

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending December 31, 2007

*\$18,000,000 City of Hyattsville, Maryland
Special Obligation Bonds
(University Town Center Project)
Series 2004*

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I. UPDATED INFORMATION

Information updated from the Limited Offering Memorandum dated as of April 10, 2004 is as follows:

- As of March 31, 2008, the developer reports that \$15,038,895 has been expended for construction of the public improvements.
- As of March 31, 2008, the developer reports that all public improvements funded with the Series 2004 Bonds are complete.
- As of March 31, 2008, the developer reports that the district development is expected to include approximately 1,341,984 square feet of office space, approximately 225,000 square feet of retail space, 244 units of student housing building, 112 units of residential condominiums, and a 1,150 space garage.
- As of March 31, 2008, the developer reports that renovation of Metro I is complete. According to the developer, renovation of Metro II and III is continuing.
- The developer reports that 54,984 square feet of office space has been constructed above the retail building (Metro V). According to the developer, Metro V office space is complete and currently occupied by the Federal Emergency Management Agency (FEMA).
- As of March 31, 2008, the developer reports that leases have been executed for approximately 162,028 square feet of the 225,000 square foot retail component of the development.
- As of July 1, 2008, the developer reports that the 244-unit apartment building with 910 bedrooms of student housing was completed in August 2006. According to the developer, the student housing is 95 percent occupied.
- The developer reports that 112 residential condominium units have been constructed, as opposed to the 72 anticipated units at the time bonds were issued. The developer also reports that construction of the condominium units was completed in August 2007. According to the developer, as of July 1, 2008, 46 condominium units have been settled with homebuyers and five units are under contract.
- As of March 31, 2008, the developer reports that a 1,150-space garage has been constructed, as opposed to the 1,170-space garage anticipated at the time bonds were issued. According to the developer, construction of the parking garage is complete.
- Special taxes in the amount of \$1,080,000.00 were billed for collection in fiscal year 2007-2008. As of April 30, 2008, the entire amount billed for collection in fiscal year 2007-2008 had been collected by Prince George's County and transferred to the trustee. As a result, there are no delinquent special taxes for fiscal year 2007-2008.
- Special taxes in the amount of \$1,026,000 were billed for collection in fiscal year 2008-2009. Special taxes for fiscal year 2008-2009 are due on September 30 and December 31, 2008. As a result, there are no delinquent special taxes at this time.

II. INTRODUCTION

The University Town Center Special Taxing District, located in the City of Hyattsville in Prince George's County, Maryland, was created by Resolution No. 2004-02 of the City Council passed on February 17, 2004. The \$18,000,000 Special Obligation Bonds (University Town Center Project), Series 2004 (the "2004 Bonds"), were issued pursuant to Section 44A of Article 23A of the Annotated Code of Maryland, as amended (the "Special Taxing District Act" or the "Act") and an Indenture of Trust dated as of August 1, 2004 (the "Indenture"), by and between the City of Hyattsville and US Bank National Association (formerly SunTrust Bank), as trustee.

University Town Center (the "Center") consists of approximately 46 acres of land and is located within the triangle formed by East-West Highway (State Route 410) on the south, Adelphi Road on the east and Belcrest Road on the east and north, in Hyattsville, Maryland. The Special Taxing District (the "District"), within the center, is comprised of approximately 23.4 acres of land and is located in the northeast quadrant of the intersection of East-West Highway (State Route 410) and Belcrest Road.

The property within the district is being developed by University Town Center, LLC (the "Developer") and related entities. According to the Limited Offering Memorandum, the center consisted of four seven to eleven story office buildings with a total of 1,287,000 leasable square feet of office space located within the district at the time bonds were issued. In addition to the existing office buildings, the developer contemplated the development of a mixed-use community within the district. At build out, the community was expected to include an approximately 244-unit apartment building with approximately 910 bedrooms oriented towards student housing, approximately 72 residential condominium units, approximately 360,000 square feet of retail space, and a below grade parking garage containing approximately 1,170 spaces.

Pursuant to the Limited Offering Memorandum, the Series 2004 special obligation bonds were sold to fund the costs of construction of the public improvements, including new streets, water and sewer facilities, stormwater management, utilities, plazas, street furniture, landscaping, sidewalks, lights, design, permits, retaining walls, public art and relocation of numerous existing underground utilities to accommodate the proposed 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, 2007, 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

The Special Taxing District is comprised of approximately 23.4 acres of land and is located in the northeast quadrant of the intersection of East-West Highway (State Route 410) and Belcrest Road in Hyattsville, Maryland.

