

**THE MARQUIS COMMUNITY DEVELOPMENT AUTHORITY (VIRGINIA)**

**\$32,860,000 Revenue Bonds, Series 2007**

**DEVELOPER'S CONTINUING DISCLOSURE STATEMENT**

Attn: Keenan Rice  
MuniCap, Inc.  
6760 Alexander Bell Drive, Suite 220  
Columbia, MD 2104

In accordance with the Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of November 1, 2007, by and between (i) THE MARQUIS COMMUNITY DEVELOPMENT AUTHORITY (the "Authority"), (ii) THE MARQUIS AT WILLIAMSBURG, LLC (the "Developer"), and (iii) MUNICAP, INC. (the "Administrator"), the undersigned, MARQUIS WILLIAMSBURG RE HOLDING LLC, a Delaware limited liability company, hereby provides the following information as of December 31, 2008. All terms having initial capitalization and not defined herein shall have the same meanings set forth in the Limited Offering Memorandum dated November 28, 2007.

The information provided herein is not intended to supplement the information provided in the Limited Offering Memorandum. This report responds to the specific requirements of the 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 provided is for the period from March 31, 2008 through 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. Certain of the information provided herein is based on information received by the undersigned from The Marquis at Williamsburg, LLC and/or Premier Properties USA, Inc. with respect to which no independent verification has been made.

The execution and delivery of this Developer's Continuing Disclosure Statement by the undersigned shall in no way be interpreted to mean or imply that the undersigned has in any way assumed or accepted any of the obligations, responsibilities, or liabilities of the Developer, whether under or pursuant to the Limited Offering Memorandum, the Disclosure Agreement, or any other document or agreement executed in connection therewith or referenced or incorporated by reference therein, and, by their acceptance hereof, the Authority and the Administrator understand, acknowledge, and agree that the undersigned has not assumed or accepted any of said obligations, responsibilities, or liabilities.

Subject to the foregoing, to the best of the knowledge of the undersigned:

1) **Completion of the Public Improvements**

A) **Public Improvements Budget:**

<b>Public Improvement</b>	<b>Budget</b>	<b>Total Spent as of 12/17/2008</b>	<b>Balance</b>	<b>Percent Complete</b>
<b>NORTH POD</b>				
<b>Marquis Parkway</b>				
Hard Costs	3,156,000.00	2,185,684.47	970,315.53	69%
Soft Costs	<u>393,000.00</u>	<u>381,779.15</u>	<u>11,220.85</u>	97%
	3,549,000.00	2,567,463.62	981,536.38	72%
<b>On-Site Costs</b>		-		
BMP Basins	2,927,199.00	2,927,199.00	-	100%
Storm Drain System	3,390,804.00	3,390,804.00	-	100%
Water Lines	2,103,421.00	2,103,421.00	-	100%
Sanitary Sewers	2,071,826.00	2,071,826.00	-	100%
Soft Costs	<u>925,838.98</u>	<u>925,838.98</u>	=	<u>100%</u>
	11,419,088.98	11,419,088.98	-	100%
<b>Internal Roads</b>		-		
Marquis Pkwy	4,113,608.00	4,113,608.00	-	100%
Soft Costs	<u>300,131.00</u>	<u>300,131.00</u>	=	100%
	4,413,739.00	4,413,739.00	-	100%
<b>Contingency</b>	824,465.87	501,542.00	322,923.87	61%
<b>Total North Pod</b>	<b>20,206,293.85</b>	<b>18,901,833.60</b>	<b>1,304,460.25</b>	<b>94%</b>

<b>Public Improvement</b>	<b>Budget</b>	<b>Total Spent as of 12/17/2008</b>	<b>Balance</b>	<b>Percent Complete</b>
<b>SOUTH POD</b>				
<b>On-Site Costs</b>		-		
BMP Basins	-	-	-	100%
Storm Drain System	-	-	-	100%
Water Lines	-	-	-	100%
Sanitary Sewers	-	-	-	100%
Soft Costs	<u>48,046.75</u>	<u>48,046.75</u>		<u>100%</u>
	48,046.75	48,046.75	-	100%
<b>Internal Roads</b>		-		
Marquis Pkwy	3,397,031.00	-	3,397,031.00	0%
Soft Costs	<u>154,922.25</u>	-	<u>154,922.25</u>	<u>0%</u>
	3,551,953.25	-	3,551,953.25	0%
<b>Contingency</b>	400,000.00	-	400,000.00	0%
<b>Total South Pod</b>	<b>4,000,000.00</b>	<b>48,046.75</b>	<b>3,951,953.25</b>	<b>1%</b>
<b>Governmental Space</b>	<b>2,000,000.00</b>	<b>67,500.00</b>	<b>1,932,500.00</b>	<b>3%</b>
<b>TOTAL IMPROVEMENTS</b>	<b>26,206,293.85</b>	<b>19,017,380.35</b>	<b>7,188,913.50</b>	<b>73%</b>
<b>Expense &amp; Reserve</b>	<b>6,160,806.15</b>	<b>1,227,733.61</b>	<b>4,933,072.54</b>	<b>20%</b>
		-	-	
<b>GRAND TOTAL(1)</b>	<b>32,367,100.00</b>	<b>20,245,113.96</b>	<b>12,121,986.04</b>	<b>63%</b>

(1) The difference between the Bond Amount of \$32,860,000 and the Grand Total Amount of \$32,367,100 stated above represents the Underwriter's Discount in the amount of \$492,900.

