

\$14,594,000
REYNOLDS CROSSING COMMUNITY DEVELOPMENT AUTHORITY
(HENRICO COUNTY, VIRGINIA)
SPECIAL ASSESSMENT REVENUE BONDS
(REYNOLDS CROSSING PROJECT)
SERIES 2007

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT

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

In accordance with the "Continuing Disclosure Agreement" (the "Disclosure Agreement"), dated as of June 1, 2007, by and between (i) the Reynolds Crossing Community Development Authority (the "Authority"), (ii) Reynolds Holdings LLC, its successors and assigns, acting through itself or through one or more related affiliates, subsidiaries and partnerships, in its capacity as major landowner ("Reynolds Holdings" or "Major Landowner"), (iii) Clear Springs Development, LLC (the "Developer") and (iv) MuniCap, Inc. (the "Administrator"), the Developer hereby provides the following information as of December 31, 2007. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Limited Offering Memorandum, dated June 6, 2007. To the best of the knowledge of the undersigned:

1) Status of Development and Completion of the Public Improvements:

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Broad Street and Forest Ave Intersection					
Hard Costs	\$845,982	\$0	\$845,982	\$422	0.05%
Soft Costs	\$184,049	\$34,611	\$218,660	\$218,660	100.00%
Glenside Avenue and Forest Avenue Intersection					
Hard Costs	\$1,253,058	\$0	\$1,253,058	\$0	0.00%
Soft Costs	\$156,550	\$47,619	\$204,169	\$204,169	100.00%
Forest Avenue Signals and Side Walk					
Hard Costs	\$1,511,236	\$0	\$1,511,236	\$0	0.00%
Internal access roads					
Hard Costs	\$1,125,781	\$0	\$1,125,781	\$145,467	12.92%
Soft Costs	\$36,422	\$0	\$36,422	\$11,377	31.23%
Utilities					
Hard Costs	\$2,842,814	\$0.00	\$2,842,814	\$589,425	20.73%
Soft Costs	\$101,634	\$18,639	\$120,273	\$120,273	100.00%
Storm Water Pond and Landscaping					
Hard Costs	\$942,348	\$0	\$942,348	\$591,674	62.79%
Soft Costs	\$76,958	\$22,361	\$99,319	\$99,319	100.00%
Wall (3200 linear feet) and Related Landscaping	\$389,923	\$0	\$389,923	\$389,424	99.88%
Wetlands Permit and Stream Mitigation	\$616,505	\$7,894	\$624,399	\$624,399	100.00%
Other Soft Costs	\$75,632	\$108,403	\$184,035	\$184,035	100.00%
Development Management Fee	\$609,533	\$14,372	\$623,905	\$190,719	30.57%
Contingency	\$500,000	(\$253,899)	\$246,101	\$0	0.00%
Grand Total	\$11,268,425	\$0	\$11,268,425	\$3,369,363	29.90%

2) Status of Development

A) Status of road improvements:

Road Improvements - Land use permits have been issued on both road projects. On the Glenside project, grading for the right turn lane from Forest Avenue to Glenside is 80% complete, clearing and grubbing has taken place along the northeast side of Glenside Drive. Contractor is waiting on utility relocation to be completed by February 15 and then can continue with its grading operations. Storm sewer for the road improvements will begin first week in February. Signal design for intersection is complete and contractor will begin working on the intersection within 10 days.

On the West Broad Street project, plans were approved and the pre-construction meeting was held January 11, 2008. Contractor has mobilized and has completed clearing and grubbing operations along the I-64 ramp. Contractor has also started grading for the right turn lane onto Forest Avenue. Signal design is underway and should be complete in a few weeks. Contractor will begin grading operations for right turn lane onto Dickens Road within a week and also utility operations along with the grading.

With regard to completion dates, much utility relocation is underway throughout the entire project and contractor is working around the relocations to the best of its ability. Some inclement weather has been a factor, but contractor seems to be working around it as well. The road improvements are expected to be complete by May 1, 2008.

