DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending December 31, 2008

$92,850,000
Peninsula Town Center
Community Development Authority
Special Obligation Bonds
Series 2007

Prepared by

MUNICAP, INC.

March 13, 2009

DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending December 31, 2008

I. *UPDATED INFORMATION*

Information updated from the Limited Offering Memorandum, dated August 29, 2007, is as follows:

- As of December 31, 2008, the developer reports that $66,722,007 had been expended for the costs of the public improvements, representing 100 percent of the amount to be funded with the Series 2007 Bonds.

- As of December 31, 2008, the developer reports that all required permits and approvals for the development of the project have been obtained.

- As of December 31, 2008, the developer reports that the roadway improvements adjoining existing city streets are complete at Kilgore, Von Schilling, Executive, Cary, Merchant Lane, Allainby and McMenamin, except for the final lift of asphalt. The roadway improvements to Downey Green, Hartford, and Holt are at final rough grade. The developer also reports that gravel base on all streets is approximately 90 percent complete. According to the developer, final asphalt around J.C. Penney is complete. The developer reports that the privately-funded offsite right-of-way improvements are 98 percent complete.

- As of December 31, 2008, the developer reports that water mains and sanitary sewer lines in the northern and eastern sides of the project are complete. The developer also reports that water lines in the southern and western sides are 95 percent complete, and the sanitary sewer lines are complete. According to the developer, laterals to all buildings are 90 percent complete.

- As of December 31, 2008, the developer reports that the storm water management systems for the northern and eastern portions of the site are complete. The developer also reports that the storm water system for the remainder of the site is 98 percent complete.

- As of December 31, 2008, the developer reports that Virginia Dominion power has completed the design for the electrical duct bank and construction is 95 percent complete.

- As of December 31, 2008, the developer reports that landscape and streetscape work is 95 percent complete on the northern and eastern portions of the site. The developer reports that street lights are 80 percent complete throughout the site.

- As of December 31, 2008, the developer reports that the parking garage is complete except for punchlist work, which is underway. The developer also reports that a temporary certificate of occupancy for the parking garage has been granted. According to the developer, construction of the pedestrian bridge is 50 percent complete.

- As of December 31, 2008, the developer reports that the J.C. Penney building is complete and open for business. In addition, Buildings C1 and C2 are complete. The developer also reports that Buildings A1, A2, D, E, and J are 99 percent complete. Buildings B, H, L and M are approximately 80 percent complete, and Building G is 35 percent complete. According to the developer, Building F shell construction is complete and tenant work began October 6, 2008.

- As of December 31, 2008, the developer reports that the Target parcel closed on September 29, 2009, and Target accepted the certified pad and that construction on the building foundation began the following day. The developer also reports that the building is 60 percent complete. The store is expected to open July 26, 2009.

- As of December 31, 2008, the developer reports that ten apartments have been pre-leased.

According to the developer, final leases will not be executed until construction of the building is complete, but deposits have been submitted for all ten units.

- As of December 31, 2008, the developer reports that the aggregate leaseable space, including anchor stores, in-line retail, cinema and restaurant space, is approximately 907,633 square feet. The developer also reports that 568,522 square feet, representing 63 percent of leasable space, has been committed via executed leases or signed letters of intent. Of this amount, leases totaling 420,733 square feet of retail space have been fully executed for the three anchor stores, a total of 122,605 square feet of in-line retail space is now committed by signed lease agreements or letters of intent, of which 66,076 square feet of in-line retail space has fully executed leases, and a total of 25,184 square feet of restaurant space is committed by signed lease agreements of letters of intent, of which 9,269 square feet of restaurant space has fully executed leases.

- As of December 31, 2008, the developer reports that the outstanding balance on the HSBC Bank construction loan was $61,948,837. According to the developer, there have been no repayments on loan amounts drawn to date.

- As of December 31, 2008, the office of the Assessor for Real Estate for the City of Hampton reports that the 2008 tax rate is $1.04 per $100 of assessed value. In addition, property within the Peninsula Town Center is also subject to an additional special ad valorem tax of $0.25 per $100 of assessed value, resulting in an effective tax rate of $1.29 per $100 of assessed value.

