, Princeton Lakes Partners, LLC, as of December 31, 2008, leasing agreements have been signed for 201,235 square feet of the retail space in the Camp Creek Market Place representing 97.6 percent of the available leasable space. The developer also reports that the remaining 5,000 square feet space was available for lease.

Table III-3-B on the following page shows the tenants, space leased and percent of total space leased for the Camp Creek Market Place as of December 31, 2008.

Table III-3-B
Leasing Status
Camp Creek Market Place

Retail Component	Tenants	Space Leased (in sq ft)	Percent of Total Space Leased
Camp Creek Market Place			
Major Tenant A	DSW Shoes	25,181	12.2%
Major Tenant B	LA Fitness	42,507	20.6%
Major Tenant C	American Signature Furniture	50,134	24.3%
Major Tenant D	Circuit City	33,972	16.5%
Shops 1-4	Jason's Deli, Jason's to Go, Sealy Mattress, Ashley Stewart, Barber Shop, Optima Uniforms, Beauty supply, Hair Salon, Hibbett sports, and Splendid Things Bridal	34,000	16.5%
Outparcel 1	Landmark Properties	5,000	2.4%
Outparcel 2	Chili's	5,896	2.9%
Outparcel 3	TGI Fridays	5,000	2.2%
Outparcel 4	Bank of America	4,455	2.3%
Total Leased		201,235	97.6%
Remaining Leasable Space		5,000	2.4%

According to the mixed use developer, as of December 31, 2008, leasing agreements have been signed for 72,846 square feet of the retail space in the Gateway Shopping Center representing 100 percent of the available leasable space.

Table III-3-C on the following page shows the tenants, space leased and percent of total space leased in the Gateway Shopping Center as of December 31, 2008.

Table III-3-C
Leasing Status
Grocery Shopping Center

Retail Component	Tenants	Space Leased (in sq ft)	Percent of Total Space Leased
Grocery Shopping Center			
Major Tenant F	Publix Grocery store	46,031	62.0%
Shops 4	Hollywood Video, Subway, Countrywide Home Loans, Alre's Hair Salon, State Farm Insurance, America's Best Contacts, Majestic Nails, Bruster's Ice Cream	22,790	30.7%
Outparcel 5	Wachovia Bank	4,025	7.3%
Total Leased		72,846	100.0%
Remaining Leasable Space		-	0.0%

According to the mixed use developer, as of December 31, 2008, leasing agreements have been signed for 39,500 square feet of the office space in the Medical Building I and 34,365 square feet of the office space in Building II, representing 93.5 percent of the available leasable space in Medical Buildings I and II. As of December 31, 2008, the mixed use developer also reports that 5,135 square feet, 20,000 square feet, and 9,225 square feet spaces were available for lease in the Medical Buildings II, Office Building III and Daycare space, respectively. Table-III-3-D below shows the tenants, space leased and percent of total space leased in the office buildings component of the Mixed Use Development as of December 31, 2008.

Table III-3-D
Leasing Status
Office Buildings

Retail Component	Tenants	Space Leased (in sq ft)	Percent of Total Space Leased
Medical Building			
Building I	Multiple tenants	39,500	100%
Building II	Multiple tenants	34,365	87%
Subtotal:		73.865	93.5%
Remaining Leasable Space		5,135	6.5%
Office Building			
Building III		0	0.0%
Subtotal:		0	0.0%
Remaining Leasable Space		20,000	100.0%
Daycare			
Remaining Daycare Leasable Space		9,225	100.0%
Total Office Space Leased		73,865	68.25%
Remaining Leasable Office Space		34,360	31.75%

According to the mixed use developer, as of December 31, 2008, 339 apartment units have been rented at an average rental price of $950 per one bedroom for Garden Apartments representing 51.6% of total apartment units in the Garden Apartments. Table III-3-E below shows the number of units rented and the average rental price for the Garden Apartments as of December 31, 2008.

