

**BROAD STREET  
COMMUNITY DEVELOPMENT AUTHORITY  
REVENUE BONDS SERIES 2003**

**ANNUAL CONTINUING DISCLOSURE REPORT  
FOR FISCAL YEAR  
ENDING JUNE, 30 2006**

Prepared By:

**MUNICAP, INC.**

February 12, 2007

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**For the Period Ending June 30, 2006**

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## ***I. INTRODUCTION***

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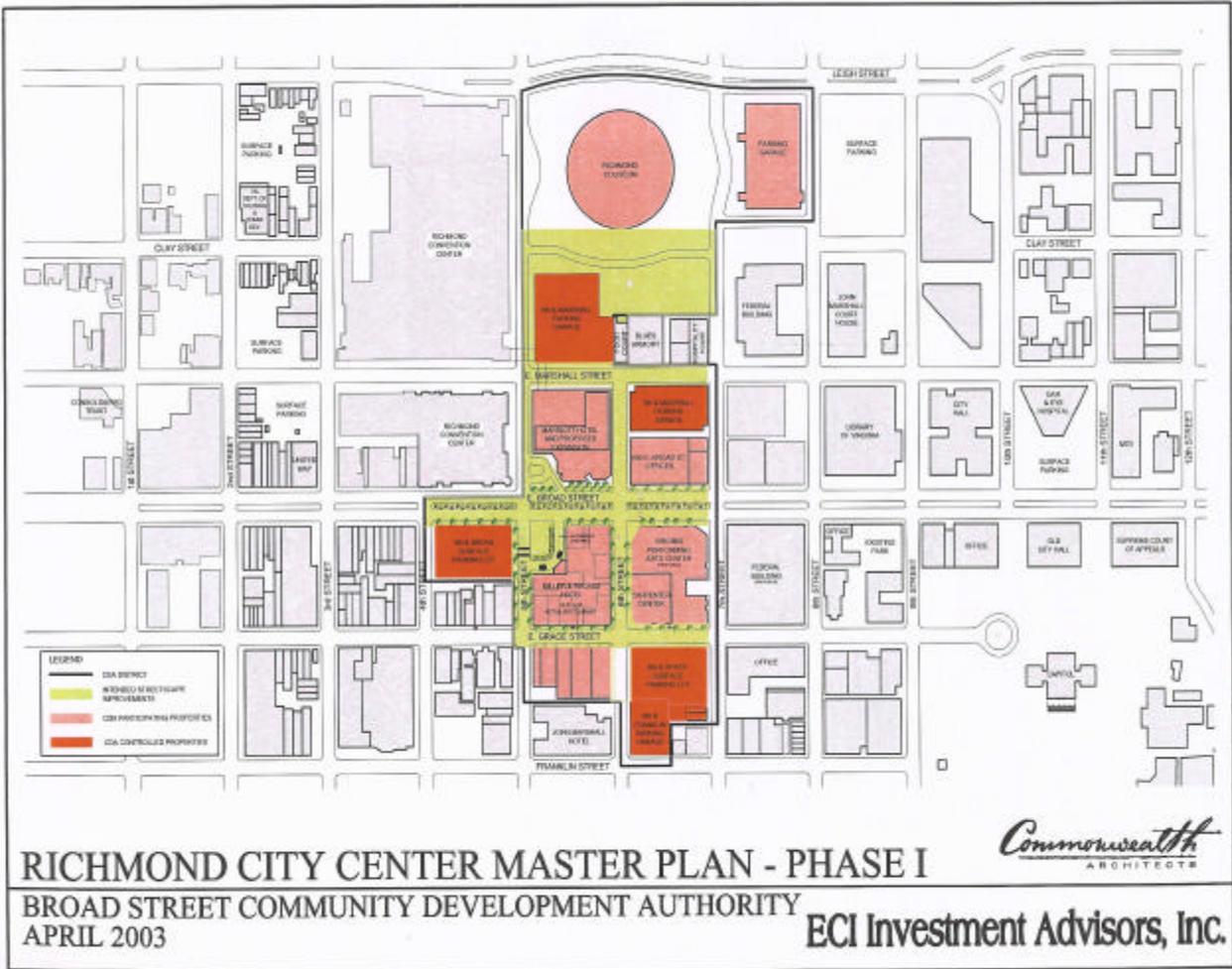
The Broad Street Community Development Authority (the Authority) was created pursuant to Ordinance No. 2002-165-199 adopted by the City Council of Richmond on July 8, 2002. Pursuant to the provisions of Article 6 of Chapter 51 of Title 15.2 of the Code of Virginia of 1950 (the Act), as amended, the Authority issued \$66,740,000 of revenue bonds in May 2003 to finance certain improvements in connection with proposed development and redevelopment of the Broad Street Community Development Authority District. The Broad Street Community Development Authority Revenue Bonds Series 2003 bonds were issued pursuant to an Indenture of Trust by and between Broad Street Community Development Authority, Richmond, Virginia and the U.S. Bank National Association (formerly known as Wachovia Bank National Association), dated as of May 15, 2003.

These bonds are to be repaid from pledged revenues that are comprised of special assessment revenues, parking revenues and payments in lieu of assessments. Special assessments are to be levied and collected on all taxable real property within the District pursuant to Ordinance No. 2002-253-250, which was adopted by the City Council on September 23, 2002 and pursuant to the Memorandum of Understanding dated May 15, 2003 between the City of Richmond, the Developer and the Authority.

The Broad Street Community Development Authority District (the "District"), located within an area referred to as the "Central Business District" or "City Center" of the City of Richmond, Virginia (the "City of Richmond"), is the center of a planned revitalization of the former retail center of downtown Richmond along the Broad Street and Grace Street corridors. The District's geographic boundaries encompass approximately five city blocks of mixed-use commercial and retail properties, including the Richmond Coliseum, a sports and entertainment facility with a maximum seating capacity of approximately 13,000. The District is immediately adjacent to The Greater Richmond Convention Center, a new multi-use regional facility of approximately 640,000 square feet. Broad Street (State Route 250) serves as the main thoroughfare within the District. Interstates 64 and 95 and the Downtown Expressway (Route 1-195), which run both east to west through downtown Richmond, provide easy access to the District, being situated less than one mile driving distance from each. The District is also located approximately nine miles west of the Richmond International Airport, approximately one mile from the historic Main Street train station and approximately four miles east of the Greyhound bus station (see district map below).

Continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission is not required for the Series 2003 bonds. However, the administrator, the developer and the Authority have agreed to provide an annual report. This report is provided pursuant to this agreement. The annual continuing disclosure report is being provided pursuant to continuing disclosure agreement between MuniCap, the Authority and ECI Investment Advisors (the Developer). This report is not provided pursuant to Rule 15c2-12.

