

**\$36,310,000**  
**MAYOR AND COUNCIL OF BRUNSWICK**  
**(CITY OF BRUNSWICK, MARYLAND)**  
**SPECIAL OBLIGATIONS BONDS**  
**(BRUNSWICK CROSSING SPECIAL TAXING DISTRICT)**  
**SERIES 2006**

**DEVELOPER'S CONTINUING DISCLOSURE STATEMENT**

Attn: Keenan Rice  
MuniCap, Inc.  
8340 Governor Ridgley Lane  
Ellicott City, MD 21043

In accordance with the "Continuing Disclosure Agreement" (the "Disclosure Agreement") by and between the undersigned, Brunswick Crossing, LLC (the "Developer") and MuniCap, Inc. (the "Administrator"), dated as of September 1, 2006, the Developer hereby provides the following information as of June 30, 2007, for the Brunswick Crossing development (the "Development"). All terms having initial capitalization and not defined herein shall have the meanings set forth in the Limited Offering Memorandum dated September 14, 2006. To the best of the knowledge of the undersigned:

- 1) Status of Construction and Completion of the Brunswick Crossing Special Tax District (the "District") Improvements financed with the Bonds:

<b>Public Improvement</b>	<b>Original Budget</b>	<b>Budget Change</b>	<b>Revised Budget</b>	<b>Draws to Date</b>	<b>Percent Complete</b>
<b>City Procured Improvements:</b>					
<i>Infrastructure - Water and Sewer</i>					
Wastewater Treatment Plant	\$15,253,765	\$0	\$0	\$6,986,225	45.8%
Water Tower and Associated Improvements *	\$2,943,029	\$100,591	\$3,043,620	\$864,973	29.4%
Water Treatment Plant	\$1,912,176	\$0	\$0	\$105,709	5.5%
Water Mains	\$2,560,320	\$0	\$0	\$86,377	3.4%
Sewer Interceptor	\$1,190,280	\$0	\$0	\$64,184	5.4%
Receiver, Hardware and Software for Remote Monitoring System	\$33,120	\$0	\$0	\$0	0.0%
Raw Water Presedimentation Basin	\$1,433,700	\$0	\$0	\$24,804	1.7%
<b><i>Sub-total City Procured Improvements</i></b>	<b>\$25,326,390</b>	<b>\$100,591*</b>	<b>\$25,426,981</b>	<b>\$8,132,272</b>	<b>32.0%</b>

<i>Public Improvement</i>	<b>Original Budget</b>	<b>Budget Change</b>	<b>Revised Budget</b>	<b>Draws to Date</b>	<b>Percent Complete</b>
<b>Developer Procured Improvements:</b>	0				
<i>Infrastructure - Water and Sewer</i>					
Local Sewer Outfall	\$ 2,163,936	\$0	\$0	\$28,443	1.3%
<i>Infrastructure - Roadways</i>					
Petersville Road Entrance	\$385,011	\$0	\$0	\$0	0.0%
Jefferson Pike Road Entrances	\$1,155,034	\$0	\$0	\$0	0.0%
Central Avenue Improvements	\$536,038	\$0	\$0	\$0	0.0%
U.S. Route 340 - Westbound Interchange	\$546,000	\$0	\$0	\$7,795	1.4%
MD Route 464 & 9 <sup>th</sup> Ave Intersection	\$741,000	\$0	\$0	\$10,574	1.4%
MD Route 17 Gateway	\$4,146,390	\$0	\$0	\$4,552	0.1%
Little Catocin Creek Drive	\$312,000	\$0	\$0	\$0	0.0%
<b><i>Sub-total Roadways</i></b>	<b>\$7,821,473</b>	<b>\$0</b>	<b>\$0</b>	<b>\$51,364</b>	<b>0.7%</b>
Right-of-Ways & Easements	\$100,000	\$0	\$0	\$1,263	1.3%
Trail System	\$2,149,777	\$0	\$0	\$0	0.0%
<b><i>Sub-total Developer Procured Improvements</i></b>	<b>\$12,235,187</b>	<b>\$0</b>	<b>\$0</b>	<b>\$52,627</b>	<b>0.4%</b>
<b>Total Bond Eligible Improvements:</b>	<b>\$37,561,581</b>	<b>\$100,591*</b>	<b>\$37,662,172</b>	<b>\$8,184,899</b>	<b>21.7%</b>