- As of July 1, 2008, the office of the Assessor for Real Estate for the City of Hampton reports that the 2008 aggregate assessed value of the taxable property within the district was $50,802,000. The base value of the district was $58,484,100. As a result, the aggregate assessed value of the taxable property in the district decreased by $7,682,000 since the base year.

II. INTRODUCTION

The $92,850,000 Series 2007 Peninsula Town Center Community Development Authority Special Obligation Bonds were issued pursuant to the provisions of the Virginia Water and Waste Authorities Act, Chapter 51, Section 15.2-5152 *et seq.* of the Code of Virginia, 1950, as amended and an Indenture of Trust, dated as of September 1, 2007, between the Peninsula Town Center Community Development Authority (the "Authority") and Wells Fargo Bank, National Association, as trustee.

According to the Limited Offering Memorandum, the district consists of approximately 77 acres of land located in the City of Hampton, Virginia on the Virginia Peninsula of the Tidewater Region. The development is expected to contain shopping, dining, office, entertainment and residential components, all within a short walk of each other. The goal of the development is to be the premiere destination shopping center on the Virginia Peninsula, where shoppers will mix easily with residents and office tenants.

According to the Limited Offering Memorandum, the district is being developed by Peninsula Town Center, LLC, a Delaware limited liability company (the "Developer"). The sole member of the developer is Peninsula TC Holding Co, LLC, a Delaware limited liability company.

According to the Limited Offering Memorandum, the Series 2007 Bonds are expected to finance the costs of certain public improvements including an above-ground, multi-deck parking structure, a children's play park and public roadways owned by the authority. The parking structure is expected to be designed and constructed to complement the architecture of the residential and commercial development.

The information provided herein is not intended to supplement or otherwise relate to the information provided in the Limited Offering Memorandum and any such intent is expressly disavowed. Rather, 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 in this report is indicative of information that may pertain since the end of the period covered by this report or in the future.

III. *Development Activity*

A. OVERVIEW

According to the Limited Offering Memorandum, the development will entail the demolition of nearly all of the existing Coliseum Mall and its reconstruction as a mixed use, "new urbanism" town center project with an emphasis on commercial retail users. At build-out, the development will contain shopping, dining, office, entertainment and residential components. The development's goal is to be the premiere destination shopping center on the Virginia Peninsula, where shoppers will mix easily with residents and office tenants.

According to the Limited Offering Memorandum, the public improvements are expected to consist of an above-ground, multi-deck parking structure for approximately 750 passenger vehicles, a children's play park, an events park, and public roadways owned by the CDA. The design of the parking garage structure was expected to incorporate a number of "new urbanism" techniques including an attractive exterior façade in order to integrate the parking structure into the development.

According to the Limited Offering Memorandum, the private improvements of the development are expected to contain approximately 1,159,433 square feet of retail, restaurant, entertainment, office and residential space. As originally envisioned, the development was expected to include at least two anchor department stores, which were to consist of a minimum of 50,000 square feet each. As shown below, the developer has since revised the anticipated number of anchor department stores to three. The developer currently anticipates that the development will contain the following components:

Macy's Department Store	174,000 square feet
J.C. Penney	103,833 square feet
Target Department Store	142,900 square feet
Retail Stores	335,900 square feet
Restaurant Space	103,500 square feet
Cinema/Entertainment Space	47,500 square feet
Office Space	105,000 square feet
Residential Units	146,800 square feet
Outdoor surface parking	2,250 spaces

According to the Limited Offering Memorandum, Peninsula Town Center, LLC, a Delaware limited liability company, will construct or cause the construction of the development. The sole member of the developer is Peninsula TC Holding Co, LLC, a Delaware limited liability company.

B. GOVERNMENTAL APPROVALS

According to the Limited Offering Memorandum, the district is zoned C-2; SPI-CC (Limited Commercial District) by the City of Hampton. Table III-1 on the following page shows a list of the required governmental permits, approvals and applications that must be obtained throughout the construction of the project as provided in the engineer's report included in the Limited Offering Memorandum.

As of December 31, 2008, the developer reports that all required permits and approvals for the development of the project have been obtained.