# BROAD STREET COMMUNITY DEVELOPMENT DISTRICT



## ***II. DEVELOPMENT ACTIVITY***

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### **A. OVERVIEW**

With the completion of the \$162 million Richmond Convention Center expansion and in anticipation of the new Federal Courts Building at 7th and Broad Streets, the upcoming Virginia Performing Arts Center Complex at 6th and Broad Streets, and the upcoming Miller and Rhoads Hotel at 5th and Broad Streets, the imminent need for City Center parking and streetscape improvements in this vicinity had been identified by the City Administration as one of Richmond's most pressing priorities. The Broad Street Community Development Authority, in conjunction with the City of Richmond, initiated plans for the construction of two new surface lots, the renovation of three existing parking decks, the demolition of the existing 6th Street Marketplace, the reopening of 6th Street to automobile traffic, and the upgrading of underground public utilities and aboveground streetscaping and landscaping within the Broad Street CDA District boundaries.

The aggregate cost for the project was projected at \$53,447,900. Utility upgrades of \$6,360,700 were to be funded by the City of Richmond, leaving \$47,087,200 to be expended on project cost to be financed by bond proceeds. The breakdown of the elements of the project is as follows:

1. The acquisition cost of the properties for the two new lots at 5th and Broad (i. e. G C Murphy block) and at 6th and Grace (i.e. Atlantic Life block) was projected at \$9,938,000. The demolition and construction cost for the two new surface lots was projected at \$5,762,000.
2. The acquisition cost for the existing deck at 5th and Marshall was projected at \$13,500,000. The construction cost for the renovation of the three existing parking decks at 7th and Marshall, 5th and Marshall, and 6th and Franklin were projected at \$7,380,000.
3. The cost to demolish the 6th Street Marketplace was projected at \$400,000. The cost to reopen 6th Street and for providing streetscape/landscape improvements for all six blocks within the Broad Street CDA District, including the perimeter of the Coliseum, was projected at \$6,280,400.
4. The underground public utilities and electrical systems upgrading cost within the seven-block area of the Broad Sheet CDA were projected at \$6,360,700.
5. A Construction Cost Contingency of \$500,000 was established for unforeseen construction conditions that typically arise in utility upgrading projects. Development Coordination Expenses and project Development Fees, including the Project Feasibility Report total was estimated at \$3,326,800.

### **B. STATUS OF CONSTRUCTION**

The Authority filed a certificate of substantial completion in May 2005 after the developer reported the completion of construction activities in the district. The final budget and the costs funded from bond proceeds as of December 31, 2006 are shown in Table-II-1 below:

**Table II-1**  
**Construction Proceeds**  
**From Bond Issue**

<b>Cost Center</b>	<b>Original Budget</b>	<b>Budget Changes</b>	<b>Final Budget</b>
<b>1. Property Acquisition</b>	\$9,217,372	(59,145)	9,158,227
<b>2. Atlantic Life Site - 6th &amp; Grace</b>			
Environmental Remediation	\$655,000	866	655,866
Demolition Costs	\$1,207,025	36,049	1,243,074
Construction Costs - Surface Lot	\$663,500	(16,236)	647,264
<b>Subtotal</b>	<u>\$2,525,525</u>	<u>20,679</u>	<u>2,546,204</u>
<b>3. G.C. Murphy Site - 5th &amp; Broad</b>			
Environmental Remediation	\$295,898	0	295,898
Demolition Costs	\$1,088,147	11,005	1,099,152
Construction Costs - Surface Lot	\$531,811	237	532,048
<b>Subtotal</b>	<u>\$1,915,856</u>	<u>11,243</u>	<u>1,927,099</u>
<b>4. Parking Deck - 5th &amp; Marshall</b>			
Property Acquisition	\$13,490,667	0	13,490,667
Construction & Engineering Costs	\$922,000	59,531	981,531
<b>Subtotal</b>	<u>\$14,412,667</u>	<u>59,531</u>	<u>14,472,198</u>
<b>5. Parking Deck - 6th &amp; Franklin</b>			
Construction Costs	\$2,587,000	61,284	2,648,284
<b>Subtotal</b>	<u>\$2,587,000</u>	<u>61,284</u>	<u>2,648,284</u>
<b>6. Parking Deck - 7th &amp; Marshall</b>			
Construction Costs	\$2,934,000	192,836	3,126,836
<b>Subtotal</b>	<u>\$2,934,000</u>	<u>192,836</u>	<u>3,126,836</u>
<b>7. 6th Street Marketplace</b>			
Demolition Costs	\$1,039,987	(7,776)	1,032,211
Façade Restoration	\$1,434,500	103,198	1,537,698
<b>Subtotal</b>	<u>\$2,474,487</u>	<u>95,423</u>	<u>2,569,910</u>
<b>8. Streetscaping</b>			
Design & Construction Costs	\$5,543,000	1,074,467	6,617,467
Coliseum Area Improvements	\$1,300,000	(560,534)	739,466
<b>Subtotal</b>	<u>\$6,843,000</u>	<u>513,933</u>	<u>7,356,933</u>
<b>9. Construction Contingency</b>	\$611,796	(611,796)	0
<b>10. Project Management and Misc. Costs</b>			
Development Coordination Expenses	\$1,400,000	132	1,400,132
Project Development Fee	\$1,401,800	83,920	1,485,720
Project Feasibility (reimbursement to City)	\$275,136	0	275,136
<b>Subtotal</b>	<u>\$3,076,936</u>	<u>84,052</u>	<u>3,160,988</u>
<b>11. Other Professional Fees</b>	\$288,561	(54,861)	233,700
<b>12. Community Information</b>	\$200,000	(69,680)	130,320
<b>NET TOTAL FOR BOND FINANCING</b>	<b>\$47,087,200</b>	<b>243,497</b>	<b>47,330,697</b>
<b>13. Public Utilities</b>			
Professional Fees	\$1,002,810	114,126	1,116,936
Construction	\$5,357,890	(114,126)	5,243,764
Added Scope	\$0	2,289,758	2,289,758
City Reimbursement for Added Scope	\$0	(2,289,758)	(2,289,758)
<b>Subtotal</b>	<u>\$6,360,700</u>	<u>0</u>	<u>6,360,700</u>
<b>TOTAL PROJECT</b>	<b>\$53,447,900</b>	<b>243,497</b>	<b>53,691,397</b>

### **III. TRUSTEE ACCOUNTS**

The trustee for the Series 2003 Bonds is U.S. Bank, National Association (formerly Wachovia Bank, NA). The balance at June 30, 2005, and subsequent interest paid, disbursements, revenue collections and additional proceeds, and account balances for each fund as of June 30, 2006 are shown by the following table:

**Table III-1  
Account Balances**

<b>Accounts</b>	<b>Opening Balance 06/30/05</b>	<b>Interest Paid</b>	<b>Additional Proceeds</b>	<b>Disbursements</b>	<b>06/30/06 Balance</b>
Capitalized Interest	\$371,679.32	\$6,104.23	\$0.00	\$377,779.20	\$4.35
Utility Payments	\$1,373,676.31	\$12,224.83	\$2,781,311.98	\$4,032,720.68	\$134,492.44
Revenue Fund	\$0.00	\$8,661.00	\$4,172,701.15	\$4,181,362.15	\$0.00
Interest Account	\$128,349.74	\$25,876.02	\$4,956,813.23	\$4,971,856.26	\$139,182.73
Administrative Exp. Fund	\$10,307.91	\$304.19	\$204,256.44	\$157,625.06	\$57,243.48
Project Fund	(\$0.00)	\$930.22	\$250,839.39	\$853.82	\$250,915.79
Debt Service Reserve	\$6,136,875.00	\$254,680.32	\$0.00	\$254,680.32	\$6,136,875.00
Supplemental DSR Fund	\$2,097,620.19	\$74,846.48	\$36,518.99	\$1,177,016.83	\$1,031,968.83
Operating Reserve	\$69,248.79	\$1,825.88	\$25,000.00	\$83,570.02	\$12,504.65
Repair & Replacement	\$103,050.00	\$3,847.61	\$0.00	\$3,847.61	\$103,050.00
Operating Fund	\$40,116.42	\$2,173.32	\$851,554.09	\$716,238.06	\$177,605.77
VAPAF Escrow	\$0.00	\$6,410.29	\$203,217.00	\$0.00	\$209,627.29
<b>TOTAL:</b>	<b>\$10,330,923.68</b>	<b>\$397,884.39</b>	<b>\$13,482,212.27</b>	<b>\$15,957,550.01</b>	<b>\$8,253,470.33</b>

Additional proceeds to the Utility Payments are reimbursements from City of Richmond for utility improvements. Additional proceeds to the Revenue Fund are revenues received from the parking garage operations, special assessments revenues and payments in lieu of assessments. Additional proceeds to the Operating Fund and Administrative Expense Fund are transfers from the Revenue Fund to fund operating and administrative expense requirements. Additional proceeds to the Supplemental Debt Service Reserve Fund and Operating Reserve Fund are transfers from the Revenue Fund. Additional proceeds to Interest Account are transfers of bond proceeds from Capitalized Interest Account, revenue income from Revenue Fund and interest earned in the Debt Service Reserve Fund. Additional proceeds to the VAPAF Escrow account are transfer of utility payments to cater for future streetscape improvements on the area streets adjacent to Virginia Performing Art Foundation.

Disbursements from the Utility Payments are for the payments of costs public improvements. Disbursements from the Utility Improvement Fund are to pay CDA utility upgrades. Disbursements from the Revenue Fund are transfers to Operating Fund, Administrative Expense Fund, Supplemental Debt Service Reserve Fund, Repair & Replacement Fund and Operating Reserve Fund as stipulated by the trust indenture. Disbursements from the Interest Account are payments for scheduled debt service. Disbursements from the Administrative Expense Fund and Operating Fund are to pay CDA administrative and operating expenses, respectively. Disbursements from the Debt Service Reserve Fund are transfers of interest income to the Interest

Account for payment of interest due on the Bonds. Disbursements from the Debt Service Reserve Fund are transfers of interest income to the Interest Account for payment of interest due on the Bonds. Disbursements from the Supplemental Debt Service Reserve Fund are transfers of revenues to the Interest Account for payment of interest due on the Bonds. Disbursements from the Operating Reserve are transfers to Operating Fund to pay CDA operating expenses. Disbursements from the Capitalized Interest Account are transfers of interest income to the Project Fund for the costs of construction and transfer of bond proceeds to the Interest Account for debt service payment.

The interest paid through June 30, 2006 does not include interest accrued but not yet paid. The reserve fund is invested in guaranteed investment contract that pays interest semi-annually. Other account balances not invested in a guaranteed investment contract are invested in money market funds currently earning 5.0 percent. The table below shows the average rate of return on the investments in each fund or account as of December 31, 2006.

Investment income on interest account, administrative expenses fund, project fund, operating reserve, revenue fund, repair & replacement fund and VAPAF Escrow account will remain in the respective fund and be used for the purposes of such accounts. Investment income in the reserve fund will be used in the following order of priority: (i) restoration of the reserve fund, if the balance in the fund is at less than the reserve requirement, (ii) applied to the payment of debt service, and (iii) made available for the payment of administrative expenses.

**Table III-2  
Average Investment  
Rate of Return**

<b>Account</b>	<b>Rate of Return</b>
Interest Account	5.0%
Administrative Exp. Fund	5.0%
Project Fund	5.0%
Operating Reserve	5.0%
Supplemental DSR Fund	5.0%
Revenue Fund	5.0%
Repair & Replacement Fund	5.0%
Debt Service Reserve	4.15%
VAPAF Escrow	5.0%

## IV. DISTRICT OPERATIONS

### A. PARKING FACILITIES RATES, FEES, CHARGES AND CHANGES

There have been no changes to the list of the parking facilities. Tables IV-1 & IV-2 below shows the monthly rates, number of parkers, rate and the transient fees charged by each of the five Authority's parking facilities as of November 2006.

**Table IV-1  
Monthly Rates**

7th Marshall		5th & Marshall		6th & Franklin		5th & Broad		7th & Grace	
Parkers	Rate	Parkers	Rate	Parkers	Rate	Parkers	Rate	Parkers	Rate
94	\$60	29	\$75	78	\$100	35	\$75	111	\$95
76	\$65	645	\$85	3	\$75	7	\$105	15	\$125
288	\$68	* 30	\$0	7	\$125	<b>Average</b>	<b>\$80</b>	<b>Average</b>	<b>\$99</b>
227	\$75	<b>Average</b>	<b>\$81</b>	<b>Average</b>	<b>\$101</b>				
28	\$90								
* 24	\$0								
<b>Average</b>	<b>\$67</b>								

\* The free parking noted for monthly parking in both 5<sup>th</sup> & Marshall and 7<sup>th</sup> & Marshall parking facilities represents value parking passes issued to the parking operator, Marriott valet parking, security and equipment vendors to necessitate daily operations and unhindered access to both facilities.

**Table IV-2  
Transient Rates**

Duration (Hours)	5 <sup>th</sup> & Marshall	7 <sup>th</sup> & Marshall	5 <sup>th</sup> & Broad	7 <sup>th</sup> & Grace
0 - 1	\$4.00	\$4.00	\$4.00	\$4.00
1 - 2	\$7.00	\$7.00	\$8.00	\$8.00
2 - 3	\$10.00	\$10.00	\$11.00	\$12.00
3 - 12 (Daily Max)	n/a	n/a	\$13.00	n/a
3 - 24 (Daily Max)	\$13.00	\$13.00	\$15.00	\$15.00
Early Bird	n/a	\$7.00	\$7.00	n/a
Special Event	\$9.00	n/a		
Night/Weekend	\$8.00	\$7.00		
Hospitality	\$5.00			
Marriott Cash	\$5.00			

### B. LEVY OF SPECIAL ASSESSMENTS

Special Assessments in the amount of \$492,614.93 were levied for collection in fiscal year 2006 after the completion of streetscape improvement during fiscal year 2005. There were eight taxable properties within the district of which, six properties were classified as commercial properties and the remaining two as hotel property. The City of Council adopted Ordinance No. 2002-253-250 on September 23, 2002. This Ordinance ordained the approval of the Memorandum of Understanding and the Participation Agreement. It also established special assessments in

accordance with the Code of Virginia (1950), as amended section 15.2-5158(5) and sections 15.2-2404 to 15.2-2413 and the Memorandum of Understanding. Special assessments were levied to pay a portion of the costs of improvements to be provided by the CDA. According to the Ordinance, special assessments will be apportioned in accordance to the Rate and Method of Apportionment and shall not be effective until the Effective Date. The CDA shall cause a notice of special assessment to be provided to the City's Director of Finance or other City Official responsible for collection of taxes.