\*Increase to Water Tower and Related Improvements – see Letter Agreement – Exhibit “A”

Development of both the onsite and offsite infrastructure continues. The following development milestones have been reached or are in progress:

Wastewater Treatment Plant: Construction of the wastewater treatment plant continues to progress and is approximately 48% complete.

Water Tower and Associated Improvements \*: Effective this Disclosure and for subsequent reportings, the following City Procured Improvements as set forth in the Limited Offering Memorandum, which are associated with the new Water Tower construction, have been merged and combined into one single line item of \$2,943,029 which includes: Booster Pump Station -\$420,000; Elevated Water Storage Tank - \$2,218,493; Redundant Rechlorination Facility - \$85,536, Sensors/Transmission equipment at Elevated Tank, Reservoir and Pump Station - \$111,672; Direct Reservoir Discharge - \$30,888; and Eliminate Low Pressure Zones - \$76,440. These combined Improvements will hereafter be listed and hereafter referred to as Water Tower and Associated Improvements. Additionally, the aggregated, original budget of \$2,943,029 for the Water Tower and Associated Improvements has been increased by \$100,591\* to reflect the award of the construction contract to Landmark Structures I, LP on January 09, 2007, in the amount of \$2,468,000 and other known and anticipated costs for the Water Tower and Associated Improvements. The Notice-to-Proceed for the Water Tower and Associated Improvements was issued on March 5, 2007, and the tower base is approximately 30% complete. Pursuant to the Funding Agreement, the required consent to modify the City Procured Improvements is attached as Exhibit “A”.

Phase I - Sections A, B & C: On-site development plans for Phase I - Sections A, B and C received Planning Commission approval on March 26, 2007. The mass grading plan for Phase I is under final review and grading for the site is expected to commence in August 2007. Final engineering Improvement Plans for Phase I are under second review by the appropriate governmental agencies.

Phase I - Commercial Property: Preliminary design work has commenced for the retail and commercial portions of the property. Various alternatives are being analyzed to identify the optimum mix and orientation of office and retail uses.

2) Sales and Marketing Status – Residential Property:

- a. Units under Contract with Builders: Contracts with builders for units in development Phases I and II will be finalized concurrent with approval of the development's Phase I Final Engineering Improvement Plan. Recordation of plats, which is allowed within ninety (90) days prior to the Substantial Completion of the Water and Sewer Improvements, is anticipated for late Fall 2007 and will prompt the commencement of lot take-downs.

The following table provides a breakdown of the total number of approved units available.

Builder	Single-family Detached 70'	Single-family Detached 50' TND	Single-family Detached 45' TND	Villas	Villas 36' TND	Townhomes 24' TND	Senior Assisted Living	Total
Total Number of Units Planned	422	184	440	60	156	143	100	1,505

- b. Units Sold, Settled and Building Permits Issued: The following table provides a breakdown of lots sold and settled and building permits issued.

Unit Type	Number of Units Planned	Lots Sold to Builders	Lots Settled with Builders	Homes Sold to Homebuyers	Homes Settled with Homebuyers	Building Permits Issued
Single-family Detached 70'	422	0	0	0	0	0
Single-family Detached 50' TND	184	0	0	0	0	0
Single-family Detached 45' TND	440	0	0	0	0	0
Villas	60	0	0	0	0	0
Villas 36' TND	156	0	0	0	0	0
Townhomes 24' TND	143	0	0	0	0	0
Senior Assisted Living	100	0	0	0	0	0
<b>Total:</b>	1,505	0	0	0	0	0

3) Sales and Marketing Status – Commercial Property:

