

**\$25,000,000**  
**CELEBRATE VIRGINIA SOUTH COMMUNITY DEVELOPMENT**  
**AUTHORITY**  
**(CITY OF FREDERICKSBURG, VIRGINIA)**  
**SPECIAL ASSESSMENT REVENUE BONDS**  
**(CELEBRATE VIRGINIA SOUTH PROJECT)**  
**SERIES 2006**

**DEVELOPER'S CONTINUING DISCLOSURE STATEMENT**

Mr. Keenan Rice  
MuniCap Public Finance  
8340 Governor Ridgely Lane  
Ellicott City, MD 21043

**First Quarter 2007**

In accordance with the Continuing Disclosure Agreement by and between Celebrate Virginia South Community Development Authority (the "Authority"), Celebrate Virginia South L.L.C. (the "Landowner"), Celebrate Virginia Development Company L.L.C. (the "Developer") and MuniCap, Inc. (the "Administrator") dated June 1, 2006, the Developer hereby provides the following information as of March 31, 2007. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Trust Indenture dated June 1, 2006. To the best of the knowledge of the undersigned:

**1. Status of the Public Improvements Financed with the Bonds:**

Public Improvement	Original Budget	Budget Change	Revised Budget	Spent to Date	Percent Complete
<b>Soft Costs</b>					
Legal	\$75,000	\$0	\$75,000	16,873	22.5%
Design & Engineering	\$700,000	\$50,000	\$750,000	\$731,536	97.5%
Construction Stakeout	\$320,000	\$0	\$320,000	\$144,760	45.2%
Geotechnical	\$330,000	\$0	\$330,000	\$104,613	31.7%
Permits & Bonds	\$190,000	\$0	\$190,000	\$47,276	24.9%
Environmental	\$95,000	\$0	\$95,000	\$14,808	15.6%
Historic Properties	\$40,000	\$30,839	\$67,839	\$70,839	100.00%
Utility Relocations	\$62,000	\$0	\$62,000	\$18,459	29.8%
<b>Hard Construction Cost</b>					
Hospitality Drive	\$850,000	\$0	\$850,000	\$805,567	94.8%
CDS Parkway – Phase IA	\$2,400,000	\$0	\$2,400,000	\$2,275,487	94.8%
CD Parkway – Phase IIA	1,000,000	\$0	\$1,000,000	\$974,488	97.4%
CDS Parkway - Phase IIB	\$3,900,000	\$0	\$3,900,000	\$3,773,874	96.8%
Sanitary Sewer	\$1,900,000	\$0	\$1,900,000	\$1,736,639	91.4%
CDS Parkway – Phase III	1,000,000	\$0	\$1,000,000	\$0.00	0.0%

Misc. Site Construction					
Signage	\$300,000	\$0	\$300,000	\$72,586	24.2%
Landscaping/Irrigation	\$850,000	\$0	\$850,000	\$557,189	65.6%
Stormwater/Biofilters	\$850,000	\$0	\$850,000	\$91,701	10.8%
Sewer Pump Stations	\$1,300,000	\$0	\$1,300,000	\$391,263	30.1%
Electric Service	\$700,000	\$0	\$700,000	\$503,842	72.0%
Street Lights	\$400,000	\$0	\$400,000	\$326,721	81.7%
<b>Contingency</b>	\$1,726,200	\$0	\$1,726,200	\$0.00	0.0%
<b>Management Fee (3%)</b>	569,646	\$0	\$569,646	\$379,756	66.7%
Other Costs	\$424,716	\$-77,839	\$346,877	\$126,476	36.5%
Sub-Total	\$19,982,562	\$0	\$19,982,562	\$13,164,755	65.9%

2. **Status of Residential Units:** \* Residential development requires Conditional Use Permit approval by the City of Fredericksburg. The Developer is currently assessing the market demand for commercial and active adult residential units before proceeding with CUP application.

3. **Status of Commercial and Retail Development:**

Development Type	Construction Started	Construction Complete	Settlement	Occupancy
<b>Commercial</b>				
Ho, Jin & Claudette Kim	n/a	n/a	10/3/2003	n/a
Suk, Kew & Hyun Kyung Kim	n/a	n/a	10/7/2003	n/a
Buttram Portrait Studio (Willis Buttram, Jr.)	Jan-04	Jun-04	11/21/2003	Jun-04
Signature Investments (Friendly's Restaurant)	n/a	n/a	10/7/2005	n/a
Fredericksburg Area Board of Realtors	Sep-06	July -07 (est.)	12/30/2005	July – August '07 (est.)

