

**\$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, Inc.  
6760 Alexander Bell Drive, Ste 220  
Columbia, MD 21046

1<sup>st</sup> Quarter 2009

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, 2009. 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:

The information provided herein is not intended to supplement the information provided in the Private Placement Memorandum. This report responds to the specific requirements of the continuing disclosure agreement. 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 March 31, 2009, unless otherwise stated, and no representation is made that the information contained herein is indicative of information that may pertain since the end of the period covered by this report or in the future.

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	(\$37,193)	\$37,807	\$17,919	47.40%
Design & Engineering	\$700,000	\$321,241	\$1,021,241	\$815,380	79.80%
Construction Stakeout	\$320,000	(\$125,240)	\$194,760	\$154,395	79.30%
Geotechnical	\$330,000	(\$175,387)	\$154,613	\$120,198	77.70%
Permits & Bonds	\$190,000	(\$122,724)	\$67,276	\$47,276	70.30%
Environmental	\$95,000	(\$46,503)	\$48,497	\$20,037	41.30%
Historic Properties	\$40,000	\$60,839	\$100,839	\$70,839	70.20%
Utility Relocations	\$62,000	\$32,354	\$94,354	\$94,354	100.00%
<b>Hard Construction Cost</b>					
Hospitality Drive	\$850,000	\$220,859	\$1,070,859	\$825,011	77.00%
CDS Parkway – Phase IA	\$2,400,000	(\$124,513)	\$2,275,487	\$2,275,487	100.00%
CD Parkway – Phase IIA	1,000,000	\$21,848	\$1,021,848	\$989,710	96.90%
CDS Parkway - Phase IIB	\$3,900,000	\$1,226,931	\$5,126,931	\$4,826,657	94.10%
Sanitary Sewer	\$1,900,000	(\$150,000)	\$1,750,000	\$1,738,363	99.30%
CDS Parkway – Phase III	\$1,000,000	(\$229,174)	\$770,826	\$204,426	26.50%
<b>Misc. Site Construction</b>					
Signage	\$300,000	(\$74,780)	\$225,220	\$194,476	86.30%
Landscaping/Irrigation	\$850,000	(\$81,294)	\$768,706	\$617,104	80.30%
Stormwater/Biofilters	\$850,000	\$1,146,318	\$1,996,318	\$1,688,227	84.60%
Sewer Pump Stations	\$1,300,000	(\$102,851)	\$1,197,149	\$404,606	33.80%
Electric Service	\$700,000	(\$94,294)	\$605,706	\$505,801	83.50%
Street Lights	\$400,000	(\$42,017)	\$357,983	\$357,983	100.00%
Contingency	\$1,726,200	(\$1,326,182)	\$400,018	\$0.00	0.00%
Management Fee (3%)	\$569,646	\$0	\$569,646	\$479,047	84.10%
Other Costs	\$424,716	(\$298,240)	\$126,476	\$126,476	100.00%
<b>Total</b>	<b>\$19,982,562</b>	<b>\$0</b>	<b>\$19,982,562</b>	<b>\$16,573,771</b>	<b>82.90%</b>

2. **Status of Residential Units:** Residential development requires Conditional Use Permit approval by the City of Fredericksburg. The Developer is continually 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	10/03/2003	n/a
Suk, Kew & Hyun Kyung Kim	n/a	n/a	10/07/2003	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	10/07/2005	n/a
Fredericksburg Area Board of Realtors	Sep-06	July -07	12/30/2005	August '07

<u>Hotels</u>				
Apple Six Hospitality (Hilton Garden Inn)	Mar-05	Oct-05	12/20/2005	Oct - 05
Cleveland Retirement Properties LLC (Homewood Suites)	Jul-06	Aug-07	10/2007	Oct - 07
Cleveland Retirement Properties LLC (Hampton Inn)	Apr-06	Nov-07 (est)	10/2007	Dec - 07
Fredericksburg Expo and Convention Center	Sep-05	Apr-06	8/18/2005	Apr-06

4. Deals Working on Undeveloped Property:

Property Type	Acreeage	Proposed Development	Status	Anticipated Construction Start	Anticipated Construction Completion
Kalahari Resorts	59.0 Acres	Indoor Water Park Hotel and Resort	Financing Pending	Awaiting financing	TBD
Retail Center	4.6 Acres	Retail - Multi Use	Pending Mkt. Return	April 2010	December 2010

5. Status of Leasing for Commercial and Retail:

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

Property Type	Spaces leased (sf)	GLA
PNC	1.297 ac	59,091 SF
<b>Total:</b>	<b>1.297 ac</b>	<b>59,091 SF</b>

*PNC Opened for business 6/21/09*

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

Tenant Name	GLA
Wegmans*	150,000
<b>Total:</b>	<b>150,000</b>

*Ground Lease has been sold to Silver Entity – Building is under construction*

c) Overall Leasing Status

Tenant	Acreeage	Proposed Use	Occupancy Status
PNC Bank	1.29	Bank	Open
Wegman's	18.50	Grocery Store	Under construction
Virginia Credit Union	2.00	Bank	Open
Royal Farms	2.50	Convenient store	Pending
Fredericksburg Expo Conference Center	18.50	Conference center	Open
<b>Total</b>	<b>42.79</b>		

6. **Special Assessments for Property owned by Landowners:** Annual assessments in the amount of \$1,592,968 were levied for the 2008 tax year to be collected in two installments of \$796,484 in June and December 2008. As of July 8, 2009, the City of Fredericksburg Treasurer's office reports that all annual assessments for the 2008 tax year have been collected.

Annual assessments in the amount of \$1,943,870 were levied for the 2009 tax year and were due in two equal installments of \$971,935 in June and December 2009. As of July 8, 2009, City of Fredericksburg reports that they are currently working on the collection summary report.

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

- a. The balances as of December 31, 2008, interest paid, additional proceeds, disbursements, and the account balances for each account funded as of March 31, 2009 are shown in the table below:

**Trustee Accounts and Balances**

	<b>Balance 12/31/08</b>	<b>Interest Paid</b>	<b>Additional Proceeds</b>	<b>Disburse- ments</b>	<b>Balance 03/31/09</b>
Reserve Fund	\$1,913,543	\$47,165	\$0	\$0	\$1,960,708
Construction Account	\$4,760,153	\$7,575	\$0	\$461,338	\$4,306,390
Administrative Expense Fund	\$4,141	\$15	\$0	\$3,229	\$927
Bond Payments Account	\$1	\$0	\$781,250	\$781,250	\$1
Prepayments Account	\$0	\$0	\$0	\$0	\$0
Special Assessment Revenue Fund	\$8,121	\$40	\$798,151	\$781,250	\$25,062
Special Assessment Prepayment Acc.	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$6,685,959</b>	<b>\$54,796</b>	<b>\$1,579,401</b>	<b>\$2,027,067</b>	<b>\$6,293,089</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

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

**CELEBRATE VIRGINIA DEVELOPMENT  
COMPANY, LLC**

By: Celebrate Virginia Development Company, LLC

By: Signature on file

Title: Vice President

Date: 07/16/09

## **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.