Table III-3-E
Rental Status
Garden Apartments

Unit Type	Number of Units	Number of Units Rented	Percent of Total Units Rented	Average Rent (one bedroom)
Garden Apartments	656	339	51.6%	$950
Total	656	339		

(ii.) Status of Sales

According to the residential developer, Pulte Homes, as of December 31, 2008, a total of 629 units were sold, which includes 139 units sold in the Regency Neighborhood, 120 units sold in the Park Neighborhood, 147 units sold in the Glen Neighborhood, 84 units sold in the Estates Neighborhood, 76 units sold in the Enclave Neighborhood and 63 units sold in the Deerwood Reserve Neighborhood. Table III-4-A below shows the number of units sold and the average sales price for each neighborhood as reported by the residential developer as of December 31, 2008.

Table III-4-A
Status of Home Sales
The Residential Development

Neighborhood	Number of Units Sold	Average Sales Price	Projected Average Sales Price
Regency	143	$165,229	$158,990
Park	120	$177,271	$172,700
Glen	177	$227,165	$211,415
Estates	119	$357,364	$348,961
Enclave	126	$277,537	$294,190
Deerwood Reserve	136	$125,346	$120,300
Total	821	$218,820	$216,178[1]

1 The total projected average sales price is calculated as weighted average price using the average price and total No. units in the LOM.

According to the residential developer, as of December 31, 2008, a total of 812 units closed, which include 143 units in the Regency Neighborhood, 120 units in the Park Neighborhood, 177 units in the Glen Neighborhood, 118 units in the Estates Neighborhood, 121 units in the Enclave Neighborhood, and 133 in the Deerwood Reserve Neighborhood. Table III-

4-B below shows the number of units closed and the average sales price for each neighborhood as reported by the residential developer as of December 31, 2008.

Table III-4-B
Status of Home Closing
The Residential Development

Neighborhood	Number of Units Closed	Average Sales Price
Regency	143	$165,229
Park	120	$177,271
Glen	177	$227,165
Estates	118	$357,297
Enclave	121	$278,389
Deerwood Reserve	133	$125,596
Total	812	$218,792

(iii.) Status of Financing

According to the Limited Offering Memorandum, the total cost of the Residential Development is expected to be approximately $145,000,000. Of the total cost of the Residential Development, approximately $10,000,000 will be funded with the proceeds of the Bonds and the remainder will be funded from parent company equity and conventional debt financing. The residential developer, Pulte Homes, reports that there were no construction loan related defaults as of December 31, 2008.

According to the Limited Offering Memorandum, the predevelopment cost funded by Princeton Lakes Partners, LLC of the Mixed Use Development was approximately $21,212,970. Of the total predevelopment cost of the Mixed Use Development, $6,160,963 was for land acquisition and $15,052,000 of other predevelopment cost was financed through a construction loan with Georgian Bank. The repayment of the construction loan was to occur from the sales proceeds as parcels of land are sold. The mixed use developer, Princeton Lakes Partners, LLC, reports that there were no construction loan related defaults as of December 31, 2008.

D. STATUS OF CONSTRUCTION AND PUBLIC IMPROVEMENTS

According to the Limited Offerings Memorandum, a portion of the proceeds of the Bonds was to be used to reimburse the mixed use developer for a portion of the cost of certain public improvements required to support the Mixed Use Development including water detention facility improvements, installation of sewer and water improvements, installation of intersection and traffic signals on major connecting parkway, construction of new multilane parkway, installation of road improvements including construction of a bridge; and streetscape and landscape improvements to common areas. Table III-5-A on the following page shows the budget for the public improvements and construction draws reported by the mixed use developer as of

December 31, 2008.

Table III-5-A
Status of Public Infrastructure Improvements
The Mixed Use Development

Public Improvement	Original Budget	Budget Changes	Revised Budget	Work Completed	Percent Completed
General Conditions	$654,233	$0	$654,233	$537,647	82%
Site Preparation	$278,125	$0	$278,125	$278,125	100%
Earthwork	$6,650,706	$0	$6,650,706	$6,650,706	100%
Erosion Control	$425,500	$0	$425,500	$425,500	100%
Paving	$978,689	$0	$978,689	$978,689	100%
Water distribution	$331,368	$0	$331,368	$331,368	100%
Storm Sewage Systems	$632,703	$0	$632,703	$632,703	100%
Sanitary Sewage Systems	$241,558	$0	$241,558	$241,558	100%
Power, Communication and Gas	$8,000	$0	$8,000	$8,000	100%
Bridge, Guardrail, Sidewalks, Traffic Signal	$791,555	$0	$791,555	$791,555	100%
Landscaping / Irrigation	$116,317	$0	$116,317	$116,317	100%
Construction Fees	$549,892	$0	$549,892	$549,892	100%
Total	$11,658,646	$0	$11,658,646	$11,542,060	99%

According to the Limited Offering Memorandum, a portion of the proceeds of the Series 2006 Bonds was to be used to reimburse the residential developer for a portion of the cost of certain public improvements required to support the Residential Development that include site preparation and clearance, grading and sediment control, dewatering, muck removal and the installation of detention ponds, installation of sewer and water infrastructure, including water mains and sanitary sewer, roadway improvements, common area and perimeter improvements, and sidewalk and street light installation.