- a. Status of Commercial Property Negotiations. As a continuation of expressions of interest received to date, conceptual design work has begun to identify feasibility of alternate design options. Negotiations will escalate with interested, prospective commercial users upon Phase I Site Plan approval.
- b. Prior to and at the time of bond closing, SLI Properties, LLC (“SLI”), a former member of the Developer, retained an option (the “Option”) to purchase the approximately 12.81152 acre office/retail zoned component of the Development. Brunswick Crossing, LLC has acquired this Option, in full, from SLI in a February 15, 2007 settlement, for a purchase price of \$1,550,000. Payment of the balance of the purchase price is in the form of a \$1,450,000 Deferred Note with SLI, guaranteed by William D. Pleasants, Jr. for a term of the earlier of forty-eight (48) months or the sale, assignment or transfer of the Option or the property subject to the Option, with interest due and payable every ninety (90) days and principal payoffs from the first three hundred (300) residential lots sold.
- c. Commercial Property Sold, Closed and Leased. The following table provides a breakdown of commercial square footage sold, settled and leased and building permits issued.

Property Type	Estimated Square Footage at Completion	Square Footage Sold	Square Footage Closed	Square Footage Leased	Building Permits Issued
General Commercial	210,900	0	0	0	0
Office/Retail	178,100	0	0	0	0
<b>Total:</b>	389,505	0	0	0	0

- 4) Status of Financing: On February 27, 2007, Brunswick Crossing Investments, Inc. finalized a revolving development loan and letter of credit facility with M&T Mortgage Corporation (together, the loan and the letter of credit facilities are referred to as the “M&T Facilities”)

The M&T Facilities are comprised of the following components:

- a. A \$26,000,000 Revolving Development Loan with total advances of \$46,700,000 permitted during the term.
- b. A \$15,000,000 Revolving Letter of Credit Facility established for the purpose of giving guarantees to the City securing the Developer’s obligations under Public Works Agreements related to the Development.

An initial draw was made upon the Development Loan in the amount of \$205,372 to cover loan closing costs.

The M&T Facilities carry a term of thirty-six (36) months maturing on February 27, 2010, with two (2) one year extension options and are secured by senior and junior indemnity pledges of real estate which includes all of the real estate owned by Brunswick Crossing, LLC within the boundaries of the District. Full repayment of the M&T Facilities is guaranteed by Brunswick Crossing, LLC, and is further credit enhanced by a personal guaranty by William D. Pleasants, Jr.

The M&T Facilities will be repaid during the term from the proceeds of residential building lot and commercial/office pad sales at the greater of the rate of approximately 48% of the contract value of each lot sale or 45% of the gross residential or commercial sale price.

The outstanding balances of the M&T Facilities are summarized in the following tables.

M&T Revolving Loan Facility

M&T Bank Revolving Loan Funding:	\$26,000,000
M&T Bank Revolving Loan Advances to Date:	\$205,372
M&T Bank Revolving Loan Amount Repaid to Date:	\$0
M&T Bank Revolving Loan Amount Outstanding:	* \$210,472

M&T Letter of Credit Facility

M&T Bank Letter of Credit Loan Funding:	\$15,000,000
M&T Bank Letter of Credit Advances to Date:	\$0
M&T Bank Letter of Credit Amount Released to Date:	\$0
M&T Bank Letter of Credit Amount Outstanding:	\$0

*\* includes accrued interest*

- 5) Notice of Default or Material Amendments to any Construction Loan: There has been no formal written notice of default under any construction loan or material amendment to any construction loan that finances any portion of the project.
- 6) Legislative, Administrative or Judicial Challenges: There have been no legislative, administrative, or judicial challenges to the construction of the Brunswick Crossing Project or the development of the district.
- 7) Material Changes to the Form, Organization or Ownership of the Developer: There have been no material changes in the form, organization or ownership of the developer other than the following:
  - a. In a Fourth Amendment to the Operating Agreement executed on April 17, 2007, Pleasants Enterprises, Inc., a Maryland corporation with William D. Pleasants, Jr. as its President, was approved as the Manager of Brunswick Crossing, LLC, replacing William D. Pleasants, Jr.

