

**\$25,000,000**  
**ASSESSMENT REVENUE BONDS**  
**SERIES 2004**

**VILLAGE AT SANDHILL**  
**IMPROVEMENT DISTRICT**  
**(RICHLAND COUNTY, SOUTH CAROLINA)**

**DEVELOPER'S CONTINUING DISCLOSURE STATEMENT**

*Statement #7*

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

In accordance with the "Continuing Disclosure Agreement" (the "Disclosure Agreement") by and between the undersigned, Village at Sandhill, LLC (the "Developer") and MuniCap, Inc. (the "Administrator"), dated as of March 1, 2004, the Developer hereby provides the following information as of **June 30, 2006**. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Limited Offering Memorandum dated as of March 25, 2004. To the best of the knowledge of the undersigned:

- 1) Status of Construction and Completion of the Village at Sandhill Improvement District (*Funded through 6-30-2006*):

## Public Improvement Budget

Public Improvement	Original Budget	Budget Changes	Previous Budget	Revised Budget	Spent to Date	Percent Complete
Land acquisitions	\$7,922,000		\$7,922,000	\$7,922,000	\$7,782,500	98.24%
Grading, paving, and storm drainage	\$6,403,739		\$6,403,739	\$6,403,739	\$5,956,745	81.65%
Engineering and consultants	\$700,000	\$247,029	\$700,000	\$947,029	\$948,063	100.00%
Performance & payment bonds	\$161,540		\$161,540	\$161,540	\$153,941	92.20%
Water and sewer	\$2,187,873	(\$550,000)	\$1,637,873	\$1,637,873	\$1,106,290	67.54%
Site lighting	\$1,917,305		\$1,917,305	\$1,917,305	\$1,541,644	80.41%
Contractor's overhead	\$725,000	\$67,305	\$725,000	\$792,305	\$792,305	100.00%
Contractor's fee	\$410,000		\$410,000	\$410,000	\$56,939	8.38%
Contractor's general conditions	\$690,000		\$690,000	\$690,000	\$122,584	13.88%
Landscaping	\$588,640		\$588,640	\$588,640	\$545,175	92.45%
Traffic signals	\$500,000		\$500,000	\$500,000	\$217,800	43.56%
CSX crossing	\$525,000	\$546,856	\$1,000,000	\$1,071,856	\$1,071,856	100.00%
Signage	\$259,881	\$525,193	\$259,881	\$785,074	\$785,074	100.00%
Miscellaneous	\$45,000	\$75,000	\$120,000	\$120,000	\$118,064	98.39%
Construction management	\$2,345,000		\$2,345,000	\$2,345,000	\$1,847,000	78.76%
<b>Total Eligible Costs</b>	<b>\$25,380,978</b>	<b>\$911,383</b>	<b>\$25,380,978</b>	<b>\$26,287,361</b>	<b>\$23,045,979</b>	<b>84.67%</b>
<i>Less</i> Other Funds	(\$4,308,827)	(\$911,383)	(\$5,220,210)	(\$5,215,210)	(\$1,973,828)	37.81%
<b>Total Bond Funded Costs</b>	<b>\$21,072,151</b>		<b>\$21,072,151</b>	<b>\$21,072,151</b>	<b>\$21,072,151</b>	<b>100.00%</b>

- 2) Status of Development:
  - a) The 2004 Project: There have been no material changes in the plan to develop the District as described in the Limited Offering Memorandum under the heading "THE 2004 PROJECT; 2004 PROJECT"
  - b) The Development: The current development update is attached as Exhibit A.
- 3) Zoning or Land use Entitlement Changes: There have been no changes to the zoning or land use entitlement or any other matter that would have a material adverse impact on land values, development potential or the likelihood of the timely payment of the Assessments.
- 4) Legislative, Administrative or Judicial Challenges: There have been no legislative, administrative, or judicial challenges to the construction of the 2004 Project or the development of the district.
- 5) Notice of Default: There has been no formal written notice of default under any construction loan that finances any portion of the 2004 Project.
- 6) Material changes to the Form of Ownership of the Developer: There have been no material changes in the form, organization or ownership of the developer or any affiliate of the developer who owns property in the district as described in the Limited Offering Memorandum under the heading "THE DEVELOPER."
- 7) Developer's Financial Report: A copy of the developer's six month financial statements for the period ending June 30, 2006 are attached under separate cover.

VILLAGE AT SANDHILL, LLC

By: Village at Sandhill, LLC

By: Nancy Grills

Title: Executive Assistant

Date: 8/29/06



EXHIBIT A  
DEVELOPMENT OVERVIEW

**EXHIBIT A  
DEVELOPMENT OVERVIEW**

THEME	PRODUCT	SALE OR LEASE	ACRES	TOTAL EXPECTED SF/UNITS	STATUS (SF/UNITS)		LEASE TERM (YEARS)	RENTAL /SALES RATES (PSF)	ANTICIPATED DEVELOPMENT TIMELINE <sup>1</sup>
					LEASED	PENDING			
<b>1: RETAIL</b>									
<b>The Forum</b>									
Phase I	5 Retail "Big Boxes"	For Lease	18.5	171,100	166,300	-0-sf	5 to 10	\$8-32	Open Q4 2005
Phase II	3 Retail "Medium Boxes"	For Lease	16	92,741	80,741	-0-sf	5 to 10	\$9 - 20	Construction to start Q2 2006 and complete Q4 2006.
<b>The Marketplace</b>									
Phase I	Grocery Anchored Retail	For Lease	11	100,000	92,052sf	6,000sf	5 to 20	\$11-30	Construction complete
Phase II	Grocery Anchored Retail	For Lease	2.5	17,600	7,000 sf	-0- sf	5 to 10	\$18 - 22	Construction to start Q2 2006 and complete Q4 2006.
<b>The Town Center</b>									
Phase I	Retail and 16 Screen Theater <sup>2</sup> (sold 12-2004)	For Lease	25	205,000	97,188 sf 65,787 sf	57,792 sf	5 to 10	\$15-45	Theater opened Q2 2005. Retail opened Q3 2005.
J C Penney	Department Store	Ground Lease	10	98,000			20	\$3.75	Completed and occupied – Opened 10/6/05
Phase II	Retail Shops	For Lease	5	14,690	Marketing in progress		TBD	TBD	Construction to start Q4 2005 and complete Q4 2006
Phase II	Apartment Units	For Lease		150 units	Marketing in progress		1 year	\$1.00 psf	Construction to start Q2 2006 and complete Q4 2006
Phase II	Belk Department Store & Retail Shops	For Lease	22	234,204	Marketing in progress		TBD	TBD	Construction to start Q2 2006 and complete Q4 2006.
<b>Outparcel Sales</b>									
Phase I	12 Freestanding Retail Pads	For Sale/For Lease	18	5,000-10,000	4 outparcels leased 1 pad sold	1 pads	5 to 20	\$16-20 psf of land	Opened Q2 2005
Phase II	Home Depot	For Sale	10.67	110,000	Sold - Q2 2005		NA	NA	Opened Q4 2005
Phase II	Hotel	For Sale	3	70,000	Discussions have started		TBD	TBD	TBD
<b>2: OFFICE AND RESIDENTIAL</b>									
Phase III	Residential	For Sale	60	1,000 units	Marketing has not commenced		TBD	TBD	TBD
Phase III	Office Buildings	For Sale	50	500,000	Marketing has not commenced		TBD	TBD	TBD

<sup>1</sup>The development timeline for future phases is contingent upon the absorption of Phase 1 and is based upon the developer's best estimate.

<sup>2</sup>The ground for theater was sold December 2004.