Table III-5-B on the following page shows the total project budget and construction draws reported by the residential developer as of December 31, 2008.

Table III-5-B
Status of Construction
The Residential Development

Project Construction Budget	Original Budget	Budget Changes	Revised Budget	Work Completed	Percent Completed
Land	$18,922,521	$0	$18,922,521	$18,922,521	100%
Hard Costs:					
Site Preparation (Clearing, Gardening, Erosion Control, etc.)	$7,100,287	$415,951	$7,516,238	$7,515,196	100%
Site Infrastructure	$15,833,718	$869,475	$16,703,193	$16,610,888	99%
Other Site Development (Amenity, etc.)	$6,871,463	($1,510,065)	$5,361,398	$4,983,263	93%
Home Construction[1] (Note 1)	$111,116,256	($7,214,053)	$103,902,203	$102,617,124	99%
Soft Costs:					
Engineering / Consulting	$1,577,972	$725,962	$2,303,934	$2,291,296	99%
Legal / Real Estate	$1,075,837	$1,016,362	$2,092,199	$2,037,130	97%
Other	$812,105	$251,075	$1,063,180	$617,314	58%
Total	$163,310,159	($5,445,293)	$157,864,866	$155,594,732	99%

[1] *Original budget assumed a 6% cost increase for units that were not closed nor under contract when Bonds were issued.*

Table III-5-C below shows the total budget for public improvements and construction draws reported by the residential developer as of December 31, 2008.

Table III-5-C
Status of Public Infrastructure Improvements
The Residential Development

Public Improvement	Original Budget	Budget Changes	Revised Budget	Work Completed	Percent Completed
Streets (Grading, Curb, Paving and Sidewalks)	$6,310,388	$215,834	$6,526,222	$6,465,765	99%
Street Lighting and Signage	$127,231	($565)	$126,666	$126,666	100%
Sanitary Sewer	$3,936,387	$99,553	$4,035,940	$4,035,940	100%
Storm Water System (Detention Ponds, etc.)	$2,565,743	$146,608	$2,712,351	$2,709,067	100%
Other (Engineering, Geotechnical/Compaction)	$1,659,472	$49,778	$1,709,250	$1,708,914	100%
Water system	$1,234,500	$152,532	$1,387,032	$1,379,305	99%
Total	$15,833,721	$663,740	$16,497,461	$16,425,657	100%

IV. *TRUSTEE ACCOUNTS*

The trustee for the Series 2006 Bonds is U.S. Bank, National Association, and N.A. The account balances for each fund as of December 31, 2007, interest paid, additional proceeds, disbursements, and account balances for each fund as of December 31, 2008, are shown in the following table:

Table IV-1
Summary of Fund Account Activities

	Balance as of 12/31/07	Interest Paid	Additional Proceeds	Disbursements	Balance as of 12/31/08
Tax Increment Fund	$1,819,548	$9,376	$1,632,100	$2,782,473	$678,551
Interest Fund	$0	$31	$1,932,075	$574,613	$1,357,493
Principal Fund	$0	$0	$0	$0	$0
Redemption Fund	$0	$0	$0	$0	$0
Debt Service Reserve Fund	$1,149,108	$83,218	$582,175	$239,359	$1,575,142
Project Fund	$8,555,472	$373,570	$30,598	$4,624,046	$4,335,595
Capitalized Interest Fund	$815,510	$12,898	$0	$828,408	$0
Cost of Issuance Fund	$15,018	$127	$0	$15,145	$0
Total	$12,354,656	$479,220	$4,176,948	$9,064,043	$7,946,781

- Additional proceeds to the Tax Increment Fund were tax increment revenues collected and transferred by the city.
- Additional proceeds to the Interest Fund were transfers of funds from the Tax Increment Fund and Capitalized Interest Fund for the payment of debt service.
- Additional proceeds to the Debt Service Reserve Fund were transfers of funds from the Project Fund.
- Disbursements from the Project Fund represent payments related to the developments projects and transfers of funds to the Debt Service Reserve Fund.
- Disbursements from the Capitalized Interest Fund represent debt service payments.