- 8) Material Amendments or Supplements to the Construction and Funding Agreement: There have been no material amendments or supplements to the Construction and Funding Agreement, dated September 1, 2006, between the City and Developer other than the following:
- a. The original, individual line items for the Water Tower and Related Improvements on the City Procured Improvements list were merged into one line item and the new aggregate budget was increased by \$100,591 pursuant to the Letter Agreement attached herein as **Exhibit "A"** as further described under Section 1 herein.
- 9) Notice of Public Work's Agreement Default: There has been no default with respect to any public works agreement for the project.
- 10) Developer Significant Events: The Developer confirms it has not obtained actual knowledge of the occurrence of any Significant Events, as listed below and not otherwise contained in this Disclosure.

#### **DEVELOPER SIGNIFICANT EVENTS**

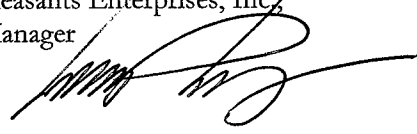
Significant events generally include the following:

- (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 of the developer;
- (ii) material damage to or destruction of any development or improvements within the district owned or being developed by the developer or any affiliate of the developer;
- (iii) material default by the developer or any affiliate of the developer on any loan with respect to the construction or permanent financing of development of the district;
- (iv) material default by the developer or any affiliate of the developer on any loan secured by property within the district owned by the developer or any affiliate of the developer;
- (v) the filing of the developer or any affiliate of the developer, or any owners of more than 25% interest in the developer in bankruptcy or any determination that the developer, or an owner of an interest in the developer, or a subsidiary of the developer, or any affiliate of the developer, is unable to pay its debts as they become due; and
- (vii) the filing of any lawsuit against the developer or any affiliate of the developer with claim for damage in excess of \$1,000,000 or which may adversely affect the completion of development or the project, or litigation in excess of \$1,000,000 or which would materially adversely affect the financial condition of the developer or any affiliate of the developer.

**\*\*\* SIGNATURE PAGE FOLLOWS \*\*\***

BRUNSWICK CROSSING, LLC  
a Maryland limited liability company

By: Pleasants Enterprises, Inc.,  
Manager



By: \_\_\_\_\_  
William D. Pleasants, Jr., President

Date: 7/11/07

May 30, 2007

Mayor and Council of Brunswick  
Brunswick City Hall  
1 W. Potomac Street  
Brunswick, Maryland 21716

Manufacturers and Traders Trust Company  
25 South Charles Street – 16<sup>th</sup> Floor  
Baltimore, Maryland 21201

Re: \$36,310,000 Mayor and Council of Brunswick  
(City of Brunswick, Maryland)  
Brunswick Crossing Special Taxing District  
Series 2006

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization of the issuance by the Mayor and Council of Brunswick, a body politic and corporate and a political subdivision and municipal corporation of the State of Maryland (the "Issuer"), of \$36,310,000 Mayor and Council of Brunswick (City of Brunswick, Maryland) Special Obligation Bonds (Brunswick Crossing Special Taxing District) Series 2006 (the "Bonds").

You have advised us that Exhibit B to the Construction and Funding Agreement dated as of September 1, 2006 executed in connection with the Bonds (the "Funding Agreement") is being amended in accordance with the "Letter Agreement Revising City Procured Facilities – Exhibit B" attached to the Opinion as Schedule 1.

In accordance with Section 10.02(b) of the Funding Agreement, you are hereby advised that in the opinion of Bond Counsel, the modifications set forth on Schedule 1 will not adversely affect the tax exemption of the interest on the Bonds.