Table III-1
Government Approvals

Permit	Approving Entity	Approval Status
Erosion and Sediment Control Permit	City of Hampton	Approved
Demolition Permit	City of Hampton	Approved
Right of Way Permit	City of Hampton	Approved
Site Plumbing Permit	City of Hampton	Approved
Fire Department Approval	City of Hampton	Approved
Land Disturbing Permit	City of Hampton	Approved
Water Approval	Newport News Waterworks	Approved
Waste Water System Permit	Virginia Dept of Environmental Quality	Approved
Individual Building Permits	City of Hampton	Approved
Traffic Engineering	City of Hampton	Approved
Offsite Roadway Improvements	City of Hampton	Approved
Final Subdivision Plat Approval	City of Hampton	Approved

C. STATUS OF THE PUBLIC IMPROVEMENTS

According to the Limited Offering Memorandum, the public improvements are expected to consist of an above-ground, multi-deck parking structure, a children's play park, an events park, and public roadways.

As of December 31, 2008, the developer reports that $66,722,007 had been expended for the costs of the public improvements, representing 100 percent of the amount to be funded with the Series 2007 Bonds. Table III-2 below shows the improvements to be funded with developer financing and the Series 2007 Bonds, the total project budget, private funding budget and expenditures, the Series 2007 Bond proceeds budget and expenditures, the total amount funded and amount to be funded by line item as reported by the developer as of December 31, 2008.

Table III-2
Public Improvements

Public Improvement	Total Project Budget	Private Funding		CDA Funding		Total Funded	To be Funded
		Budget	Funded	Budget	Funded		
Land Acquisition	$59,889,059	$21,068,418	$16,482,330	$38,820,641	$38,820,641	$55,302,971	$4,179,853
Site Work	$24,699,090	$14,788,709	$8,595,176	$9,910,381	$9,910,381	$18,505,557	$925,016
Site Development	$12,851,897	$3,632,925	$6,805,110	$9,218,972	$9,218,972	$16,024,082	$1,153,871
Core Construction	$75,110,353	$66,338,340	$45,740,240	$8,772,013	$8,772,013	$54,512,253	$21,946,796
Tenant Build-out	$42,281,525	$42,281,525	$705,779	-	-	$705,779	$41,575,746
Hard Cost Contingency	$12,382,407	$12,382,407	-	-	-	$0	$12,382,407
Operations/Marketing	$3,805,000	$3,805,000	$511,100	-	-	$511,100	$3,293,900
Leasing Costs	$6,731,244	$6,731,244	$2,870,908	-	-	$2,870,908	$3,860,336
Planning Costs	$9,341,325	$9,341,325	$8,466,422	-	-	$8,466,422	$874,903
Development Costs	$9,210,467	$9,210,467	$6,838,584	-	-	$6,838,584	$2,371,883
Construction Administration	$3,096,148	$3,096,148	$1,959,423	-	-	$1,959,423	$1,136,725
Real Estate Taxes	$1,400,000	$1,400,000	-	-	-	$0	$1,400,000
Carrying Costs	$1,599,500	$1,599,500	$1,345,320	-	-	$1,345,320	$254,180
Finance Costs	$11,922,000	$11,922,000	$4,248,790	-	-	$4,248,790	$7,673,210
Soft Cost Contingency	$1,783,746	$1,783,746	-	-	-	$0	$1,783,746
Total Cost	$276,103,761	$209,381,754	$104,569,182	$66,722,007	$66,722,007	$171,291,189	$104,812,572

As of December 31, 2008, the developer reports that the roadway improvements adjoining existing city streets are complete at Kilgore, Von Schilling, Executive, Cary, and Merchant Lane, Allainby and McMenamin, except for the final lift of asphalt. The roadway improvements to Downey Green, Hartford, and Holt are at final rough grade. The developer also reports that gravel base on all streets is approximately 90 percent complete. According to the developer, final asphalt around J.C. Penney is complete. The developer reports that the privately-funded offsite right-of-way improvements are 98 percent complete.

As of December 31, 2008, the developer reports that water mains and sanitary sewer lines in the northern and eastern sides of the project are complete. The developer also reports that water lines in the southern and western sides are 95 percent complete, and the sanitary sewer lines are complete. According to the developer, laterals to all buildings are 90 percent complete. The storm water management systems for the northern and eastern portions of the site are complete. The developer also report that the storm water system for the remainder of the site is 98 percent complete.