The interest paid through December 31, 2008 does not include interest accrued but not yet paid. Table IV-2 in the following page shows the approximate rate of return on the investments. Funds in the Project Account are invested in Bayerische Landes Bank Guaranteed Investment Contract (GIC), earning 4.817% and maturing on July 1, 1009. The remaining bond proceeds are invested in U.S. Treasury money market accounts currently earning approximately 0.32 percent.

The outstanding Series 2006 Bonds as of June 30, 2006 were $21,000,000. The maximum Debt Service Reserve Requirement with respect to the Series 2005 Bonds, as per the trust indenture, is an amount equal to the Maximum Annual Debt Service on the Series 2005 Bonds outstanding as of the date of calculation, as certified by the City. Upon the issuance of the Bonds $205,799 of the proceeds were deposited in the Debt Service Reserve Fund. An amount equal to 8.5807% of each disbursement from the Project Account of the Project Fund to pay redevelopment costs such disbursement is to be deposited in the Debt Service Reserve Fund upon such disbursement, until the amount on deposit therein shall equal the Debt Service Reserve Fund requirement ($1,659,550).

Table IV-2
Rates of Return

Account	Rate of Return
Debt Service Reserve Fund	0.32%
Interest Fund	0.32%
Project Fund	4.82%
Tax Increment Fund	0.32%

V. *DISTRICT OPERATIONS*

A. TAX ALLOCATION INCREMENT LEVIED AND COLLECTED

According to the Fulton County Tax Commissioner's office, as of May 1, 2009, the amount of applicable gross tax allocation increments billed in the Princeton Lakes TAD for fiscal year 2008 was $1,787,587. The amount of applicable tax allocation increments collected as of May 1, 2009 was $1,748,444 and the amount outstanding was $39,143. Table V-1 below shows the net assessed values, net taxes billed, and net taxes due for Fulton County and City of Atlanta tax allocation increment categories applicable to the Princeton Lakes TAD as of May 1, 2009. The tax increment amounts are computed using the net millage rates available to service new debt in the TAD. (See Section VI (B) for details regarding the gross and net millage rates.)

Table V-1
FY 2008 Assessments, Taxes Levied and Amounts Due

	Fulton Operating	Atlanta		Total
		Operating	Parks	
Net assessed[1]	$99,556,400	$100,268,700	$100,268,700	
Net millage rates (per $1,000 Assessed Value)	10.281	7.120	0.500	17.901
Net taxes billed	$1,023,540	$713,913	$50,134	$1,787,587
Net Taxes Collected as of 05/01/09	$1,001,518	$697,915	$49,011	$1,748,444
Net Taxes Due	$22,022	$15,998	$1,123	$39,143

[1] *Taxes Billed / Millage Rate*

Table V-2 in the following page shows the growth (increment) percentage used for fiscal year 2008 as calculated by dividing the net increase in non-exempt assessment between the base and current year values by the gross non-exempt increment for the current year.

Table V-2
FY 2008 Growth (Increment) Calculations

Non-Exempt Assessment as of 04/15/2009 (A)	$109,300,140
Less: 2003 Certified Base Non-Exempt Assessment (B)	($826,760)
Growth (Increment) (A-B)	$108,473,380
Growth (Increment) % ((A-B)/A)	99.244%

According to the Fulton County Tax Commissioner's office, the fiscal year 2007 net tax allocation increments billed and applicable to the Princeton Lakes TAD were $1,401,619 as of September 29, 2007. Table V-3 on the following shows the net assessed values and net taxes billed for Fulton County and City of Atlanta tax allocation increments categories applicable for

the Princeton Lakes TAD as of September 29, 2007 that are computed using the net millage rates available to pay debt service in the TAD.

