

\$65,000,000
PRINCE GEORGE'S COUNTY, MARYLAND
SPECIAL OBLIGATION BONDS
(National Harbor Project)
SERIES 2004

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT

Attn: Keenan Rice
MuniCap
8340 Governor Ridgley Lane
Ellicott City, MD 21043

In accordance with the "Continuing Disclosure Agreement" (the "Disclosure Agreement") by and between the undersigned, National Harbor Development LLC (the "Developer") and MuniCap, Inc. (the "Administrator") entered in connection with the remarketing of \$65,000,000 in aggregate principal amount of the Prince George's County, Maryland Special Obligation Bonds (National Harbor Project), Series 2004, the Developer hereby provides the following information as of September 30, 2008. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Indenture dated as of December 1, 2004, as supplemented by a First Supplemental Indenture of Trust dated as September 1, 2005. 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 September 30, 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 Construction and Completion of the National Harbor Project.

Public Improvement Budget

Improvements	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Roads Hard Cost					
National Harbor Blvd PH I	\$3,913,644	(\$1,647,712)	\$2,265,932	\$2,265,932	100%
National Harbor Blvd PH II	\$2,997,493	\$1,522,963	\$4,520,456	\$4,497,266	99%
Water Front Street PH I (First St.)	\$2,950,126	(\$1,600,134)	\$1,349,992	\$1,329,713	98%
Water Front Street PH II (South St.)	\$2,342,800	(\$1,309,122)	\$1,033,678	\$1,033,678	100%
Ramblas	\$3,700,602	(\$596,602)	\$3,104,000	\$2,957,595	0%
Passages (5 phases)	0	1,000,000	1,000,000	807,323	81%
Fleet Street (Second Street)	\$2,270,528	(\$1,518,884)	\$751,644	\$722,969	96%
St. George Blvd (Third Street)	\$1,975,876	(\$781,576)	\$1,194,300	\$1,193,304	100%
Southpointe Drive Ph I (Fourth St)	\$2,972,588	(\$2,796,069)	\$233,519	\$228,097	98%
Southpointe Drive Ph II	\$3,306,643	(\$581,524)	\$2,725,119	\$2,453,326	90%
Misc. Items Associated with Roads	\$0	\$2,030,066	\$2,030,066	\$1,457,983	72%
Traffic Signals	\$0	\$4,500,685	\$4,500,685	\$4,162,940	92%
Sub Totals	\$26,430,300	(\$1,720,909)	\$24,709,391	\$23,110,124	94%
Roads Soft Cost					
Permit Fee	\$1,723,715	\$864,514	\$2,588,229	\$2,587,498	100%
DER Permit Fee	\$52,076	(\$52,076)	\$0	\$0	0%
Design Fees	\$2,757,944	(\$44,757)	\$2,713,187	\$2,358,259	87%
Prevailing Wages/LMBE Pref.	\$3,447,430	(\$3,447,430)	\$0	\$0	0%
Contingency	\$0	\$1,757,361	\$1,757,361	\$0	0%
Bonds	\$396,455	(\$396,455)	\$0	\$0	0%
Sub Totals	\$8,377,620	(1,318,843)	\$7,058,777	\$4,945,757	70%
Ponds Hard Cost					
Betty Blume Pond	\$517,325	\$268,759	\$786,084	\$766,544	98%
Betty Blume Pond Amenities	\$200,000	(\$23,310)	\$176,690	\$85,109	48%
Panorama Pond	\$450,000	\$1,053,691	\$1,503,691	\$1,503,690	100%
Southpointe Pond	\$450,000	(\$83,750)	\$366,250	\$0	0%
Temporary Pond	\$175,000	(\$175,000)	\$0	\$0	0%
Sediment Control	\$287,500	(\$287,500)	\$0	\$0	0
Sub Totals	\$2,079,825	\$386,640	\$2,466,465	\$2,355,344	95%
Ponds Soft Cost					
Design Cost	\$249,579	\$104,579	\$354,158	\$332,038	94%