According to the Memorandum of Understanding, special assessments will be effective on a specified date (the Effective Date). The Effective Date will be later of (i) the first day of the month following the date on which streetscaping improvements are completed, or (ii) the first day of the month occurring two years after the 2003 Bonds are issued. The Authority will notify the City of Richmond in writing of the Effective Date. According to the Memorandum of Understanding, the City of Richmond will assign and pledge all special assessments collected by it to the Authority. Subject to annual appropriation by the Richmond City Council, all special assessments collected by the City will be remitted to the Authority or the Trustee. The special assessments when levied will constitute a lien on parcels subject to such taxation. The City of Richmond agreed to pursue collection of delinquent payments with the same diligence employed in collection of City's general ad valorem real estate taxes.

The Bonds were issued in May 2003. Accordingly, the first month the annual installment may be collected is June 2005, but only if the streetscape improvements were completed by May of 2005 allowing the annual installment of special assessments to be first collected in June 2005. Accordingly, special assessments in the amount of \$368,440.93 were levied collection for in 2005. As of January 29, 2006 the entire amount levied for fiscal year 2005 in the amount of \$368,440.93 had been collected by the city and transferred to the trustee.

**a) Method of Levying the Annual Installment**

The Annual Installment imposed on each taxable parcel will vary depending on either the number of rooms rented per night with respect to hotel property or the square footage of a property with respect to other commercial property. The Annual Installment to be collected in fiscal year 2006 and each subsequent year until the Series 2003 Bonds are redeemed is equal to the following amounts:

- (i.) For hotel property, the Annual Installment shall be equal to \$2.50 multiplied by the number of rented rooms per night with a minimum of \$256,778 for the Marriott hotel and \$124,173 for the Miller and Rhoads property. The Annual Installment is due from the Miller and Rhoads property only if its ownership has been transferred from the RRHA to the Developer or any other taxable entity. According to the RRHA and the city assessor's office, the Miller and Rhoads property was transferred to private entity on March 17, 2006 as result special assessment will first be levied on the property in 2006.
- (ii.) For other commercial property, the Annual Installments shall be equal to \$0.35 per square foot for space on the first level and \$0.29 per square foot for space on the second level and higher. Levels below the first (street) level will not be subject to Annual Installments.

**b) Taxable Property**

Table IV-3 below includes a list of the parcels of taxable property in the CDA. The classification of

each parcel is shown. For commercial property, the square footage of the first level and for the levels above the first level as well the Annual Installment per square foot along with total Annual Installment for each parcel are shown. For hotel property, the minimum Annual Assessment is shown. This minimum Annual Installment on the Marriot hotel equates to 102,711 rented rooms during the course of the year (an average of 281 rented rooms per night, which is equal to an average occupancy rate of 72%). Should additional rooms be rented, the hotel property will owe additional Annual Installments at the rate of \$2.50 per room per night on the excess over 102,711 rooms rented during the course year. The Miller and Rhoads property is still under construction, as result its payment for fiscal year 2006 is based on the minimum chargeable amount.

**Table IV-3  
Fiscal Year 2006 special assessments**

<b>Map Reference Number</b>	<b>Property</b>	<b>First SF</b>	<b>Sub-Total Assessment</b>	<b>Upper SF</b>	<b>Sub-Total Assessment</b>	<b>Annual Assessment</b>
<b>Commercial:</b>						
N000005019	626 East Broad	8,988	\$3,146	29,660	\$8,601	\$11,747
N000005022	600 East Broad	26,910	\$9,419	212,994	\$61,768	\$71,187
W0000015001	501 East Grace	9,294	\$3,253	9,158	\$2,656	\$5,909
W0000015005	509 East Grace	7,161	\$2,506	7,161	\$2,077	\$4,583
W0000015008	521 East Grace	10,463	\$3,662	8,796	\$2,551	\$6,213
W0000015012	525 East Grace	9,856	\$3,450	29,568	\$8,575	\$12,024
W0000015018	117N 5th	0	\$0	0	\$0	\$0
N000005001B	315 N 6th	0	\$0	0	\$0	\$0
N0000011028C	530 E. Marshall	0	\$0	0	\$0	\$0
N0000011032	550 E. Marshall	0	\$0	0	\$0	\$0
W0000016022B	600 B East	0	\$0	0	\$0	\$0
W0000016003	Miller & Rhoads	0	\$0	0	\$0	\$0
W0000016004	Miller & Rhoads	2,537	\$888	7,611	\$2,207	\$0
W0000016005	Miller & Rhoads	3,799	\$1,330	7,598	\$2,203	\$0
W0000016006	Miller & Rhoads	2,096	\$734	8,384	\$2,431	\$0
W0000016007	Miller & Rhoads	2,700	\$945	8,100	\$2,349	\$0
W0000016008	Miller & Rhoads	1,600	\$560	4,800	\$1,392	\$0
W0000016013	Miller & Rhoads	1,360	\$476	4,080	\$1,183	\$0
N0000010030	Miller & Rhoads	0	\$0	0	\$0	\$0
<b>Sub-total Commercial Property</b>						<b>\$111,663</b>
<b>Hotel:</b>						
N0000010030	Marriott Hotel					\$256,778
W0000016/001-013	Miller & Rhoads					\$124,173
<b>Sub-total Hotel Property</b>						<b>\$380,951</b>
<b>Total FY06 Annual</b>						<b>\$492,614</b>

**C. PAYMENTS IN LIEU OF ASSESSMENTS**

Payments in Lieu of Assessments (PILOA) became effective after the completion of streetscape improvement on May 29, 2005. These payments are due each quarter as per the terms of the respective agreements between the Authority, the City of Richmond and the Virginia Performing

Arts Foundation (VAPAF). The PILOA from the Richmond Redevelopment and Housing Authority (RRHA) is due each month pursuant to the Coliseum Garage Charge Payments Agreement between the Authority and the RRHA. PILOA for the fiscal year 2006 had all been received by the trustee by October 5, 2006 and are shown on Table IV-4 below.

**Table IV-4**  
**Payment in Lieu of Assessments**  
**Fiscal Year 2006**

	<b>Amount Paid</b>
City of Richmond - Coliseum payment	\$400,000
City of Richmond – Special Event	\$250,000
VAPAF	\$200,000
RRHA	\$148,935
Total PILOA for FY06	\$998,935

The total PILOAs received in fiscal year 2006 comprised of full payments quarterly payments due each quarter from the city and VAPAF. Payments RRHA are for the actual parking activities during the course of the year and are paid each month as per the terms of agreements governing these payments. There are no amendments to the documents relating to the Payments in Lieu of Assessments as outlined in the PILOA agreements.