As of December 31, 2008, the developer reports that the parking garage is complete except for punchlist work, which is underway. The developer also reports that a temporary certificate of occupancy for the parking garage has been granted. According to the developer, construction of the pedestrian bridge is 50 percent complete. The developer reports that Virginia Dominion Power has completed the design for the electrical duct bank and construction is 95 percent complete. The developer also reports that landscape and streetscape work is 95 percent complete on the northern and eastern portions of the site. According to the developer, street lights are 80 percent complete throughout the site.

D. STATUS OF THE DEVELOPMENT

Status of Construction

According to the Limited Offering Memorandum, the development is expected to incorporate retail, restaurant, entertainment, office and residential space to create a vibrant mixed-use town center development. The retail portion of Peninsula Town Center is expected to be anchored around a pedestrian and open-space network consisting of landscaped parks and walkable streetscapes. Page seven shows the site plan and anticipated configuration of the development.

As of December 31, 2008, the developer reports that the J.C. Penney building is complete and open for business. In addition, Buildings C1 and C2 are complete. The developer also reports that Buildings A1, A2, D, E and J are 99 percent complete. Buildings B, H, L and M are approximately 80 percent complete, and Building G is 35 percent complete. According to the developer, Building F shell construction is complete and tenant work began October 6, 2008.

As of December 31, 2008, the developer reports that the Target parcel closed on September 29, 2009, and Target accepted the certified pad and that construction on the building foundation began on the following day. The developer also reports that the building is 60 percent complete. The store is expected to open July 26, 2009.


CUNNINGHAM DRIVE
CUNNINGHAM DRIVE
COLISEUM DRIVE
WEST MERCURY BOULEVARD
I - 64
64
FUTURE MULTI-STORY DEVELOPMENT
FUTURE PARKING STRUCTURE
344 spaces
STRUCTURED PARKING #1 TOTAL: 750 spaces
SERVICE
JCPENNEY
C
444 spaces
K
E.W. 1
E.W. 2
E.W. 3
E.W. 4
E.W. 5
N.S. 2
N.S. 3
N.S. 4
N.S. 5
N.S. 6
(3 LEVELS RESIDENTIAL ABOVE)
B
RETAIL
MACY'S
(GROUND & SECOND FLR)
A
RETAIL/REST.
D
E
F
708 spaces
PROJECT SIGNAGE TOWER
RETAIL
CINEMA & COMEDY CLUB ABOVE, ONE LEVEL
G
L
M
(TWO LEVELS OF OFFICE ABOVE)
H
J
P
162 spaces
FUTURE DEVELOPMENT AREA
EXISTING ENTRANCE
BENNIGAN'S
183 spaces
469 spaces
144 spaces
SOUTH ANCHOR
132 spaces
184 spaces
107 spaces
OUTBACK
0
100
200
300
400
MASTER SITE DEVELOPMENT PLAN: FIRST FLOOR LEVEL
SCALE 1"=60'-0"
MAY 2007

Status of Residential Leasing

As of December 31, 2008, the developer reports that ten apartments have been pre-leased. According to the developer, final leases will not be executed until construction of the building is complete, but deposits have been submitted for all ten units. The developer also reports that residents are expected to move into the apartments starting April 15, 2009. Table III-3 below shows the residential unit type, the anticipated number of units, and the number of units leased as reported by the developer as of December 31, 2008.

Table III-3
Status of Residential Leasing

Unit Types	Number of Units	Number of Units Leased	Average Lease Price per Month
Apartments	158	0	N/A
Total	**158**	**0**	

Status of Commercial Development

As of December 31, 2008, the developer reports that the combined anchor stores, in-line retail, cinema and restaurant space includes approximately 907,633 square feet of leasable space. The developer also reports that 568,522 square feet, representing 63 percent of leasable space, has been committed via executed leases or signed letters of intent.

As of December 31, 2008, the developer reports that leases totaling 420,733 square feet of retail space are fully executed for the three anchor stores. A total of 122,605 square feet of in-line retail space is now committed by signed lease agreements or letters of intent, of which 66,076 square feet has fully executed leases. The developer also reports that a total of 25,184 square feet of restaurant space is committed by signed lease agreements or letters of intent, of which 9,269 square feet has fully executed leases. Table III-4 shows the current leasing status of the commercial development, the amount of square feet leased, the anticipated opening date and the percent of total leasable space for each tenant as reported by the developer as of December 31, 2008.

