

**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

***DRAFT 4/23/08***  
Revised 4/24/08

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 developer hereby provides the following information as of March 31, 2008. All terms having initial capitalization and not defined herein shall have the same meanings set forth in a Limited Offering Memorandum dated November 28, 2007. To the best of the knowledge of the undersigned:

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 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, 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) Completion of the Public Improvements**

**A) Public Improvements Budget:**

<b>Public Improvement</b>	<b>Original Budget</b>	<b>Budget Changes</b>	<b>Revised Budget</b>	<b>Spent to Date</b>	<b>Percent Complete</b>
<b>Marquis Parkway Entrance Relocation and Route 199 Improvements</b>					
Hard Costs	\$3,156,000	\$0	\$3,156,000	\$584,840	18.5%
Soft Costs	\$258,000	\$0	\$258,000	\$258,000	100%
<b>On-Site Work</b>		\$0			
BMP Basins	\$3,430,200	\$0	\$3,430,200	\$2,744,160	80.0%
Storm Drain System	\$4,634,200	\$0	\$4,634,200	\$3,707,360	80.0%
Waterlines	\$3,136,200	\$0	\$3,136,200	\$2,508,960	80.0%
Sanitary Sewer	\$1,701,900	\$0	\$1,701,900	\$1,361,520	80.0%
Soft Costs	\$572,000	\$0	\$572,000	\$572,000	100%
<b>Internal Roads</b>		\$0			
Marquis Parkway	\$5,737,500	\$0	\$5,737,500	\$4,590,000	80.0%
Soft Costs	\$374,000	\$0	\$374,000	\$374,000	100%
Contingency	\$1,000,000	\$0	\$1,000,000	\$776,046.49	77.6%
	<b>\$24,000,000</b>	<b>\$0</b>	<b>\$24,000,000</b>	<b>\$17,476,886</b>	<b>72.8%</b>

## **B) Status of Construction**

### **(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. The balance of this construction will include the bridge itself and extension into the South Pod. The new intersection with VA 199 is underway and will be completed in mid-July.

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

The main water supply has been extended to the site and the secondary distribution mains have been installed for Phase 1A & B. Extension into future Phase 1C is scheduled for late 2008 and into the South Pod in 2009.

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

The primary sewer line has been brought to the site and a lift station installed. The secondary mains have been installed in Phase 1A & B with main extension into future Phase 1C scheduled for later this year and to the South Pod during 2009.

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

The majority of the storm sewer infrastructure has been installed; these include the main storm lines and the storm water retention ponds (BMP's). The balance of work is principally the finish site work around the BMP's.

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

Site work for Phase 1A & B is nearly complete with only the work around Best Buy and Target left to complete which will be done by mid-June 2008. The site work for future Phase 1C has been started and is approximately 10% complete. Site work for the South Pod has not started but is slated to start in early 2009.

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

The stores with Phase 1A (Target, Best Buy) are approximately 90% complete and are scheduled to open in mid-July 2008. The stores within Phase 1B (JCPenney, Dick's Sporting Goods, Kohl's) are open for business. The stores listed in Table 4B below, but not built, will be located in future Phase 1C and are slated to be constructed in late 2008 and 2009 with scheduled openings in 2009. For the South Pod, the only tenant expressing interest at this time is COSTCO (not listed) which would be built in 2009; other stores are yet to be determined.

**2) Status of Financing**

**A) Loans Secured by Property within the District:**

**CIT Lending Services Corporation - Project Funding Loan**

- Loan Amount: \$69,450,000
- Amount drawn through 03/31/08: \$66,539,740.89
- Amount repaid through 03/31/08: None
- Balance at 03/31/08: \$66,539,740.89
- Interest rate: Prime + 2% and Prime + 3%

**DCM Warehouse Series I, LLC- Mezzanine Loan**

- Loan Amount: \$24,000,000
- Amount drawn through 03/31/08: \$23,911,200
- Amount repaid through 03/31/08: None
- Balance at 03/31/08: \$23,911,200
- Interest rate: 18%

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

The developer in default on the above loans and was served formal written notice from CIT on 2/4/08 and from DCM (Dominion Capital) on 2/25/08.

**C) Liens:**

Liens have been filed for unpaid materials and/or services on this project. A list of those lien holders, as of 3/31/08, and amounts are attached below.

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

There are sufficient funds available to complete the Public Improvements as shown on page 1.