Prevailing Wages/LMBE Pref.	\$311,974	(\$311,974)	\$0	\$0	0%
Contingency	\$0		\$	\$0	0%
Bonds	\$31,197	(\$31,197)	\$0	\$0	0%
Permit Fees	\$5,000	\$7,010	\$12,010	\$12,010	100%
SWM Fee In-Lieu	\$206,750	\$1,232,892	\$1,439,642	\$1,439,642	100%
Sub Totals	\$804,500	\$1,001,310	\$1,805,810	\$1,783,690	99%
Water and Sewer Hard Cost					
Water and Sewer Part 1	\$441,669	\$205,703	\$647,372	\$647,372	100%
Water and Sewer Part 2	\$63,961	(\$63,961)	\$0	\$0	0%
Pump Station (Part 3)	\$4,135,981	\$2,396,485	\$6,532,466	\$6,532,466	100%
Water and Sewer Part 4A	\$172,500	(172,500)		\$0	0%
Water and Sewer Part 4B	\$961,845	(\$76,622)	\$885,223	\$885,223	100%
Water and Sewer Part 5	\$838,569	\$824,870	\$1,663,439	\$1,663,439	100%
Water and Sewer Part 6A	\$489,776	(\$180,196)	\$309,580	\$309,580	100%
Water and Sewer Part 6B	\$777,469	\$196,985	\$974,454	\$974,454	100%
Water and Sewer Part 7	\$419,779	\$182,995	\$602,774	\$602,774	100%
Water and Sewer Part 9	\$0	\$	\$	\$0	0%
Water and Sewer Part 10	\$288,294	\$153,745	\$442,039	\$442,039	100%
Water and Sewer Part 11, 13	\$88,898	\$408,913	\$497,811	\$497,811	100%
Sleeves (Part 12)	\$89,499	(89,499)		\$0	0%
Water and Sewer Part 13	\$264,543	(\$264,543)	\$0	\$0	0%
Water and Sewer Part 15, 16	\$390,727	\$263,418	\$654,145	\$645,144	100%
Water and Sewer Part 20&24	\$239,876	(\$19,718)	\$220,158	\$220,158	0%
Sub Totals	\$9,663,386	\$3,766,075	\$13,429,461	\$13,429,459	100%
Water & Sewer Soft Cost					
Review and Inspection Fee	\$1,159,606	\$345,181	\$1,504,787	\$1,504,786	100%
Design Cost	\$1,159,606	\$548,120	\$1,707,726	\$1,690,623	99%
Contingency	\$0	\$0	\$0	\$0	0%
Prevailing Wages/LMBE Pref.	\$1,449,508	(\$1,449,508)	\$0	\$0	0%
Bonds	\$241,585	(\$241,585)	\$0	\$0	0%
Sub Totals	\$4,010,305	(\$797,792)	\$3,212,513	\$3,195,410	99%
Misc. Others					
Fireboat/Public Safety	\$500,000	\$0	\$500,000	\$500,000	100%
Total Public Improvements	\$51,865,936	\$1,316,481	\$53,182,417	\$49,319,784	93%
Less: Private Contributions	\$0		(\$10,622)	\$0	0
Total Bond Funded Costs	\$51,865,936	\$1,316,481	\$53,182,417	\$49,319,784	93%

2) Status of Development - Project Update and Development Schedule:

a) Project Update

Project Update	
Development	Status
Zoning and Permitting	All required Zoning approvals have been obtained from the County.
Site Plan and Design Approval	All Site plans for Phase I buildings have been approved
Subdivision	Working on subdividing Parcels R and S.
Infrastructure - onsite	Construction of the on-site infrastructure is mostly complete. Minor work remains adjacent to the buildings still under construction. All roads have been topped with finish asphalt. Damaged curb and gutter has been replaced and some damaged paving has been milled and overlaid with asphalt as required by the County for final approval.
Infrastructure - offsite	All off-site infrastructure has been completed.
Vertical Development – Hotel and Timeshare	Hotel O (Hampton Inn and Suites) is Open. Hotel H1 (Marriott Residence Inn) is Open Hotel A (Westin) is Open. Full building permits have been issued for Building Q (Wyndham Resorts/retail). The general contractor, Balfour Beauty, is well under construction and will top out the concrete superstructure in July 2008. The building scheduled to open in Fall 2009. Full building permits have been issued for Hotel K (W Aloft). The general contractor, Clark Construction, is scheduled for a Spring 2009 opening.
Vertical Construction – Retail and Restaurant	Building E is complete. The Sales and Leasing Center is Open. McCormick & Schmicks restaurant is Open. Retail spaces in Buildings B and D were completed and turned over to tenants for construction. Rosa Mexicana, Potbelly Sandwich Works, America, NH Visitor's Center, Cake Love, Occasions to Remember, Life is Good and Ben & Jerry's Ice Cream are Open. Retail Tenant work for Olympic News and Aromi'd Italia is on-going in Bldg B.

