

\$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

4th Quarter 2008

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 December 31, 2008. 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 December 31, 2008, 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
Soft Costs					
Legal	\$75,000	(\$37,193)	\$37,807	\$17,889	47.30%
Design & Engineering	\$700,000	\$321,241	\$1,021,241	810,078	79.30%
Construction Stakeout	\$320,000	(\$125,240)	\$194,760	\$144,760	74.30%
Geotechnical	\$330,000	(\$175,387)	\$154,613	\$117,890	76.20%
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	\$28,898	\$90,898	\$90,898	100.00%
Hard Construction Cost					
Hospitality Drive	\$850,000	\$220,859	\$1,070,859	\$825,011	77.00%
CDS Parkway – Phase IA	\$2,400,000	(\$94,513)	\$2,305,487	\$2,275,487	98.70%
CD Parkway – Phase IIA	1,000,000	\$24,488	\$1,024,488	\$989,710	96.60%
CDS Parkway - Phase IIB	\$3,900,000	\$1,226,931	\$5,126,931	\$4,422,296	86.30%
Sanitary Sewer	\$1,900,000	(\$150,000)	\$1,750,000	\$1,738,363	99.30%
CDS Parkway – Phase III	\$1,000,000	(\$225,859)	\$774,141	\$204,426	26.40%
Misc. Site Construction					
Signage	\$300,000	(\$74,780)	\$225,220	\$194,476	86.30%
Landscaping/Irrigation	\$850,000	(\$81,294)	\$768,706	\$613,342	79.80%
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	\$404,573	33.80%
Electric Service	\$700,000	(\$94,294)	\$605,706	\$505,801	83.50%
Street Lights	\$400,000	(\$73,279)	\$326,721	\$326,721	100.00%
Contingency	\$1,726,200	(\$1,327,420)	\$398,780	\$0.00	0.00%
Management Fee (3%)	\$569,646	\$0	\$569,646	\$465,243	81.70%
Other Costs	\$424,716	(\$298,240)	\$126,476	\$126,476	100.00%
Total	\$19,982,562	\$0	\$19,982,562	\$16,099,821	80.60%

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
Commercial				
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

Hotels				
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. Status of Sales of Undeveloped Property:

Property Type	Size – sf/a	Proposed Development	Construction Commenced	Construction Completed
Kalahari Resorts	68.5 Acres	Indoor Water Park Hotel and Resort	November 2008	May 2010
Quaker Steak & Lub	2.34	Theme Restaurant	November 2010	July 2011
Retail Center	4.5 Acres	Retail - Multi Use	April 2010	Dec 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
Total:	1.297 ac	59,091 SF

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

Tenant Name	GLA
Wegmans*	150,000
Total:	150,000

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

c) Overall Leasing Status

Tenant	Acreage	Proposed Use	Occupancy Status
PNC Bank	1.29	Bank	Under Construction
Wegman's	18.50	Grocery Store	Under construction
Fredericksburg Board of Realtors	2.00	Office	Open
Virginia Credit Union	2.00	Bank	Open
Virginia Properties	4.06	Retail	Contract Signed
Royal Farms	2.50	Convenient store	Pending
Kalahari Resorts	68.50	Hotel	Financing Pending
Fredericksburg Expo Conference Center	18.50	Conference center	Open
Homewood Suites	4.00	Hotel	Open
Hampton Inn	3.50	Hotel	Open

Hilton Garden	3.50	Hotel	Open
Signature Investments	1.50	Restaurant	Holding land
National Slavery Museum	40.00	Museum	Pending

6. **Special Assessments for Property owned by Landowners:** Special assessments in the amount of \$104,199 were levied for fiscal year 2007. As of June 11, 2008, the City of Fredericksburg Treasurer's office reports that annual assessments in the amount of \$104,199 were collected. As a result, there were no delinquent annual assessments for fiscal year 2007.

Special assessments in the amount of \$1,592,968 were levied for fiscal year 2008 to be collected in two installments of \$796,484. As of February 10, 2009, the City of Fredericksburg Treasurer's office reports collecting annual assessments for the fiscal year 2008 in the amount of \$1,595,635. Of this amount, \$2,745 represents interest and penalty. According to the county, special assessments for parcel 312-A1060 in the amount of \$86.61 remain outstanding.

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

- a. The balances as of December 31, 2007, interest paid, additional proceeds, disbursements, and the account balances for each account funded as of December 31, 2008 are shown in the table below:

Trustee Accounts and Balances

	Initial Deposits	Interest Paid	Additional Proceeds	Disbursements	Balance 12/31/2008
Reserve Fund	\$1,961,175	\$48,086	\$46,903	\$142,620	\$1,913,543
Cost of Issuance Fund	\$0	\$0	\$0	\$0	\$0
Construction Account	\$7,168,770	\$157,596	\$142,620	\$2,708,833	\$4,760,153
Capitalized Interest Account	\$701,576	\$15,309	\$0	\$716,885	\$0
Administrative Expense Fund	\$3,436	\$356	\$52,000	\$51,651	\$4,141
Bond Payments Account	\$0	\$39	\$1,669,816	\$1,669,855	\$1
Prepayments Account	\$0	\$0	\$0	\$0	\$0
Special Assessment Revenue Fund	\$0	\$1,048	\$904,649	\$897,576	\$8,121
Special Assessment Prepayment Account	\$0	\$0	\$0	\$0	\$0
Total	\$9,834,957	\$222,435	\$2,815,988	\$6,187,421	\$6,685,959

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

CUSIP Number	Term	Coupon Rate	Issue Amount	Outstanding Amount
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:  _____

Title: VICE PRESIDENT _____

Date: 2/27/09 _____

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.