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

Phase 1A & B of the project are nearly complete and there are sufficient funds to finish these by virtue of a Letter of Credit for the Target parcel and the fact that Best Buy, per the terms of their lease, have elected to finish construction of their store with their own funds. However, there are insufficient funds to complete future Phase 1C and the South Pod as planned. It is projected that approximately \$25M would be needed to complete the remaining infrastructure and retail stores.

3) **Government Permits and Approvals:**

<b>Permit/Approval</b>	<b>Approval Status</b>	<b>Projected Date of Approval</b>	<b>Permitting Agency</b>
Wetland Permit – Phase I	Yes	June 13, 2006	U.S Army Corps of Engineers
Wetland Permit – Phase I	Yes	July 26, 2006	Virginia Department of Environment Quality
Special Use Permit (SUP) – Phase I (North Pod)	Yes	December 20, 2005	York County Board of Supervisors
Special Use Permit (SUP) – Phase II (South Pod)	Yes	September 18, 2007	York County Board of Supervisors
Wetland Permit – Phase II	No	Not Yet Applied	U.S Army Corps of Engineers
Wetland Permit- Phase II	No	Not Yet Applied	Virginia Dept of Environment Quality

4) **Status of Property Sales and Leasing: Property Sales and Closings:**

<b>Buyer</b>	<b>Area in Acres</b>	<b>Proposed Use</b>	<b>Date Closed</b>
Target	16.0	Big retail Box	10/12/07
<b>Total</b>			

**A) Status of Leasing:**

<b>Tenant</b>	<b>Leasing Dates</b>	<b>Square Feet Leased</b>	<b>Proposed Use</b>
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
Ulta	7/18/07	10,000	Retail
Designer Shoe Warehouse (DSW)	8/13/07	14,500	Retail
Factory Card Outlet	7/30/07	9,238	Retail
Lee Spa Nails	7/26/07	1,200	Retail
Mattress Discounters	12/7/07	4,494	Retail
Qdoba	8/1/07	2,400	Restaurant
Subway	8/22/07	1,500	Restaurant
Hong Kong Chinese	12/7/07	1,081	Restaurant
Hayashi Sushi & Grill	12/11/07	5,500	Restaurant
<b>Total</b>		445,446	

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

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 developer.

**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 the developer has defaulted on loans in excess of \$250,000 on other properties. Some of these loans are also with DMC.

**THE MARQUIS AT WILLIAMSBURG, LLC**

By: The Marquis at Williamsburg, LLC

By: \*See below

Title: \_\_\_\_\_

Date: 4/24/08

\*Prepared from information provided by, but not certified by, Premier Properties USA, Inc. As of the date of distribution of this report Premier Properties USA, Inc. no longer controls management of The Marquis at Williamsburg, LLC. Management control of The Marquis at Williamsburg, LLC has been transferred to Dominion Capital Management, LLC or a related entity.

### **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: Liens Filed as of 3/31/08**

**WI.MAR**

Branch/Rexel (Dicks)	96,788.32
RRMM	238,462.00
SunBelt Rentals	349,354.48
SunBelt Rentals	148,691.47
Southeastern Interior	
Systems	145,600.00
Daniel Tapia*	1,205.47
Jose De Jesus Reyes*	2,270.84
Ricardo Perez*	1,312.70
Jose Rodriguez*	576.00
Jose Martinez Garcia*	2,714.25
Luis Martinez*	1,433.20
Enrique Hernandez Perez*	515.00
Marco Resendiz*	3,076.12
Santiago Orozco*	1,708.00
Ismael Resendiz*	5,214.60
Luciano Banda Moncivais*	2,434.84
Francisco Guerrero*	1,823.97
Jose Hernandez*	2,305.00
Stephen Romero*	699.98
JPra Architects	133,307.07
Massie Contractor	3,759,004.12
Massie Contractor	810,485.36
Landform Engineering	176,950.80
Cederquist Rodriguez Rippler	176,510.29
RRMM	2,251,579.00
SunBelt Rentals	28,066.00
CFW Contracting	131,225.00
Chesapeake Drywall	185,908.00
Chesapeake Drywall	7,257.00
RRMM	6,597.00
Behrends Mechanical	32,090.02
RRMM	974,973.00
ADT	54,352.80
RRMM	27,290.47
RRMM	63,015.00
RRMM	257,882.39
	<u>10,082,679.56</u>

\*May not be valid liens.