B) Status of water infrastructure:

Water Line - The water line is 95% complete. The only remaining portion is the actual tie-in located within the Glenside/Forest Avenue intersection. This tie-in cannot take place until the new turn lane has been added, but the water line is expected to be complete by March 31, 2008.

C) Status of sanitary sewer infrastructure:

Sanitary Sewer Line – All onsite sanitary sewer is complete. Engineering firm is working with County staff to finalize design and approval of off-site sanitary sewer line. Approval of these plans are expected by February 15, 2008. All sanitary sewer work is expected to be completed by May 1, 2008.

D) Status of storm water management systems and storm sewer lines:

Storm Water Management and Storm Sewer - The storm water management pond for the entire Reynolds Crossing development is complete and is acting as the temporary sediment basin for the project.

Storm Sewer lines are 85% complete on the entire Reynolds Crossing project. The only remaining lines to be installed are smaller lines along Glenside Drive and Forest Avenue. We would expect to complete the storm sewer lines by March 15, 2008.

E) Status of the concrete wall construction and landscaping along the wall:

The concrete wall (eight feet high and approximately 3200 linear feet long) has been complete. Phase 1 of the landscaping along the wall has also been completed. The second and last phase of landscaping along the wall has been delayed due to the lack of moisture in the ground and some construction debris and huge mounds of dirt in the way of the plantings. Installation will be completed by February 29, 2008.

F) Status of other infrastructure and private utility developments:

Private Utilities and Infrastructure – Power, gas, and telecommunications services are being coordinated and installed directly with various service providers for the new projects within the Reynolds Crossing Development. Parking lot, access roads, lighting, landscaping and irrigation plans have been designed for the new projects and will be installed as part of the construction schedules for each new project.

3) **Material Changes in the Development and Absorption:**

A. Projected Development

Development Type	Number of Lots/Units	Square Footage	Start Date	Finish Date
Hotel Development	250 Rooms	170,000	November, 2006	August 31, 2008
Office Development				
Medical office building		100,000	May 2007	April, 2008
Class A office building		206,000	March, 2007	April, 2008
Future office building planned		174,000	TBD	TBD
Sub-total: Office Development		480,000		
Retail Development				
Retail shopping center with pad sites planned		170,000	TBD	TBD
Sub-total: Retail Development		170,000		
Total	250 Rooms	820,000		

B. Changes in Development Plan:

Retail Shopping Center: Signed a letter of intent on October 24, 2007 with a publicly traded real estate investment trust that specializes in retail development and management. Currently negotiating partnership agreements. Expect to have the partnership agreements finalized by March 31, 2008.

4) Status of Financing

A. Loans Secured by Property within the District:

The BB & T Loan (Reynolds Holdings, LLC)

- Purpose of loan:
- Principal amount: \$10,000,000
- Amount drawn through 12/31/07: \$ 10,000,000
- Amount repaid through 12/31/07: \$ 5,793,434
- Balance at 12/31/07: \$ 4,206,566
- Interest rate: LIBOR + 2%

The BB & T Loan (Forest Avenue Hotel Associates, LLC)

- Purpose of loan
- Principal amount \$27,500,000
- Amount drawn through 12/31/07 \$9,292,028.43
- Amount paid through 12/31/07 \$ 0
- Balance at 12/31/07: \$ 18,207,971.57
- Interest rate: LIBOR plus 2%

Union Bank and Trust (Reynolds Crossings I, LLC)

- Purpose of loan
- Principal amount: \$ 21,040,000
- Amount drawn through 12/31/07: \$ 10,728,669
- Amount repaid through 12/31/07: \$ 0
- Balance at 12/31/07: \$ 10,311,331
- Interest rate: 7.75%

Merrill Lynch Loan (Forest Avenue Office, LLC)

- Construction loan
- Principal amount: \$36,400,000
- Amount drawn through 12/31/2007: \$14,419,643
- Balance at 12/31/2007: \$21,980,357
- Interest Rate: LIBOR plus 2.5%

B. Material changes to the Plan of Finance: There have been no material changes to the Plan of Finance as described in the Limited Offering Memorandum. Confirmed except that we have another construction loan that was closed after MOU was issued.

New construction loan with Merrill Lynch listed above for the new 206,000 square foot office building.