Table V-3
FY 2007 Assessments, Taxes Levied and Amounts Due

	Fulton Operating	Atlanta		Total
		Operating	Parks	
Net Assessed Non-Exempt[1]	$78,973,046	$79,444,334	$79,444,480	
Net Millage Rates (per $1,000 Assessed Value)	10.281	7.090	0.500	17.871
Net Taxes Billed	$804,298	$557,971	$39,349	$1,401,619

[1] *Gross Taxes Billed / Millage Rate*

B. DELINQUENT REAL PROPERTY TAXES

According to the Fulton County Tax Commissioner's office, as of May 1, 2009, the amount of gross delinquent taxes due for fiscal year 2008 was $39,143.

C. COLLECTION EFFORTS

According to the Fulton County Tax Commissioner's office, a 30-day intent to FiFa (tax lien) letter is sent to all taxpayers with amounts due, shortly after the tax due dates, as part of the standard collection procedure. Once that letter matures, FiFas (liens) are placed on the property and in the name of the owner of record and recorded with the Clerk of Superior Court. Once the FiFas are recorded with the Clerk of Superior Court, the FiFas (liens) are available for purchase by third parties. At this point, third parties can pay the delinquent amounts to acquire the FIFAs, which make the third party responsible for collection and foreclosure actions. Other collection actions include contacting delinquent taxpayers, hand delivering tax bills, additional delinquent notices not required under law, etc.

VI. *DISTRICT FINANCIAL INFORMATION*

The information provided in this section is to meet the requirements for the annual report as provided for in Section (4) of the Continuing Disclosure Agreement. The items listed below are in the same format and order as the items required for the annual report as listed in the Continuing Disclosure Agreement.

A. FUND BALANCES

The fund balances in all of the funds and accounts provided for in the Indenture of Trust are included in Table IV-1 of Section IV, "Trustee Accounts," section of this report.

B. CHANGES TO THE MILLAGE RATES

Millage rates are set on an annual basis by the Board of Commissioners and other governing authorities. The millage rates per $1,000 assessed taxable property value for 2007 and 2008 in the Princeton Lakes TAD are as follows:

Table VI-1
Atlanta Millage rates

	2007 (mills)	2008 (mills)	Increases (Decreases) /2008 – 2007/
City of Atlanta millage	31.614	30.494	(1.120)
Fulton County millage	10.281	10.281	0.000
Total Atlanta millage	42.145	41.025	(0.870)
Less: Excluded mills			
City of Atlanta school levy	17.640	16.640	(1.000)
City of Atlanta bond levy	1.330	1.180	(0.150)
School bond levy	0.054	0.054	0.000
State QBE levy	5.000	5.000	0.000
Fulton County bond levy	0.000	0.000	0.000
State of Georgia levy	0.250	0.250	0.000
Total Exclusions	24.274	23.124	(1.150)
Total net millage rate	17.871	17.901	0.030

A portion of the tax rate relating to certain bond levies is not eligible for use to pay new debt service within the TAD. This millage equals 24.274 mills (16.640 City School Board levy, 1.180 City of Atlanta bond levy, 0.54 Board of Education bond levy, 5.0 State QBE levy, and 0.25 State of Georgia levy). Therefore, the total net millage rate used in this report is 17.901, which equals 41.025 total mills minus the 23.124 excluded mills.

C. ASSESSED VALUE OF REAL PROPERTY AND INCREMENTAL TAXES

Table VI-2 below shows the total taxable assessed value of the taxable property within the district as of April 15, 2009. Since the base year 2002, the assessed value of the property within the district has increased by $108,473,380. The Princeton Lakes TAD was created effective December 31, 2002, which means that base values for the TAD are based on assessed values of $826,760 as of January 1, 2002. In the time since then, appreciation and new development has brought about an increase of assessed values to approximately $109,300,140, resulting in incremental value, or the increase over the base value in the TAD, of $108,473,380.