	<p>Building H1 is completed and interior build-out work is underway by the Tenant (Gracie's Fortune) and expected to open in late December 2008.</p> <p>Building P is complete and Tenant work is underway in Bobby McKey's Piano Bar and Cadillac Ranch. Bobby McKeys and Cadillac Ranch are scheduled to open in late November 2008 and Feb 2009, respectively.</p> <p>Building A1-9 is complete and two art galleries (Art Whino and Govinda Gallery) and Fossil are open. Amber Tree Gallery, Godiva Chocolate and Swarovski Crystal are scheduled to open in November 2008.</p> <p>Building J is complete and two tenants (Erwin Pearl and JA Banks Clothier) opened in April and June 2008, respectively.</p> <p>Building M is complete and two tenants (Harley-Davidson and Wyndham Vacation Sales) opened in May and June 2008, respectively.</p> <p>Retail/restaurant building A10 design development is on-hold.</p>
Vertical Construction – Office Space	<p>Building J (Office/retail/garage) is complete and the first tenant (Jakel Consulting) opened for business in June 2008.</p> <p>Building M (Office/retail/garage) is complete and build-out has started for Bella Cosmetics and TAC Companies, LC.</p>
Change in Development plan to allow residential Uses	<p>Building L (Residential/retail/garage) is substantially complete and the 1st condominium units will settle in 1-2 weeks. Approximately 10 units have been returned by Purchasers and will be resold to the public.</p> <p>Full building permits have been issued for Building K (Residential/retail/garage). The general contractor, Clark Construction, is on schedule for Feb/Mar 2008 residential settlements. All but approximately 4-6 units have been sold</p> <p>Full building permits have been issued for Building D (Residential/retail/garage). The general contractor, Facchina-McGaughan, has completed the majority of the building exterior and a majority of the unit interiors. Initial closings are scheduled for Late 2008.</p> <p>Building R is being planned as an 11-story, 250 +/- unit residential condominium building with street level retail.</p>

	Plans for this building are completed to a design development stage and costs estimated. The project has been put on-hold until a majority of the condominium units in Building K have settled or the demand for condominiums is detected in the market.
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b) Development Schedule