E. STATUS OF FINANCING

According to the Limited Offering Memorandum, on July 26, 2007, the developer closed on a construction loan in the principal amount of up to $168,500,000 (the "Construction Loan") obtained from HSBC Bank USA, National Association. The proceeds of the construction loan were expected to be used to finance a portion of the construction of the private improvements, the payment of the construction period interest and other customary "soft" costs of the development. The construction loan is for a term of 36-months from the initial closing date (initial maturity date of July 31, 2010), and subject to meeting certain conditions, the developer has the option to extend the construction loan for two additional one- year periods.

As of December 31, 2008, the developer reports that the outstanding balance on the HSBC Bank construction loan was $61,948,837. The loan carries an interest rate of 3.38 percent. According to the developer, there have been no repayments of the loan amounts drawn to date.

Table III-4
Status of Commercial Leasing

Tenant	Leasable Space (s.f.)	Lease Status	Anticipated Opening	Percent of Leasable Space
Macy's Department Store	174,000	Executed	Open	17.2%
J.C. Penney Department Store	103,833	Executed	Open	10.3%
Target Department Store	142,900	Executed Sale	July 2009	14.1%
Barnes & Noble	29,561	Executed	March 2009	2.9%
Lane Bryant	7,400	Executed	Grand Opening*	0.7%
Lenscrafters	4,200	Executed	Grand Opening*	0.4%
Sunglass Hut	1,197	Executed	Grand Opening*	0.1%
Lee Spa Nails (A Building)	1,587	Executed	Grand Opening*	0.2%
Lee Spa Nails (H Building)	1,285	Executed	Grand Opening*	0.1%
Victoria's Secret	8,000	Executed	Grand Opening*	0.8%
Bath and Body Works	3,000	Executed	Grand Opening*	0.3%
Kay Jewelers	1,694	Executed	Grand Opening*	0.2%
Gamestop	1,770	Executed	Grand Opening*	0.2%
Cache	1,868	Executed	Grand Opening*	0.2%
Sports Fan	1,623	Executed	Grand Opening*	0.2%
Finish Line	2,891	Executed	Grand Opening*	0.3%
The Limited	4,000	Under Negotiation	TBD	0.4%
Chico's	3,501	Under Negotiation	TBD	0.3%
Forever XXI	25,448	Under Negotiation	TBD	2.5%
Hollister	6,667	Under Negotiation	TBD	0.7%
Aeropostale	3,700	Under Negotiation	TBD	0.4%
Gymboree	1,800	Under Negotiation	TBD	0.2%
Journey's	1,623	Under Negotiation	TBD	0.2%
Express	6,598	Under Negotiation	TBD	0.7%
Jule	1,405	Under Negotiation	TBD	0.1%
Vitamin World	959	Under Negotiation	TBD	0.1%
Lids	828	Under Negotiation	TBD	0.1%
Remaining leasable retail space	213,295	-	-	
Subtotal retail space	*756,633*			74.7%
Five Guys	2,905	Executed	Grand Opening*	0.3%
Bensi's	6,000	Under Negotiation	TBD	0.6%
Chipotle	2,500	Under Negotiation	TBD	0.2%
Nature's Table	1,750	Under Negotiation	TBD	0.2%
The Pub	5,665	Under Negotiation	TBD	0.6%
Outback Steakhouse	6,364	Executed	Open	0.6%
Remaining leasable restaurant space	78,316	-	-	
Subtotal restaurant space	*103,500*			10.2%
Entertainment Space	*47,500*	-	-	4.7%
Office Space	*105,000*	-	-	10.4%
Total leasable space	**1,012,633**			100.0%

***Please note:** According to the developer, the grand opening is anticipated to be July 30, 2009.

IV. *TRUSTEE ACCOUNTS*

The trustee for the Series 2007 Bonds is Wells Fargo Bank, National Association. The balance as of December 31, 2007, interest paid, additional proceeds, disbursements and account balances for each fund as of December 31, 2008, are shown in the table below.