Table VI-2
Total Assessed and Incremental Values

Base Value	*2007 Gross Non-Exempt Assessed Value*	*Incremental Assessed Value*	*Incremental Taxes*
$826,760	$109,300,140	$108,473,380	$1,941,782

In accordance with Georgia statute, the incremental revenue is calculated by dividing incremental value by the total property value to get the growth (increment) percentage, which is then multiplied by the total taxes. Currently, the total tax rate, expressed in mills, is 41,025 for property within the City of Atlanta. The entire tax rate, however, is not eligible for use in paying debt service incurred by bonds issued on behalf of the TAD. The millage not available equals 23.124 mills (16.64 City School Board levy, 1.18 City of Atlanta bond levy, 0.054 Board of Education bond levy, 5.0 State QBE levy, and 0.25 State of Georgia levy). Therefore, the applicable total net millage rate is 17.901, which equals 41.025 total mills minus 23.124 excluded mills. In the case of the Princeton Lakes TAD, the base property was assessed at $826,760 when the TAD was created and was subsequently reassessed at $109,300,140 as of April 15, 2009; therefore, the incremental value is $108,473,380. This creates a growth (increment) ratio of 99.244 percent as shown previously in Table V-2. Total taxes on the property would then be approximately $1,956,582 ($109,300,140 ÷ 1,000 x 17.901 mills). This results in estimated incremental tax revenues (before appeals, adjustments, exemptions and credits) of $1,941,782 ($1,941,782 x 99.24%).

According to the Fulton County Tax Collector, the aggregate actual amount of fiscal year 2008 net tax allocation increments billed and applicable to the Princeton Lakes TAD is $1,787,587. This difference is most likely the result of appeals, adjustments, credits, exempt properties and/or exemptions.

D. TOP TAXPAYERS IN PRINCETON LAKES TAD

The ten largest taxpayers in the Princeton Lakes Tad ranked by total tax billed as of May 1, 2009 are shown in Table VI-3 in the following page.

Table VI-3
Top 10 Taxpayers

Owner Name	Total Assessed (Gross)	Total Tax (TAD)	% of Total Taxes
WRI Princeton Lakes, LLC	$13,367,320	$239,288	13.39%
Worthing Princeton Lakes, LLC	$13,009,840	$232,889	13.03%
Pulte Home Corporation	$7,406,980	$132,592	7.42%
WRI Camp Creek Marketplace II, LLC	$3,891,520	$69,662	3.90%
Hollywood Management, LLC	$3,014,640	$53,965	3.02%
Camp Creek Medical Center I, LLC	$1,912,060	$34,228	1.91%
Patrick Malloy Communities, LLC	$1,281,600	$22,942	1.28%
PMC Princeton Lakes, LLC	$1,003,600	$17,965	1.01%
HFH Camp Creek LLC	$988,280	$17,691	0.99%
Bank of America, N.A.	$891,480	$15,958	0.89%
Total for top 10 Taxpayers	**$46,767,320**	**$837,181**	**46.83%**
Total for Princeton Lakes TAD	**$109,300,140**	**$1,787,587**	**100%**

E. EXEMPTION FROM TAXATION

According to the developers, no exemptions were applied for or received by the mixed use and residential developers in the Princeton Lakes projects as of December 31, 2008.

F. TAX ALLOCATION INCREMENT COLLECTED AND DELINQUENCIES

The information related to tax allocation increment levied for the year 2008, delinquent taxes and collection efforts for delinquent taxes are explained in Section V above.

G. FAILURE TO PAY TAXES

According to the Fulton County Tax Commissioner's Office, three of the top ten taxpayers have not paid the 2008 taxes in full. Table VI-4 below shows the list of taxpayers and outstanding taxes as reported by Fulton County as of May 1, 2009.

Owner Name	Total Billed	Total Outstanding	% of Taxes Billed
Pulte Home Corporation	$132,592	$14,826	11.18%
Patrick Malloy Communities LLC	$22,942	$7,031	30.65%
PMC Princeton Lakes, LLC	$17,965	$2,867	15.96%
Total	**$173,499**	**$24,724**	**14.25%**

H. DEBT SERVICE COVERAGE

Debt service coverage from tax allocation increments are shown in Table VI-5 in the following page:

Table VI-5
Debt Service Coverage

	Total Debt Service
Amount of Bonds Outstanding	$17,810,000
Debt Service (Bond Year Ending January 1, 2010)	$979,550
Total Gross Assessed Value April 15, 2009	$109,300,140
Less: Base Year Assessed Value (January 1, 2002)	($826,760)
Incremental Assessed Value	$108,473,380
Applicable Net Millage Rate (2008)	17.901
Tax Increment Revenues[1]	$1,787,587
Debt Service Coverage	182.49%

3 The Tax Increment Revenues reported represents the actual net tax increments amounts billed, as reported by Fulton County.