**D. SPECIAL ASSESSMENTS PAYMENTS AND DELINQUENT SPECIAL ASSESSMENTS**

Special Assessments in the amount of \$492,614.93 were levied for collection in fiscal year 2006. Additional special assessments in the amount \$256,778 levied for collection on parcel map reference number N0000010030 during fiscal year 2005 were outstanding as of fiscal year 2006. As of January 30, 2007, special assessment in the amount of \$850,506 due from the all taxable properties in the district have been collected by the city and transferred to the trustee. This amount includes the 2006 levy of \$492,614 and delinquent special assessments mentioned above, plus accrued interest and penalties assessed by the city for late payment. There are currently no delinquent special assessments.

**E. COLLECTION EFFORTS, FORECLOSURE PROCEEDING OR JUDGEMENT FOR TAX SALE**

There are no collection efforts underway at this time. The Authority or the Administrator has no knowledge of any property within the district that has been subject to foreclosure proceedings or a judgment for tax sale.

## **V. DISTRICT FINANCIAL INFORMATION**

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### **A. PARKING OPERATIONS FINANCIAL INFORMATION AND AUTHORITY ADMINISTRATIVE EXPENSES**

Parking revenue payments from the parking fees proceeds of the CDA operated facilities for fiscal year 2006 are shown in the table below. Also included are the operating expenses paid by the trustee. These expenses include the payments to parking operator management fee and facility assurance.

(i.)	Parking Revenue Payments	\$3,653,778
(ii.)	Operating Expenses	\$729,178

The Authority total administrative expenses for the fiscal year 2006 were \$376,968. These payments include payment for services rendered by the trustee, CDA counsel, parking consultant, administrator, auditor, D&O annual insurance and miscellaneous expenses related to hosting of monthly CDA meetings.

### **B. COMPLIANCE WITH REVENUE COVENANTS**

Under the terms bond indenture, the revenue covenant became effective in the first full fiscal year beginning after completion of the project. The Authority filed the certificate of substantial completion in May 2005. As a result, fiscal year 2006 was the first year in which the Authority was required to comply with revenue covenants. For fiscal year 2006 Net Revenues were required to at least equal the sum of (a) 100% of debt service for the fiscal year, plus (b) the funding requirements for the Operating Reserve Fund, Repair and Replacement Reserve Fund and the Debt Service Reserve Fund. For fiscal year 2006, the Authority did not meet the debt service coverage portion of the covenant. Actual debt service coverage from Net Revenue was equal to eighty one percent. The Authority was able to pay all debt service by utilizing parking revenues accumulated in the Supplemental Debt Service Reserve Fund during the capitalized interest period. The calculation of these ratios is shown on Table V-1 below.

**Table V-1  
Revenue Covenant  
FY 2006**

<u>Revenues</u>	
Parking revenues	\$3,653,778
Special assessment revenues	\$492,614
PILOAs	\$998,982
Interest income on operation revenues	\$42,688
Sub-total revenues	\$5,188,062
<u>Expenses</u>	
Parking management fee	\$618,910
Professional services	\$376,968
Insurance	\$110,268
Other	\$5,830
Sub-total expenses	\$1,111,976
Total net revenues	\$4,076,086
<u>Revenue covenant coverage requirement</u>	
Annual debt service	\$4,971,856
Operating reserve requirement	\$75,000
Repair and replacement reserve requirement (account fully funded in FY2005)	\$0
Replenishment of debt service fund	\$0
Total revenue	\$5,046,856
Revenue covenant surplus/(deficit)	(\$970,770)
Percentage revenue covenant debt service coverage	81%

**C. BONDS OUTSTANDING AND SUBORDINATE DEBT**

The Authority does not have any subordinate debt. The total outstanding bonds are shown in the table below.

**Table V-2  
Outstanding Series 2003 Bonds**

<b>CUSIP Number</b>	<b>Term</b>	<b>Coupon Rate</b>	<b>Issue Amount</b>	<b>Outstanding Amount</b>
111257 AA9	June 1, 2015	7.125%	\$7,185,000	\$7,185,000
111257 AB7	June 1, 2016	7.100%	\$1,675,000	\$1,675,000
111257 AC5	June 1, 2033	7.500%	\$57,880,000	\$57,880,000
<b>Total</b>			<b>\$66,740,000</b>	<b>\$66,740,000</b>

**D. DEBT SERVICE PAYMENTS**

The amount of Series 2003 Bonds debt service paid in fiscal year 2006 and the amount of debt service scheduled to be paid in the fiscal year 2007 are shown in Table V-3 below.

**Table V-3  
Debt Service Payments  
FY 2006 and FY 2007**

	<b>2006</b>	<b>2007</b>
Interest Payment, December 1	\$2,485,928	\$2,485,928
Principal Payment, December 1	\$0	\$0
Interest Payment, June 1	\$2,485,928	\$2,485,928
Principal Payment, June 1	\$0	\$0
Total Debt Service	\$4,971,856	\$4,971,856

**E. ASSESSED VALUE**

The assessed value for all parcels within the District as of July 1, 2006 has increased by 29% from the same period last year as shown in the table below:

**Table V-4  
Assessed Valuation  
July 1, 2006**

<b>July 1, 2005</b>	<b>July 1, 2006</b>	<b>Total Increase</b>	<b>Percent Increase</b>
\$62,132,205	\$80,054,205	\$17,922,000	29%

**F. CHANGES TO THE ADMINISTRATOR, DEVELOPER OR CONSULTANT**

There have been no changes to the names of the Administrator, Developer or Consultant.

**G. CHANGES IN THE METHODOLOGY OF LEVYING SPECIAL ASSESSMENTS**

There have been no changes to the methodology of levying special assessment in the district.

**H. SIGNIFICANT AMENDMENTS TO LAND USE OR LEGAL CHALLENGES TO CONSTRUCTION OF THE FACILITIES**

The Authority or the Administrator has no actual knowledge to any significant amendments to the land use entitlements or legal challenges to the construction of the Facilities.

**I. CHANGES TO THE NATURE OF THE FACILITIES**

There has been no change to the nature of the Facilities.

**J. SPECIAL ASSESSMENT PAID BY OWNER AND CLASSIFICATION**

The table shows the special assessments paid by property owner and by class of property (commercial or hotel) for the 2006 fiscal year, based on the status and ownership of property as of January 1, 2006. The table also shows the percentage paid by each taxpayer. :

**Table V-5  
Special Assessments Paid  
By Owner and Classification**

<b>Owner</b>	<b>Classification</b>	<b>Total</b>	<b>Percent</b>
Broad Seven LLC	Commercial	\$11,747	2.4%
Richmond Equities LLC	Commercial	\$71,187	14.5%
Ajax Realty Corp	Commercial	\$16,705	3.4%
Berry Burk LLC	Commercial	\$12,024	2.4%
Miller & Rhoads Building LLC	Hotel	\$124,173	25.2%
Gregory D. Vickowski	Hotel	\$256,778	52.1%
Total		\$492,614	100.0%

**K. DRAWS ON DEBT SERVICE RESERVE FUND**

There has been no draws made from the Debt Service Reserve Fund, subsequently, the trustee has not made any requests to the City to fund such draw as outlined in Memorandum of Understanding.