Ownership of Parcel 7 has been transferred from 6641 Broad, LLC to Forest Avenue Office, LLC. Ownership of Forest Avenue Office, LLC: 40% 6641 Broad, LLC (Reynolds entity), 33.33% James River Group Inc (anchor tenant in the building) and 26.67% Bali, LLC (Lingerfelt entity).

C. Event of Default on any Loan: The developer has not received formal written notice and is not aware of any default on any loan.

D. Liens: There exist no other liens for borrowed money secured by the property owned by the Company in the district other than described in A above. .

E. Availability of Funds to Complete the Facilities: There are sufficient funds available to complete the public improvements..

F. Availability of Funds to the Major Landowner to complete its Development: There are sufficient funds to the Major Landowner available to complete its development within the district.

5) Government Permits and Approvals

Permit/Approval	Status	Projected Date of Approval	Permitting Agency
Wetlands Permit	Approved	November 9, 2006 June 30, 2006	Department of Environmental Quality. Army Corps of Engineers
Utility Improvements	Finalizing	November 14, 2007	Henrico County
Roadway Improvements Permit	Approved	November 2, 2007	Henrico County, VDOT
Hotel plan of development (POD) and building permits	Approved	December 13, 2006	Henrico County
200,000 sf office building POD and building permit	Approved	May 3, 2007	Henrico County
100,000 sf medical office POD and building permit	Approved	May 16, 2007	Henrico County
Broad Street pad sites POD (Parcel 8) Daycare facility, and two restaurants	Approved	December 10, 2007	Henrico County

6) Status of Units Completed and Delivered by Contractors:

Development Type	Building Contractor	Anticipated Square Footage at Build Out	Building Permits Issued (in square feet)	Certificate of Occupancy Issued (in square feet)
Hotel Development	Kenbridge Construction Company	170,000	Yes	
Sub-total				
Office Development				
Medical office building	Hourigan Construction Corp.	100,000	Yes	
Class A office building	Kjellstrom & Lee, Inc.	206,000	Yes	
Sub-total				
Retail Development				
Sub-total				
Total				

7) Status of property Sold and Closed:

None

8) Status of Leasing:

Development Type	Tenant	Square Feet	Percent of the Total
Office Leases (Significant Tenants)			
206,000 SF office building	Alcoa	60,000	33%
(approximately 181,000 rentable)	James River Insurance	60,000	33%
100,000 sf medical office	Bon Secours	40,000	45%
(approximately 88,000 rentable)	Commonwealth Dermatology	10,000	11%
Sub-total Significant Tenants			
Other Office Leases			
Retail Leases			
Sub-total Retail Leases			
Total			

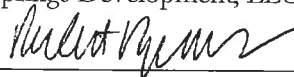
- 9) **Material Changes in the Form, Organization or Ownership of the Landowner/Developer:** There have been no material changes in the form, organization or ownership of the landowner/developer of the district as described on the Limited Offering Memorandum.
- 10) **Legal Challenges:** There have been no legal challenges to the construction or development of the facilities as known to the developer or Major Landowner.
- 11) **Material amendments or Supplement to the Development Agreement or the Funding Agreement:** There have been no material amendments or supplements to the Development Agreement or the Funding agreement described in the Limited Offering Memorandum.
- 12) **Default to any public works agreement, permit or approval:** There have been no defaults on the part of the developer with respect to any public works agreement, permit or approval regarding the district.
- 13) **Notice of default received or given by the Company under any sales agreement within the district:** There have been no defaults received or given by the Company under any sales agreement within the district.
- 14) **Other Comments:**

None

- 15) **Reporting of Significant Events:** The developer has not obtained actual knowledge of the occurrence of any significant events attached hereto.

CLEAR SPRINGS DEVELOPMENT, LLC

By: Clear Springs Development, LLC

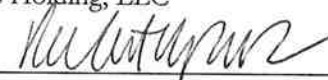
By: 

Title: Manager

Date: 2/12/08

REYNOLDS HOLDING, LLC

By: Reynolds Holding, LLC

By: 

Title: Manager

Date: 2/12/08

Significant Events

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