**B) Status of Construction:** With the exception of the Marquis Parkway/Rt.199 intersection, continuation of site and building construction is pending resolution of issues brought about due to the Developer's abandonment of the project and the bankruptcy of Premier Properties USA, Inc.

**(i) Status of road construction:**

Marquis Parkway is the artery thru the project and is approximately 80% finished from existing Virginia Highway 199 over to the proposed bridge crossing to the South Pod. Work on the new Marquis Parkway/Rt. 199 intersection continues and is scheduled to be completed in March 2009.

**(ii) Status of water infrastructure:**

The main water supply is extended to the site and the secondary distribution mains are installed for Phase 1A and 1/3 of Phase 1B.

**(iii) Status of sanitary sewer infrastructure:**

The primary sewer line is constructed to the site and the force main installed. The secondary mains are installed in Phase 1A and roughly 95% of Phase 1B.

**(iv) Status of storm sewer infrastructure**

The majority of the storm sewer infrastructure is installed in Phases 1A and 1B; these include the main storm lines and three storm water retention ponds (BMP's). The balance of work for Phases 1A and 1B is principally some of the secondary lines in Phase 1B and the large storm pond #2 behind JC Penney's.

**(v) Status of other site work**

Site work for Phase 1A and B is nearly complete with only the work behind JC Penney's, incomplete. The site work for future Phase 1C is approximately 10% complete. Site work for the South Pod has not started.

**(vi) Status of construction of buildings/stores:**

Target and Best Buy (Phase 1A) opened in summer 2008. JC Penney's, Dick's Sporting Goods, and Kohl's (Phase 1B) are also open for business. Other stores are yet to be determined.

**2) Status of Financing**

**A) Loans Secured by Property within the District: NONE**

**B) Event of Default on any Loan:**

The Developer defaulted on its loans (which were secured by the property) and was served formal written notice from CIT Lending Services Corporation ("CIT") on 2/4/08 and from DCM (Dominion Capital) on 2/25/08. As a result of the exercise by CIT of its remedies under its loan documents, Marquis Williamsburg RE Holding LLC took title to the property on January 14, 2009.

**C) Liens:**

Liens have been filed for unpaid materials and/or services on this project. A list of those lien holders, as of January 19, 2009, and amounts claimed are attached below. A number of the mechanic's Lien claimants described on said list have commenced action to enforce their respective mechanic's Lien.

**D) Availability of Funds to Complete the Public Improvements**

There are sufficient funds available to complete the Marquis Parkway/Rt. 199 intersection; however, there are not sufficient funds to complete the balance of Public Improvements as shown hereinabove.

**E) Availability of Funds to the Developer to Complete its Development:**

Phase 1A and 1B of the project are nearly complete; however, there are not sufficient funds to finish these phases, the future Phase 1C and the South Pod. Redevelopment of the project's budget and subsequent funding is pending resolution of issues brought about due to the Developer's abandonment of the project and the bankruptcy of Premier Properties USA, Inc.

**3) Government Permits and Approvals:**

Permit	Agency	Permit Area	Description	Issue Date	Expiration Date
VWP General Permit	DEQ*	North Pod	Authorizes impacts to wetlands/waters	7/26/2006	7/26/2011
SPGP-01	Corps**	North Pod	Authorizes impacts to wetlands/waters	6/13/2006	6/13/2010
VSMP General Permit	DCR***	North Pod	Stormwater discharges during construction	8/14/2007	6/30/2009
VSMP General Permit	DCR	Entrance Road	Stormwater discharges during construction	7/26/2007	6/30/2009
Nationwide 33	Corps	Access to South Pod	Temporary impacts to wetlands/waters	11/29/2007	11/29/2009
WQIA	York County	Access to South Pod	Resource Protection Area (RPA) impacts	1/20/08 (Conditional approval)	N/A
VSMP General Permit	DCR	Access to South Pod	Stormwater discharges during construction	Not submitted	N/A
VWP Individual Permit	DEQ	South Pod	Authorizes impacts to wetlands/waters	Application suspended	N/A
Corps Individual Permit	Corps	South Pod	Authorizes impacts to wetlands/waters	Application suspended	N/A
Special Use Permit (SUP) Phase I	York County	North Pod			N/A
Special Use Permit (SUP) Phase II	York Count	South Pod			N/A

\* Virginia Department of Environmental Quality (State)

\*\* U.S. Army Corps of Engineers (Federal)

\*\*\*Virginia Department of Conservation and Recreation

NOTE: All permits remain in the name of the original applicant

4) **Status of Leasing/Occupancy:**

Tenant/Occupant	Leasing / Occupancy Dates	Square Feet Leased / Occupied	Proposed Use
JC Penney	10/16/06	103,780	Retail
Kohl's	10/24/06	89,911	Retail
Dick's Sporting Goods	1/30/07	45,000	Retail
Best Buy	9/26/06	30,000	Retail
Target*	10/12/07	126,842	Retail
<b>Total</b>		395,533	

\* Target purchased its portion of the property on the date described above and owns the fee simple interest to its portion of the property.