The total amount of Series 2006 Bonds issued was $21,000,000. There were two regular annual principal payments in the amounts of $105,000 and $210,000 on January 1, 2008 and January 1, 2009, respectively. Series 2006 Bonds in the total amount of $2,875,000 were redeemed on January 1, 2009 as part of an early redemption from bond proceeds maintained in an escrow account that were not eligible for disbursement to the developers to pay for the cost of public improvements by November 15, 2008. Accordingly, the amount of Series 2006 Bonds outstanding after the regular and early redemption of bonds on January 1, 2009 was $17,810,000.

VII. SIGNIFICANT EVENTS

A. DEVELOPER SIGNIFICANT EVENTS

According to the Development Agreements, developer significant events include the following:

(i) failure to pay any real property taxes (including the special taxes) levied within the district on a parcel owned by the developer or any affiliate thereof;

(ii) material damage to or destruction of any development or improvements within the district:;

(iii) the exercise of an option to purchase or sell or the purchase or sale of any land within the district by the developer;

(iv) material default by the developer or any affiliate thereof on any loan with respect to the construction or permanent financing of Princeton Lakes project or the specific developments;

(v) material default by the developer or any affiliate thereof on any loan secured by property within the district owned by the developer or any affiliate of the developer;

(vi) payment default by the developers or any affiliate(s) thereof on any loan to such party (whether or not such loan is secured by the property within the district);

(vii) the filing by or against the developer or any affiliate thereof, the general partner of the developer or any owners of more than 25% interest in the developer of any petition or other proceeding under any bankruptcy, insolvency or similar law or any determination that the developer or owner of interest in the developer or a subsidiary of the developer or any affiliate thereof is unable to pay its debts as they become due; and

(viii) the filing of any lawsuit with claim for damages in excess of $1,000,000 against the developer which may adversely affect the completion of Atlanta Princeton Lakes or the specific projects (as defined in the Development Agreements) or litigation in excess of $1,000,000 which would materially adversely affect the financial condition of the developers.

Inquiries have been made with the developers regarding the occurrence of any significant event and the developers report that no significant events have occurred as of December 31, 2008 respectively.

B. NOTICE EVENTS

Pursuant to the Continuing Disclosure Agreement, notice events include the following:

(i) delinquency in payment when due of any principal of or interest on the bonds;

(ii) occurrence of any material default under the indenture (other than described in clause (i) above or any of the Development Agreements);

(iii) draws on any reserve fund;

(iv) draws on any credit enhancements;

(v) Substitution of a credit or liquidity provider, or their failure to perform;

(vi) adverse tax opinions or events affecting the tax-exempt status of the bonds;

(vii) amendment to the indenture modifying the rights of the holders;

(viii) any calls on the bonds;

(ix) defeasance of bonds or any portion thereof;

(x) material damage to or destruction of any development or improvements funded with proceeds of the Bonds;

(xi) payment default or any other material default by any of the developers on any loan with respect to the construction or permanent financing of the Developments;

(xii) the filing by any of the developers or any affiliate thereof, any general partner of the developer in bankruptcy or any determination that any of these entities or any related or affiliated entity is unable to pay its debts as they become due: and

(xiii) the filing of any lawsuit against any of the developers with claim for damage in excess of $1,000,000 or which may adversely affect the completion of the related Development or litigation in excess of $1,000.000 which would materially adversely affect the financial conditions of any of the developers.

(xiv) release, substitution, or sale of property securing repayment of the Bonds:

(xv) Any change in the rating, if any, on the Bonds:

(xvi) Failure by the Issuer, the ADA or the Trustee to deliver any of the 1nformation to the ADA Disclosure Dissemination Agent, as required pursuant to this Disclosure Agreement, together with a completed copy of the applicable exhibit as required hereunder:

(xvii) any formal proposal to lower the millage rate within the Princeton Lakes TAD to a level that would generate less than 1.20 debt service coverage, and

(xviii) other material event notice (specify), pursuant to Section 7 of this Disclosure Agreement, together with the summary description provided by the Issuer Disclosure Representative, the ADA Disclosure Representative or the Trustee.

The Disclosure Dissemination Agent is not aware of the occurrence of any listed event as of the date of this report (June 3, 2009).