Table IV-1
Account Balances

	Balance 12/31/07	Interest Paid	Additional Proceeds	Disburse-ments	Balance 12/31/08
Bond Fund Interest Account	$0	$0	$5,839,912	$5,839,912	$0
Project Fund	$14,978,195	$321,245	$0	$14,837,212	$462,228
Reserve Fund	$9,335,305	$364,589	$0	$415,117	$9,284,778
Capitalized Interest Account	$15,252,753	$616,160	$19,394	$5,444,189	$10,444,118
Administrative Expense Fund	$90,943	$2,051	$0	$28,426	$64,568
Total	**$39,657,196**	**$1,304,046**	**$5,859,306**	**$26,564,857**	**$20,255,692**

Additional proceeds to the Bond Fund Interest Account represent transfers from the Capitalized Interest Account and transfers of investment income in excess of the reserve requirement from the Reserve Fund for the payment of debt service. Additional proceeds to the Capitalized Interest Account represent a transfer of investment income in excess of the reserve requirement from the Reserve Fund for the payment of debt service. Disbursements from the Project Fund were for the costs of the public improvements. Disbursements from the Administrative Expense Fund were for the payment of administrative expenses.

The majority of the bond proceeds in the Capitalized Interest Account are invested in federal mortgage securities that pay interest semiannually between 3.75 and 5.00 percent. The balance of the bond proceeds are invested in money market funds currently earning interest at 0.75 percent. Table IV-2 below shows the rate of return on the funds and accounts held by the trustee as of December 31, 2008.

According to the Trust Indenture, dated as of September 1, 2007, investment income on the Project Fund will be retained in the fund and used for the purposes of the account. Investment income on the Reserve Fund in excess of the reserve requirement will be transferred to the Bond Fund Interest Account and be used to pay debt service on the bonds. Investment income on the Capitalized Interest Account will be retained in the account and used to pay interest due on the Series 2007 Bonds. Investment income on the Administrative Expense Fund will become a part of such fund and be used to pay administrative expenses.

Table IV-2
Rate of Return

Account	Rate of Return
Project Fund	0.75%
Reserve Fund	0.75%
Capitalized Interest Account	5.00%
Administrative Expense Fund	0.75%

V. *DISTRICT OPERATIONS*

A. ANNUAL REVENUE REQUIREMENT

The annual revenue requirement for any assessment year, is equal to the lesser of (A) the annual installment for the assessment year and (B) the sum of the following: (1) debt service on the bonds to be paid from the annual installments; (2) periodic costs associated with such bonds, including but not limited to, rebate payments and credit enhancement on the bonds; (3) administrative expenses; (4) an amount equal to $50,000 to be paid each year to the trustee to be deposited in a repair and replacement fund; and (5) a contingency; less (6) incremental tax revenues and special tax revenues available to the CDA that may be applied to the annual revenue requirement; (7) the annual payment B to be collected from all parcels in the CDA for the assessment year, (8) any credits applied under the bond indenture, such as capitalized interest or interest earnings on any balances, and (9) any other funds available to the CDA that may be applied to the annual revenue requirement.

Table V-1 provides a summary of the annual revenue requirement for the 2008 tax year. Each of these numbers is explained in the following sections.

Table V-1
Annual Revenue Requirement
2008 Tax Year

	Total
Interest Payment on March 1, 2009	$2,961,082
Interest Payment on September 1, 2009	$2,961,082
Principal Payment on September 1,2009	$0
Subtotal annual debt service	$5,922,165
Administrative Expenses	$40,000
Subtotal Expenses	$5,962,165
Revenue Fund	$0
Reserve Fund Interest Income	($418,753)
Available Administrative Expense Fund	($64,568)
Available Capitalized Interest Account	($11,199,390)
Subtotal funds available	($11,682,711)
Annual Revenue Requirement	$0

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Debt Service

Debt service includes the semi-annual interest payments due on March 1, 2009 and September 1, 2009. Each semi-annual interest payment on the bonds is $2,961,082, and represents semi-annual interest on the following term bonds:

Term 2017 Bonds of $3,889,000 at 5.80%	$112,781
Term 2024 Bonds of $13,502,000 at 6.25%	$421,938
Term 2028 Bonds of $14,378,000 at 6.35%	$456,502
Term 2037 Bonds of $61,081,000 at 6.45%	$1,969,862
Total:	$2,961,082

There is no principal payment on the bonds on September 1, 2008. As a result, total debt service is $5,922,165.