5) **Legislative, Administrative or Judicial Challenges:**

With the exception of two non-compliant temporary signs, there have been no legislative, administrative, or judicial challenges to the construction or development of the facilities and the property owned by the developer (or any affiliate) within the district, as known to the undersigned.

6) **Amendments or Supplements to Existing Contracts:**

There have been no amendments or supplements to the existing contracts.

7) **Other Comments:**

None.

8) **Reporting of Significant Events:**

Other than the significant events reported above, the only other significant event is that Marquis Williamsburg Holding LLC took title to the property through a trustee's sale on January 13, 2009.

**MARQUIS WILLIAMSBURG RE HOLDING LLC,**  
a Delaware limited liability company (\*See below)

By: Raymond M. McGowan  
Raymond M. McGowan  
Vice President, Portfolio Management

Date: MARCH 4, 2009

\*Prepared as of MARCH 4, 2009 for the period from March 31, 2008 through December 31, 2008.

### **Significant Events**

- (i) failure to pay any real property taxes or special assessments levied within the district on a parcel owned by the developer (or any affiliate);
- (ii) material damage to or destruction of any development or improvements owned by the developer (or any affiliate) within the district;
- (iii) material default by the developer (or any affiliate) on any loan with respect to the development or permanent financing of district development undertaken by the developer;
- (iv) material default by the developer (or any affiliate) on any loan secured by property owned by the developer (or any affiliate) within the district;
- (v) payment default by the developer (or any affiliate) on any loan in excess of \$250,000 (whether or not such loan is secured by the property within the district);
- (vi) the filing of the developer (or any owner of more than 25% interest in the developer) in bankruptcy or any determination that the developer (or any owner of more than 25% in the developer) is unable to pay its debts as they become due;
- (vii) the filing of any lawsuit with the claim for damage in excess of \$1,000,000 against the developer (or any affiliate) which may adversely affect the completion of the district development or litigation which would materially adversely affect the financial conditions of the developer (or any affiliate); and
- (viii) any change in the ownership or legal structure of the developer.

**The Marquis at York County, VA: Mechanics' Liens as of  
January 19, 2009**

<b>RRMM Design Build, LLC</b>	<b>\$3,233,149.00</b>
<b>Massie Contractor</b>	<b>3,759,004.12</b>
<b>Massie Contractor</b>	<b>810,485.36</b>
<b>Landform Engineering</b>	<b>176,950.80</b>
<b>Cederquist Rodriguez Ripley</b>	<b>176,510.29</b>
<b>Freeman &amp; Associates, Inc.</b>	<b>338,546.79</b>
<b>CFW Contracting</b>	<b>131,225.00</b>
<b>Chesapeake Drywall</b>	<b>185,908.00</b>
<b>Chesapeake Drywall</b>	<b>7,257.00</b>
<b>Behrends Mechanical</b>	<b>32,090.02</b>
<b>Roof Services JGM Corp.</b>	<b>30,847.00</b>
<b>BJR Enterprises, LLC</b>	<b>27,290.47</b>
<b>Newsome Air Conditioning</b>	<b>70,022.00</b>
<b>Caligari Gerloff Painting,</b>	<b>32,548.00</b>
<b>East Coast Sign Advertising</b>	<b>63,015.00</b>
<b>Bayside Concrete, Inc.</b>	<b>75,695.91</b>
<b>Cathal Tuite t/a Bay Painting</b>	<b>63,000.00</b>
<b>Southeastern Interior System</b>	<b>160,931.00</b>
<b>ADT Security Services, Inc.</b>	<b>118,641.80</b>
<b>American Steel, Inc.</b>	<b>68,021.00</b>
<b>Advanced Fixtures, Inc.</b>	<b>257,882.39</b>
<b>RRMM Architects, P.C.</b>	<b>2,360.00</b>
<b>IES Commercial, Inc.</b>	<b>117,958.08</b>
<b>Williamsburg Environmental</b>	<b>87,896.70</b>
<b>Pace Collaborative, PC</b>	<b>276,058.12</b>
<b>Landform Engineering Co.</b>	<b>131,503.99</b>
<b>Brickcraft Masonry, Inc.</b>	<b>116,124.25</b>
<b>Besam Entrance Solutions</b>	<b><u>16,494.48</u></b>
<b>Total</b>	<b>\$10,567,416.57</b>