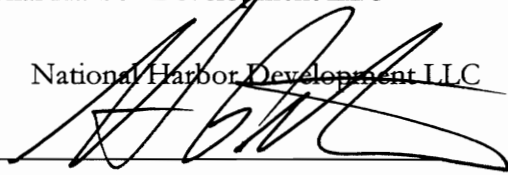
Development Schedule - Targets

Public Improvement Tasks	Projected Date		Date
	Start	Finish	Completed
Washington Suburban SC (WSSC)			
Part 1 Sewer "B"	6/29/05	3/15/06	3/15/06
Part 3 Pump Station "A"	8/8/05	12/2/06	8/15/07
Part 4B Water/Sewer "P"			5/27/05
Part 5 Water/Sewer "E"	6/29/05	3/15/06	3/15/06
Part 6A Sewer "R"			8/10/05
Part 6B Water/Sewer "F"	10/5/05	3/15/05	3/15/06
Part 10 Water/Sewer "J"	9/22/05	3/15/06	3/15/06
Part 7 Sewer			Summer 05
Part 11 Water/Sewer	12/29/05	4/17/06	4/17/06
Part 13 Water/Sewer	2/1/06	5/21/06	4/30/06
Part 15 Water/Sewer	2/15/06	5/30/05	Summer 2008
Part 16 Water/Sewer	3/16/06	6/13/06	2008
National Harbor Waterfront Roads			
National Harbor Blvd. (Phase I)	6/29/05	6/29/07	Summer 2007
Waterfront Street (Phase I)	6/29/05	9/14/07	Nov 2007
Waterfront Street (Phase II)	9/22/05	8/30/07	Nov 2007
South Pointe Rd. (Phase I)	8/1/05	7/1/07	Nov 2007
Fleet Street (Second Street)	1/31/06	7/14/07	Fall 2007
St. George's Boulevard (Third Street)	3/16/06	7/1/07	Nov 2007
Ramblas 1 st to 2 nd Streets		July 08	July 2008
Ramblas 2 nd to 3 rd Streets		Fall 08	
National Harbor Blvd. (Phase II)	12/29/05	7/1/07	Summer 2007
Southpointe Drive (now NH Blvd)	7/1/07	7/1/07	Summer 2007
Others Items			
Preliminary Plan of Subdivision			2/9/04
Stormwater Management Concept	7/19/04	10/26/04	updates
Record Plat			6/8/06
Panorama Stormwater Management Ponds	7/19/04	2/14/05	Spring 2008
Site Landscape, TCPII, CBCA	11/28/00	10/13/04	Spring 2008
Pepco			
Pepco Primary High Voltage Work	1/15/06	3/1/07	2/1/2008
Pepco Onsite Distribution Service	1/17/06	3/1/07	2/1/2008
Washington Gas	9/17/05	9/1/06	2/1/2008
Marine Work			
South Point Pier			11/10/04
Dredging for 2004 season			1/21/05
Gaylord Pier	6/1/06	9/5/07	3/15/2008
Peterson Pier	6/1/06	9/5/07	3/20/2008
Gaylord Design and Construction			
Contract Documents	6/9/05		Done
Bidding and Negotiation			Done
Construction Phase	Spring 05	March 08	Open
Permits and Approvals			Done
Building Permits			Done

- 3) Material changes to the Form, Organization or Ownership of the Developer: There have been no material changes in the form, organization or ownership of the developer as described in the Limited Offering Memorandum under, "THE DEVELOPMENT AND THE DEVELOPER".
- 4) Legislative, Administrative or Judicial Challenges: There have been no legislative, administrative, or judicial challenges to the construction of the improvements within the district or the validity of duly recorded plat or other public approvals for any section of the Development.
- 5) Zoning Classification: There have been no changes to the zoning classification for any parcel within the district as describe in the Limited Offering Memorandum.
- 6) Statement as to any Material Amendment or Supplement to the Development Agreement: There has been no material amendment or supplement to the Development Agreement related to the project as determined by the developer.
- 7) Notice of Default: There has been no formal written notice of default under any construction loan that finances any portion of the project.
- 8) The developer has not obtained actual knowledge of the occurrence of any Significant Events, as described in Attachment A.

National Harbor Development LLC

By: National Harbor Development LLC

By: 

Title: MANAGER

Date: 12/16/08

ATTACHMENT A

Reporting of Significant Events

Whenever the Developer obtains actual knowledge of the occurrence of one or more of the following events, the Developer shall contact the Administrator, who shall immediately report such event to the Trustee and the County as set forth in the Continuing Disclosure Agreement:

- (i) failure to pay any real property taxes (including the Special Taxes) levied within the District on a parcel owned by the Developer, or any Affiliate thereof;
- (ii) material damage to or destruction of any development or improvements within the District;
- (iii) material default by the Developer, or any Affiliate thereof, on any loan with respect to the construction or permanent financing of District development;
- (iv) material default by the Developer, or any Affiliate thereof, on any loan secured by property within the District owned by the Developer, or any Affiliate thereof;
- (v) the filing by or against the Developer, or any Affiliate thereof, or any owners of more than 25% interest in the Developer, of a bankruptcy petition or any determination that the Developer, or an owner of interest in the Developer, or a subsidiary of the Developer, or any Affiliate thereof, is unable to pay its debts as they become due; and
- (vi) The filing of any lawsuit against the Developer with claim for damages in excess of \$1,000,000 or which may adversely affect the completion of District development, or litigation in excess of \$1,000,000 or which would materially adversely affect the financial condition of the Developer.