**L. AMENDMENTS TO THE CONTINUING DISCLOSURE AGREEMENT**

There are no amendments made to the Continuing Disclosure Agreement.

## ***VI. OTHER AUTHORITY NOTICES***

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The administrator or the Authority has not received any notice in regards to the occurrence of any significant event. However, there are three notices that have been included with this filing for information purposes. These notices include:

1. Press release from the City of Richmond dated September 18, 2006.
2. Administrator's Letter to the Authority Board of Director dated September 19, 2006.
3. Press release from the City of Richmond dated November 20, 2006.
4. Late filing notice.

## CITY OF RICHMOND, VIRGINIA

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### City to dissolve Broad Street CDA and explore creating Parking Enterprise Fund

9/18/2006 5:26:54 PM

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In a cost-cutting move expected to save the City several hundred thousand dollars annually, Richmond Chief Administrative Officer William E. Harrell today notified the Broad Street Community Development Authority (CDA) of the City's plan to eventually dissolve the CDA and establish its own parking management operation.

"The City remains concerned for the fiscal health of the CDA and its inability to develop parking garages as contemplated by the original intent of the [CDA] entity," Harrell stated in his letter to James L. Watkins, CDA chairman.

The City's immediate plans, Harrell's letter noted, are to "take control of the parking lot at 6th and Grace Streets for the purpose of constructing a public parking garage to further stimulate economic development that is occurring in this area including the Hilton Hotel, the Federal Courthouse, adjacent residential development, and burgeoning retail interest."

Based on concerns related to the CDA's fiscal condition and inability to build new garages, the City has asked an outside audit firm to review existing CDA parking agreements and parking-related invoices for the past 12 months that have now been submitted for payment. No further payment by the City will be made until the audit validates those invoices.

Original CDA financing decisions were based on what the City Administration now finds to be unrealistic parking revenue projections, Harrell said. The CDA's five parking decks are not providing expected revenues. The CDA has scaled back revenues in its current budget, with anticipated debt service and expenses now likely to outweigh incoming revenues.

Concerned with the CDA's current fiscal health and solvency, the City is exploring options to better manage the CDA's parking assets. One option is to create a Parking Enterprise Fund as a direct City department, which would allow for closer supervision. This option could save the City money, as any debt issued by the City for a Parking Enterprise Fund would carry lower interest rates than that now carried on the CDA's debt. At the time of its bond issuance, the CDA's debt arrangement was viewed as a high-risk proposition, resulting in being given junk bond status and higher interest rates.

The current CDA arrangement, costing the City between \$700,000 and \$1 million annually, consists of a complicated agreement involving Standard Parking, the Richmond Marriott Hotel, the Richmond Redevelopment and Housing Authority, and the CDA, of which approximately \$380,000 in parking invoices is yet to be validated.

By an ordinance adopted by the Richmond City Council on July 8, 2002, the CDA was created as an alternative means of funding various public infrastructure and parking improvements in the central downtown district, which encompasses an area along Broad Street adjacent to the Greater Richmond Convention Center, and between Franklin and Leigh Streets.

CDA's purpose was to acquire land for the construction of two downtown parking decks that the CDA would manage. Other responsibilities included making sidewalk and streetscape improvements in this designated area, as well as dismantling of the 6th Street Marketplace and restoring 6th Street as a thoroughfare.

The CDA currently operates five parking facilities and has certified the infrastructure improvements to be complete. To finance its work, the CDA issued \$66.7 million of revenue bonds in May 2003. The debt was originally structured with repayment to come from revenues generated by the five parking decks, a special district tax on property holders in the district, and a ticket surcharge from the Coliseum and the Carpenter Center.

Though not directly obligated on the CDA debt, the City did agree to provide a moral obligation of up to \$3 million in annual financial support to cover the debt service in the event that CDA parking and special district tax revenues could not cover the CDA debt.

Contact: Linwood Norman, 646-0434

# MUNICAP, INC.

— PUBLIC FINANCE —

September 19, 2006

Board of Directors, Broad Street CDA  
c/o Mr. James Watkins, Chairman,  
Broad Street Community Development Authority  
200 South 3rd Street, 2nd Floor  
Richmond, VA 23219

## **Broad Street Community Development Authority Annual Debt Service Coverage**

Dear Mr. Watkins:

The Broad Street Community Development Authority (“CDA”) was created by the City Council of the City of Richmond in September 2002 to undertake certain streetscape improvements within the City Center district, including the demolition of the Sixth Street Marketplace, the reopening of Sixth Street, and certain other street, sidewalk, and utility improvements including acquisition and renovation of parking facilities. On May 29, 2003, the CDA issued revenue bonds in the amount of \$66,740,000 to plan, design and construct these improvements. The Authority issued Revenue Bonds, Series 2003, dated May 15, 2003, with interest rates of 7.10% to 7.50%, and due in semi-annual installments with principal payments beginning in 2009 and ending in 2033.

The Authority’s annual debt obligations are to be repaid from pledged revenues that are comprised primarily of parking revenues, and also include special assessment revenues and payments in lieu of assessments. Debt service payments for the periods ending June 1, 2005 were capitalized and paid from Bond proceeds as it was expected that the parking facilities would not be fully operational during the construction period and not able to support debt service payments during this period. During this capitalized interest period, parking revenues collected from the parking facilities in the amount of \$2,212,971 (including interest income of \$105,484) were accumulated in the supplemental debt service reserve fund held on behalf of the CDA.

8340 GOVERNOR  
RIDGELY LANE  
ELLCOTT CITY, MD 21043

TEL: (410) 480-2618

FAX: (410) 480-2468

The annual debt service for fiscal year 2006 was \$4,971,856.26, which is comprised of the total interest due on the bonds. There are no principal payments due until 2009. Pursuant to the terms of the trust indenture, the Authority is required under a revenue covenant to maintain certain revenue coverage for each fiscal year. In order to have satisfied the revenue covenant for 2006, net revenues, which are made up of net parking revenues, special assessments and payments in lieu of assessments need to be equal to annual debt service, plus any amounts required to be deposited in the Operating Reserve Fund and the Repair and Replacement Fund.