Administrative Expenses

At the time the Series 2007 Bonds were issued, bond proceeds in the amount of $90,000 were deposited in the Administrative Expense Fund for the payment of administrative expenses during the 2008 tax year. As of December 31, 2008, the balance in the Administrative Expense Fund was $64,568. The estimated administrative expenses for the 2008 tax year are $40,000. As a result, the 2008 tax year administrative expenses will be funded by amounts previously on deposit in the Administrative Expense Fund.

Revenue Fund

As of December 31, 2008, the balance in the Revenue Fund was zero. As a result, there are no funds available in the Revenue Fund to pay debt service in 2009.

Reserve Fund Investment Income

As of December 31, 2008, the balance in the Reserve Fund was $9,284,778. Bond proceeds in the Reserve Fund totaling $9,284,759 are invested in a Master Repurchase Agreement earning 4.51 percent per annum that matures September 1, 2017. The yield on the bond proceeds invested in the Reserve Fund will result is estimated investment income each six months of $209,377 through September 1, 2009. As a result, investment income estimated to be made available to pay debt service on the bonds in 2009 is $418,753.

Application of Capitalized Interest

The balance in the Capitalized Interest Account, as of December 31, 2008, was $10,444,118. Bond proceeds in the Capitalized Interest Account are invested in four different federal mortgage securities as follows:

Amount	**Rate**	**Maturity**
$2,530,000	5.000%	February 20, 2009
$2,595,000	3.750%	August 18, 2009
$2,645,000	3.875%	February 15, 2010
$2,730,000	4.250%	August 15, 2010

At these interest rates, an estimated $440,886 in interest will be earned through March 1, 2009. An estimated $314,386 in interest will be earned from March 1, 2009 to September 1, 2009, resulting in $11,199,390 ($10,444,118 + $440,886 + $314,386 = $11,199,390) that will be made available to pay debt service on the bonds for the 2008 tax year. The investment income on the Capitalized Interest Account, together with the Capitalized Interest Account balance, will be made available to pay debt service in 2009.

Table V-2
Application of Capitalized Interest

	Series 2007 Bonds
Capitalized Interest balance at December 31, 2008	$10,444,118
Interest income through March 1, 2009	$440,886
Debt service payment on March 1, 2009	($2,961,082)
Subtotal available Capitalized Interest Account	$7,923,922
Interest income through September 1, 2009	$314,386
Debt service payment on September 1, 2009	($2,961,082)
Capitalized Interest balance at September 30, 2009	**$5,277,226**

Summary

Total authority expenses to be paid in fiscal year 2009 are estimated to be $5,962,165. Funds available to pay these expenses are estimated to be $11,682,711, resulting in an annual revenue requirement of zero.

B. DELINQUENT SPECIAL ASSESSMENTS

There have been no special assessments collected on the district since the issuance of the Series 2007 Bonds. As a result, there are no delinquent special assessments outstanding at this time.

C. COLLECTION EFFORTS

There are no collection efforts underway at this time.

VI. *DISTRICT FINANCIAL INFORMATION*

The information provided in this section is to meet the requirements for the annual report as provided for in Section 2(a) of the Continuing Disclosure Agreement. The items listed below are in the same format and order as the items required for the annual report as listed in the Continuing Disclosure Agreement.

All information in this section is provided as of December 31, 2008, unless otherwise stated.

A. CHANGES TO THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL ASSESSMENTS

There have been no changes to the Rate and Method of Apportionment of Special Assessments by the City of Hampton since the issuance of the Series 2007 Bonds.

B. CHANGES TO THE SPECIAL AD VALOREM TAX OR INCREMENTAL TAX REVENUES

As of December 31, 2008, the office of the Assessor for Real Estate for the City of Hampton reports that the 2008 tax rate is $1.04 per $100 of assessed value. In addition, property within the Peninsula Town Center is also subject to an additional special ad valorem tax of $0.25 per $100 of assessed value, resulting in an effective tax rate of $1.29 per $100 of assessed value. Table VI-1 shows the ad valorem tax rate for property within the Peninsula Town Center.