Very truly yours,

*Venable LLP*



# Exhibit "A"

~~May~~ 30, 2007  
~~April~~

Mayor and Council of Brunswick  
Brunswick City Hall  
1 West Potomac Street  
Brunswick, Maryland 21716

CITY OF BRUNSWICK, MARYLAND  
SPECIAL OBLIGATION BONDS  
(BRUNSWICK CROSSING SPECIAL TAXING DISTRICT)  
SERIES 2006

LETTER AGREEMENT  
REVISING CITY PROCURED FACILITIES – EXHIBIT B

Ladies and Gentlemen:

Reference is hereby made to that certain Construction and Funding Agreement dated as of September 1, 2006 (the "Funding Agreement") by and between the Mayor and Council of Brunswick, a municipal corporation of the State of Maryland (the "City") and Brunswick Crossing, LLC, a Maryland limited liability company (the "Developer"). Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Funding Agreement.

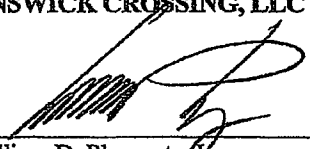
The City plans to enter into a Construction Contract relating to the construction of certain water storage tank and related City Procured Facilities listed in Exhibit B to the Funding Agreement ("Exhibit B"). In connection therewith, the City and the Developer desire to amend Exhibit B to reflect that (1) the categories of the City Procured Facilities shown in Exhibit B for the City Procured Facilities listed in the Construction Contract have been merged for the purposes of the Construction Contract, (2) the merged categories are specifically the (a) Booster Pump Station, (b) Elevated Water Storage Tank, (c) Redundant rechlorination facility, (d) Sensors/transmission equipment at elevated tanks, reservoir, and pump station, (e) Direct reservoir discharge and (f) Eliminate low pressure zones, (3) the merged categories shall be listed and now known as the Water Tower and Related Improvements, (3) the original Budgeted Costs of those City Procured Facilities listed in the Construction Contract in the amount of \$2,943,029 are now exceeded by the revised Budgeted Costs shown for such City Procured Facilities in Exhibit B in the amount of \$100,591 and (4) the original Budgeted Costs of the Water Tower and Related Improvements have been increased by and Secured in the amount of \$100,591 and reflect total Revised Budgeted Costs of \$3,043,620. The Funding Agreement is hereby amended by deleting Exhibit B in its entirety and inserting the exhibit attached hereto in lieu thereof.

Section 10.02(c) of the Funding Agreement provides that Exhibit B may be modified by the City with the prior written consent of the Developer. The Developer hereby consents to the modifications to Exhibit B described herein.

This letter agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland. This letter agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

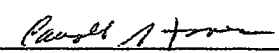
Please execute this letter agreement and return to the undersigned at Brunswick Crossing, LLC, c/o Pleasants Development, Inc., 24012 Frederick Road, Clarksburg, Maryland 20871, Attention: Jerry Connelly, Senior Vice President

**BRUNSWICK CROSSING, LLC**

By:   
\_\_\_\_\_  
William D. Pleasants, Jr.  
Manager

Agreed to on this 30 day of <sup>May</sup>April, 2007:

**MAYOR AND COUNCIL OF BRUNSWICK**

By:   
\_\_\_\_\_  
Carroll A. Jones  
Mayor

REVISED EXHIBIT "B"  
TO LETTER AGREEMENT  
DATED APRIL 30, 2007  
MAY

DESCRIPTION OF CITY PROCURED FACILITIES  
AND APPLICABLE BUDGETED COSTS

<u>CITY PROCURED FACILITIES</u>	<u>BUDGETED COSTS*</u>
<u>Water and sewer:</u>	
Wastewater treatment plant (including WWTP Design Contract)	\$15,253,765
Water Tower and Related Improvements	3,043,620
Water treatment plant	1,912,176
Water mains	2,560,320
Sewer interceptor	1,190,280
Receiver, hardware, and software for remote monitoring system	33,120
Raw material pre-sedimentation basin	1,433,700
<i>Sub-Total City Procured Improvements</i>	\$25,426,981

\* Budgeted Costs include contingencies in amounts listed in Section 5.04 of the Construction and Funding Agreement, in addition to engineering and survey costs, costs of permits, release fees, the Developer's administrative expenses, and inspection fees as further described in the Engineer's Report