The annual debt service cost for fiscal 2006 is \$4,971,856.26, which is comprised of the total interest due on the bonds. The amount required to be deposited into the Operating Reserve Fund is \$75,000.00. The Repair and Replacement Fund had previously been fully funded. Accordingly, the total funds required to certify the 100% revenue covenant for fiscal year 2006 is \$5,046,856.26 (\$4,971,856.26 + \$75,000.00 = \$5,046,856.26). Pledged revenues in 2006, were not sufficient to make debt service payments. As a result, a portion of funds in the amount of \$1,177,016.83, which had previously been accumulated in the supplemental debt service fund during the capitalized interest period, were transferred to the interest account to make debt service payment. As of July, 31, 2006 the balance in the supplemental debt service fund was \$1,035,954 (\$2,212,971- \$1,177,017 = \$1,035,954). Table A below shows the net revenues and other funds used to make debt service payment for fiscal year 2006:

**Table A**  
**Annual Debt Service Requirement FY05-06**

Debt Service	
Interest payment December 1, 2005	\$2,485,928
Interest payment June 1, 2006	\$2,485,928
<i>Total debt service payment (interest)</i>	<i>\$4,971,856</i>
Net revenues available for debt service payment	
Parking revenues	\$2,152,253
Special assessments	\$111,663
Payments in lieu of assessments	\$775,324
Capitalized interest account	\$500,919
Reserve fund income	\$254,680
<i>Subtotal net revenues</i>	<i>\$3,794,839</i>
Other sources	
Supplemental debt service fund	\$1,177,017
<i>Total funds used for debt services</i>	<i>\$4,971,856</i>

For fiscal year ending June 30, 2006, special assessments due from the Marriott Hotel in the amount of \$256,778 are still outstanding. Additional parking revenues due to be collected in 2006 in the amount of \$359,404.50 are owed to the CDA through Marriot/RRHA/City parking agreements. As a result, total revenues budgeted for collection in 2006 and still outstanding is equal to \$616,182.50 (\$256,778.00 + \$359,404.50 = \$616,182.50). If these outstanding revenues had been made available to pay debt service in 2006, total funds available for debt service payment would have been

\$4,411,022 ( $\$3,794,839 + \$616,183 = \$4,411,022$ ), which is still below the annual debt service costs. Accordingly, the withdrawal from the supplemental debt service reserve fund would have been \$560,835 ( $\$4,971,856 - \$4,411,022 = \$560,835$ ).

The annual debt service requirement for fiscal 2007 is equal to \$4,971,856.26, which is comprised of \$4,971,856.26 in interest due on the bonds as there is no required principal until 2009. The amount required to be deposited in the Operating Reserve Fund and the Repair and Replacement Fund is \$65,000.00 and \$44,000.00, respectively. Accordingly, the total funds required for debt service payment and deposits to special funds for fiscal year 2007 is equal to \$5,080,856.26 ( $\$4,971,856.26 + \$65,000 + \$44,000.00 = \$5,080,856.26$ ). In order to satisfy the revenue covenant for fiscal year 2007, net revenues must be equal to 120 percent of the annual debt service requirement, plus the amounts required to be deposited in the Operating Reserve Fund and the Repair and Replacement Fund. Accordingly, the revenue covenant for fiscal year 2007 is equal to \$6,097,028. Net revenues available to pay debt service in 2007 include net parking revenues collected from parking facilities, special assessments payments from property owners and payments in lieu of assessment from the city, the RRHA and the Virginia Performing Art Foundation. Additional funds available for debt service payment include reserve fund income and May and June 2006 revenues balances held in the interest account. These funds will not be sufficient to pay debt service in 2007. As a result, a portion of funds previously accumulated in the supplemental debt service fund during the capitalized interest period will need to be transferred to the interest account to make debt service payment, leaving a balance of \$267,427 ( $\$1,031,969 - \$764,542 = \$267,427$ ) in the supplemental service debt fund. Table B below shows net revenues and other funds that are projected to be available to make debt service payment for fiscal year 2007.

**Table B**  
**Annual Debt Service Requirement FY06-07**

Debt Service	
Interest payment December 1, 2006	\$2,485,928
Interest payment June 1, 2007	\$2,485,928
<i>Subtotal debt service payment (interest)</i>	<i>\$4,971,856</i>
Operating Reserve & Repair and Replacement deposit	\$109,000
<i>Total debt service payment for FY06-07</i>	<i>\$5,080,856</i>
Net revenues needed for debt service payment	
Parking revenues	\$2,181,898
Special assessments	\$492,614
Payments in lieu of assessments	\$1,009,266
Interest account balance	\$377,857
Reserve fund income	\$254,680
<i>Subtotal net revenues</i>	<i>\$4,316,314</i>
Other sources	
Supplemental debt service fund	\$764,542
<i>Total funds to be used for debt service for FY06-07</i>	<i>\$5,080,856</i>

Board of Directors, Broad Street CDA

The Authority's ability to meet its debt service obligation in fiscal year 2007 relies on its ability to collect all of its budgeted revenues. For fiscal year 2007, the Authority will need to collect all of its budgeted revenues on timely basis in order to make the scheduled debt service payments. It is expected that the projected parking revenues, special assessment revenues, payments in lieu of assessments and the funds accumulated in the supplemental debt fund will be sufficient to pay debt service in fiscal year 2007. However, if some of these revenues are not collected when due, the Authority will not be able to meet its debt service obligations. During fiscal year 2006, collection of parking revenues related to Marriott and RRHA parking agreements did not materialize. Also, the payment of special assessment revenues due from Marriott for fiscal year 2006 is yet to materialize. Accordingly, if these two sources of revenues are not available for fiscal year 2007, the Authority sources of revenues will be greatly impacted. For fiscal year 2007, the Marriott/RRHA related parking revenues are projected to be \$725,692. Special assessment revenues due from Marriott for fiscal year 2007 are equal to \$256,778. As a result, if these two sources of revenues are not available, the previously projected revenues of \$4,316,314 will be reduced by \$982,470 ( $\$725,692 + \$256,778 = \$982,470$ ). This will create a deficit that the balance of \$267,427 ( $\$1,031,969 - \$764,542 = \$267,427$ ) in the supplemental service debt fund will not be sufficient to fund.

The CDA parking consultant has proposed a rate increase that if passed by the CDA Board will go into effect on October 1, 2006. This rate increase will bring additional revenues in the amount of \$135,369 for fiscal year 2007. Table C column A below shows the impact of not collecting either the Marriott/RRHA parking revenues and/or Marriott special assessments. In addition to this, Column B shows the impact that the increase in parking rates will have on the projected debt service coverage for same period assuming these funds are not collected.

**Table C**  
**Annual Debt Service Requirement FY06-07**

	<b>Column A</b>	<b>Column B</b>
Debt Service		
Interest payment December 1, 2006	\$2,485,928	\$2,485,928
Interest payment June 1, 2007	\$2,485,928	\$2,485,928
<i>Subtotal debt service payment (interest)</i>	<i>\$4,971,856</i>	<i>\$4,971,856</i>
Operating Reserve & Repair and Replacement deposit	\$109,000	\$109,000
<i>Total debt service payment for FY06-07</i>	<i>\$5,080,856</i>	<i>\$5,080,856</i>
Net revenues needed for debt service payment		
Parking revenues	\$1,456,206	\$1,592,575
Special assessments	\$235,836	\$235,836
Payments in lieu of assessments	\$1,009,266	\$1,009,266
Interest account balance	\$377,857	\$377,857
Reserve fund income	\$254,680	\$254,680
<i>Subtotal net revenues</i>	<i>\$3,333,845</i>	<i>\$3,470,214</i>
Other sources		
Supplemental debt service fund	\$1,031,969	\$1,031,969
<i>Total funds available be used for debt service for FY06-07</i>	<i>\$4,365,814</i>	<i>\$4,502,183</i>
Funds required for debt service payment	(\$715,042)	(\$578,673)

Board of Directors, Broad Street CDA

In the event the parking revenues, special assessment revenues, payment in-lieu of assessments, and supplemental reserve fund are not sufficient to cover debt service on the Bonds, the trustee for the Bonds would draw from the reserve funds established for repair and replacement and operating expenses, and then from the Debt Service Reserve Fund (which was funded in the amount of \$6,136,875 from bond proceeds) as necessary to cover the payments due on the Bonds. The amounts currently on deposit in the repair and replacement fund and operating reserve fund are \$103,500 and \$12,553, respectively. As such, it is assumed that the CDA will need to withdraw funds from the Trustee held Debt Service Reserve Fund to pay the annual debt service costs.