Table VI-1
2008 Ad Valorem Tax Rate

	2008 Tax Rate
City tax rate	$1.04
District tax rate	$0.25
Total (per $100 of assessed value)	**$1.29**

C. SPECIAL ASSESSMENT LEVY

There have been no special assessments collected on the district since the issuance of the Series 2007 Bonds.

D. PRINCIPAL DISTRICT TAXPAYERS

There have been no special assessments collected on the district since the issuance of the Series 2007 bonds. Accordingly, there are no district taxpayers responsible for more that five percent of the levy of special assessments in fiscal year 2008. However, the 2008 tax year assessed value of each parcel will be used as a surrogate to illustrate the tax distribution. Table VI-2 on the following page shows the assessed value for each parcel within the district subject to special assessments as July 1, 2008, and the percent of each parcel in relation to the aggregate assessed value of the district.

Table VI-2
2008 Principal District Taxpayers

Owner	Acreage	2008 Assessed Value	Percent of Total
Peninsula Town Center, LLC	54.94	$37,887,000	74.6%
J.C. Penney Properties, Inc.	7.00	$12,915,000	25.4%
Total	**61.94**	**$50,802,000**	**100.0%**

As of July 1, 2008, the office of the Assessor for Real Estate for the City of Hampton reports that the 2008 aggregate assessed value of the taxable property within the district was $50,802,000. The base value of the district was $58,484,100. As a result, the aggregate assessed value of the taxable property in the district decreased by $7,682,000 since the base year.

E. AMENDMENTS TO LAND USE ENTITLEMENTS OR LEGAL CHALLENGES

As of December 31, 2008, the administrator is not aware of any significant amendments to land use entitlements or legal challenges to the construction of the Series 2007 Bond facilities and the development.

F. CHANGES TO THE DEVELOPMENT AGREEMENT

As of December 31, 2008, the administrator is not aware of any changes to the Development Agreement. The status of the development has been provided in Section III, "Development Activity," of this report.

G. STATUS OF COLLECTIONS

The have been no special assessments, special ad valorem taxes or incremental tax revenues collected on the district in fiscal year 2008.

VII. SIGNIFICANT EVENTS

A. SIGNIFICANT EVENTS

Pursuant to the Developer's Continuing Disclosure Agreement, developer significant events include the following:

(i) failure to pay any real property taxes (including special assessments) levied within the district on a parcel owned by the developer;

(ii) material damage to or destruction of any improvements within the district;

(iii) material default by the developer on any loan with respect to the construction or permanent financing of the shopping center development;

(iv) material default by the developer thereof on any loan secured by property within the district owned by the developer;

(v) the filing of the developer, any general partner of the developer or any owner or owners of more than a 25 percent interest in the developer in bankruptcy or any determination that the developer or any owner of an interest in the developer or a subsidiary of the developer is unable to pay its debts as they become due;

(vi) upon receipt by the developer of actual knowledge of the filling of any lawsuit with a claim for damages in excess of $1,000,000 against the developer which may adversely affect the completion of the facilities or the development or litigation in excess of $1,000,000 which would materially adversely affect the financial condition of the developer; and

(vii) material changes in the organization or ownership of the developer (as described in the Limited Offering Memorandum);

Inquiries have been made with Peninsula Town Center, LLC regarding the occurrence of any significant event and they have reported that to their knowledge, no significant events have occurred as of December 31, 2008.

B. LISTED EVENTS

Pursuant to the Authority's Continuing Disclosure Agreement, significant events include the following:

(i) Delinquency in payment when due of any principal of or interest on the bonds;

(ii) occurrence of any material default under the Indenture (other than as described in clause (i) above;

(iii) Amendment to the Indenture modifying the rights of the bondholders;

(iv) Giving of notice of optional or unscheduled redemption of bonds;

(v) Defeasance of bonds or any portion thereof;

(vi) Any change in the rating, if any, on the bonds;

(vii) Adverse tax opinions or events affecting the tax-exempt status of the bonds;

(viii) The release or substitution of property securing repayment of the bonds through special assessments; and

(ix) The continuing disclosure event notices provided to the administrator by the developer as more particularly set forth above.

The administrator does not have knowledge of any listed event as of the date of this report.