<b>Hotels</b>				
Apple Six Hospitality (Hilton Garden Inn)	Mar-05	Oct-05	12/20/2005	Oct-05
Celebrate Virginia- HS, LLC (Homewood Suites)	Jul-06	Aug-07 (est)	5/10/2006	Aug-07 (est)
Celebrate Virginia- IS, LLC (Hampton Inn)	Apr-06	Nov-07 (est)	Lease	Nov-07 (est)
Hyatt Place	n/a	n/a	n/a	n/a
<b>Retail</b>				
Fredericksburg Expo and Convention Center	Sep-05	Apr-06	8/18/2005	Apr-06

**4. Status of Sales of Undeveloped Property:**

Property Type	Size – sf/a	Proposed Development	Construction Commenced	Construction Completed
<b>Entertainment District</b>	*25 acres	Entertainment - Lifestyle Complex	Jan. 2008 (est.)	March 2009 (est.)

*\*25 acres in the entertainment district is the revised acreage, up from the last report. The Worldstreet development from last report continues but was removed to make way for alternative projects currently being considered.*

**5. Status of Leasing for Commercial and Retail:**

**a) Status of commercial and square footage leased (gla)**

Property Type	Spaces leased (sf)	GLA
Entertainment District**	90,000	158,813
Retail	0	0
<b>Total:</b>	<b>90,000</b>	<b>158,813</b>

*\*\* Land Sale, Tenant leases space.*

**b) Status of tenants leasing more than 50,000 gla**

Tenant Name	GLA
Wegmans*	140,000
<b>Total:</b>	<b>140,000</b>

*\* Ground Lease, Tenant will build own building*

6. **Special Assessments for Property owned by Landowners:** Special assessments have not been levied on taxable property within the CDA for fiscal year 2006. As a result, there are no delinquent assessments for 2006.

Annual assessments in the amount of \$104,198.61 have been levied for fiscal year 2007 and are due in two equal installments of \$52,099.30 on June 5, and December 5, 2007. As a result, there are no delinquent assessments for fiscal year 2007 at this time.

7. **Trustee Funds and Account Balances and the Amount of Outstanding Bonds:**

- a. The balances as of December 31, 2006, interest paid, additional proceeds, disbursements, and the account balances for each account funded as of March 31, 2007 are shown in the table below:

**Trustee Accounts and Balances**

<b>Fund</b>	<b>Balance as of 12/31/06</b>	<b>Interest Paid</b>	<b>Additional Proceeds</b>	<b>Disbursements</b>	<b>Balance as of 03/31/07</b>
Reserve Fund	\$1,913,385	\$47,165	\$0	\$0	\$1,960,549
Cost of Issuance Fund	\$2,156	\$48	\$0	\$0	\$2,204
Construction Account	\$7,654,951	\$93,192	\$62,657	\$513,462	\$7,297,337
Capitalized Interest Account	\$2,172,604	\$53,086	\$0	\$781,250	\$1,444,441
Administrative Expense Fund	\$13,505	\$184	\$0	\$6,092	\$7,597
Bond Payments Account	\$0	\$0	\$0	\$0	\$0
Prepayments Account	\$0	\$0	\$0	\$0	\$0
Special Assessment Revenue Fund	\$0	\$0	\$0	\$0	\$0
Special Assessment Prepayment Account	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$11,756,601</b>	<b>\$193,675</b>	<b>\$62,657</b>	<b>\$1,300,804</b>	<b>\$10,712,129</b>

- b. **Bonds Outstanding Series 2006:**

<b>CUSIP Number</b>	<b>Term</b>	<b>Coupon Rate</b>	<b>Issue Amount</b>	<b>Outstanding Amount</b>
15101WAA3	March 1, 2037	6.25%	\$25,000,000	\$25,000,000

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8. The developer has not obtained actual knowledge of the occurrence of any Significant Events, as listed below.

**DEVELOPER SIGNIFICANT EVENTS**

Significant events generally include the following:

- (i) failure to pay any real property taxes (including the special assessments) levied within the authority on a parcel owned by the land owners, the developer or any affiliate thereof;
- (ii) material damage to or destruction of any development or improvements within the authority;
- (iii) material default by the land owners, the developer or any affiliate thereof on any loan with respect to the construction or permanent financing of the development;
- (iv) material default by the land owners, the developer or any affiliate thereof on any loan secured by property within the district owned by the land owners, the developer or any affiliate thereof;
- (v) payment default by the land owners, the developer or any affiliate thereof on any loan to such party (whether or not such loan is secured by property with the district);
- (vi) the filing of the land owners, the developer or any affiliate thereof, any general partner of the land owners or the developer or any owners of more than 25% interest in the land owners or 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
- (vii) the filing of any lawsuit against the developer with claim for damage in excess of \$1,000,000 or which may adversely affect the completion of authority development or litigation in excess of \$1,000,000 which would materially adversely affect the financial conditions of the developer.

CELEBRATE VIRGINIA DEVELOPMENT  
COMPANY, LLC

By:   
Title: VICE PRESIDENT  
Date: 7/16/07