The City of Richmond has agreed to replenish the debt service reserve fund for any draws on this fund up to \$3.0 million a year, subject to appropriation by the City Council. In order for the Authority to avoid having the trustee draw from the debt service reserve fund to fulfill its debt service obligations, collection of all past due revenues and the projected revenues for fiscal year 2007 is paramount. Accordingly, if all the past due revenues and revenues projected for collection in 2007 are in fact collected during 2007, the Authority will have sufficient funds to meet debt service without drawing on the Debt Service Reserve Fund. Table D below gives a summary of debt service requirements if all past due revenues and the revenues projected for 2007 are collected.

**Table D**  
**Annual Debt Service Requirement FY06-07**

Debt Service	
Interest payment December 1, 2006	\$2,485,928
Interest payment June 1, 2007	\$2,485,928
<i>Subtotal debt service payment (interest)</i>	<i>\$4,971,856</i>
Operating Reserve & Repair and Replacement deposit	\$109,000
<i>Total debt service payment for FY06-07</i>	<i>\$5,080,856</i>
Net revenues needed for debt service payment	
Parking revenues	\$2,318,267
Special assessments	\$492,614
Payments in lieu of assessments	\$1,009,266
Interest account balance	\$377,857
Reserve fund income	\$254,680
<i>Subtotal net revenues</i>	<i>\$4,452,684</i>
Other sources	
Past due revenues & special assessments	\$616,183
Supplemental debt service reserve fund	\$11,990
<i>Total funds available be used for debt service for FY06-07</i>	<i>\$5,080,856</i>

Although the CDA is projecting sufficient funds, including the supplemental debt service reserve fund, to pay fiscal year 2007 debt service, they will not satisfy the rate covenant of \$6,097,028. Under any scenarios reviewed to date, the CDA will not meet its revenue covenant and will need to undertake certain steps required under the Bond documents.

In order for the Authority to continue to meet its future annual debt service obligations, the parking facilities will need to attract additional customers in line with the

Board of Directors, Broad Street CDA

current projections. Collection of all revenues on timely basis will also play an important role in advancing this obligation. If these goals are not met, the Authority's ability to meet its obligations on the Bonds and the uncertainty regarding future parking operations, the replenishment of Debt Service Reserve Fund by the city may become necessary the future.

The most significant reason for the cash flow and revenue difficulty is the difference between the net parking revenues, which were originally projected when the Bonds were sold and the actual net parking revenues as shown in the illustration below.

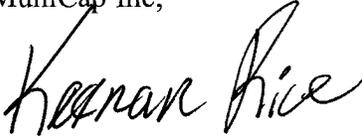
	<u>2006</u>	<u>2007</u>
Growth/Development Phased Scenario	\$5,023,174	\$5,964,411
Slow Growth/Development Phased Scenario	\$3,813,674	\$4,522,780
Actual net parking revenues	\$2,152,253*	
Projected net parking revenues		\$2,181,898**

\* Does not include Marriott/RRHA/City parking revenues not paid by City as of June 30, 2006 of \$359,404

\*\* Includes Marriott/RRHA/City parking revenues projected to be billed and collected in fiscal year 2007 of \$725,692

Very truly yours,

MuniCap Inc,



Keenan Rice  
Broad Street CDA Administrator

Enclosure

cc: Board of Directors, Broad Street CDA  
George L. Scruggs, Jr., CDA Counsel

## CITY OF RICHMOND, VIRGINIA

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Judge dismisses Marriott Hotel's lawsuit against City

11/20/2006 3:51:49 PM

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The Richmond Marriott Hotel is responsible for paying its share of the cost for major Downtown public improvements in the 6th, Broad and Grace Street vicinity, the Richmond Circuit Court has ruled.

The City Attorney's Office, which represented the City during a two-day trial last week, made the announcement today. As a result of the ruling, the Richmond Marriott owes the City approximately \$321,000, which includes approximately \$256,000 as its 2005 assessment for the public improvements and about \$65,000 in interest and late fees.

Mayor L. Douglas Wilder noted the significance of the court case in terms of how the City of Richmond will continue to address litigation brought against it.

"When occasions such as this present themselves, no one needs to succumb to the notion that bringing suit against the City will automatically yield positive results for them," the Mayor said. "As with this case, we will vigorously defend our position so as to act in the best interests of our citizens by not wasting their tax dollars on frivolous claims."

The Mayor commended the City Attorney's Office for handling the case without the need for outside counsel.

The Richmond Marriott, owned by a limited partnership called PRVA II, had brought suit against the City of Richmond on March 30 of this year, claiming that the City and the Broad Street Community Development Authority had erroneously issued the 2005 assessment because not all of the planned sidewalk work had been completed.

The City Attorney's Office successfully argued that based on the circumstances in May 2005, the appropriate sidewalk improvements had been completed and that the best and most appropriate use of public funds was the creation of an escrow account with construction materials set aside for handling the remaining sections of sidewalk around the site of the demolished Thalhimers department store at 6th and Broad at a later time.

The total cost of the Downtown public improvement project was \$66.7 million. This included major underground utility and infrastructure improvements as well as streetscape upgrades along Broad, Grace and Marshall streets between 5th and 7th streets. The unfinished sidewalk work represented 3/10ths of one percent of the project, or about \$203,000.

The Richmond Marriott was the only special assessment property owner that challenged its obligation to pay for the Downtown public improvement project.

Contact: Linwood Norman, 646-0434

**NOTICE TO REPOSITORIES OF FAILURE TO TIMELY  
FILE ANNUAL FINANCIAL INFORMATION**

Name of Authority: BROAD STREET COMMUNITY DEVELOPMENT AUTHORITY

Name of Issue: \$66,740,000 Broad Street Community Development Authority  
(Richmond, Virginia) Revenue Bonds, Series 2003

CUSIP Numbers: 111257 AA9, AB7, AC5

Dated Date / Date of Issuance: May 29, 2003

NOTICE IS HEREBY GIVEN that the Authority did not provide the Annual Financial Information with respect to its series 2003 revenue bonds within 210 days after the end of its fiscal year ending June 30, 2006 as required by Section 3(a) of the Continuing Disclosure Agreement dated as of May 15, 2003. The Annual Financial Information is being filed concurrently with this late notice filing.

Dated: February 12, 2007

**BROAD STREET COMMUNITY  
DEVELOPMENT AUTHORITY**

***VII. APPENDIX : AUTHORITY AUDITED FINANCIAL STATEMENTS***

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Authority's audited financial statements will be forwarded under a separate cover once they become available.