The property within the district is being developed by University Town Center, LLC and related entities. According to the Limited Offering Memorandum, the district consisted of four, seven to eleven story office buildings with a total of approximately 1,287,000 leasable square feet of office space at the time bonds were issued. The district is zoned for Mixed-Use Transit-Oriented Use. In addition to the existing office buildings, the developer contemplated the development of a mixed-use community within the district. At build out, the community was expected to include an approximately 244-unit apartment building with 910 bedrooms oriented towards student housing, approximately 72 residential condominium units, approximately 360,000 square feet of retail space and a below grade parking garage containing approximately 1,170 spaces.

The Series 2004 Bonds were issued to fund the construction of the public improvements necessary for the development of the district. The public improvements include construction of new streets, water and sewer facilities, stormwater management, utilities, plazas, street furniture, landscaping, sidewalks, lights, design, permits, retaining walls, public art and relocation of numerous existing underground utilities to accommodate the proposed development.

As of March 31, 2008, the developer reports that the district development is expected to include approximately 1,341,984 square feet of office space, approximately 225,000 square feet of retail space, a 244-unit apartment building with 910 bedrooms oriented towards student housing, 112 units of residential condominiums, and a 1,150 spaces garage.

B. STATUS OF DEVELOPMENT

According to the Limited Offering Memorandum, in addition to the existing office buildings, the developer and affiliated entities planned to develop retail space, student housing, residential condominiums, and a parking facility. The construction of the below grade parking facility began in May 2004 and was anticipated to be completed within a year. The construction of the student housing tower was expected to begin after completion of the parking facility, and construction of the retail components was anticipated to proceed as retail leases are signed. The current status of the development is described in the following subsections.

(i) Building Permits

According to the Limited Offering Memorandum, the developer had received permits for construction of the below grade parking garage at the time bonds were issued. Permits were pending for construction within East-West Highway right-of-way, construction within the Belcrest Road right-of-way, construction of stormwater drainage system, and construction of the sewer system. These permits were anticipated to be received by October of 2004.

Table III-1 in the following page provides a summary and the status of the required building permits for the development of the University Town Center Special Taxing District.

**Table III-1
Building Permits**

Development	Permit Issued	Actual Start	Projected Start	Projected Completion
Garage A	December 5, 2002	-	-	Completed in 2004
Garage B Excavation	October 27, 2003	June 1, 2004	-	Completed in 2005
Garage B	June 4, 2004	June 5, 2004	-	Completed in 2005
E-W Highway	Final Review SHA	May 2005	-	Completed in 2005
Storm Drainage 1	February 17, 2005	February 2005	-	Completed in 2005
WSSC Part 1	January 25, 2005	February 2005	-	Completed in 2005
WSSC 20"	April 7, 2005	April 19, 2005	-	Completed in 2005
WSSC Part 2	-	-	July 2005	Completed in 2006
Student Housing Tower	December 21, 2004	December 22, 2004	-	Completed in 2006
Loading Docks/Walls	December 10, 2004	May 2005	-	Completed in 2005
Movie Theater	June 22, 2006	June 2006	June 2006	Completed in 2007
Metro 1 & 2 End Caps	October 2006	October 2006	Fall 2006	Completed in 2007
Safeway	May 2007	May 2007	May 2008	Fall 2009
Safeway/Condos	May 2007	May 2007	May 2008	Fall 2009
Indep. Plaza Retail 1 Shell	December 2005	December 2005	September 2006	Completed in 2007
Plaza Condo 1	March 2006	March 2006	November 2006	Completed in 2007
Plaza Retail 2	December 2006	December 2006	Winter 2006	Completed in 2007
Plaza Condo 2	December 2006	December 2006	Winter 2006	Completed in 2007
Independence Plaza	Winter 2006	Winter 2006	Winter 2006	Completed in 2006

(ii) Status of Vertical Development

Office Development

According to the Limited Offering Memorandum, the Special Taxing District consisted of four seven- to eleven-story office buildings with approximately 1,287,000 leasable square feet of space at the time bonds were issued. The offices are named Metro I, Metro II, Metro III and Metro IV. According to the Limited Offering Memorandum, the developer and affiliates had substantially renovated Metro I and Metro II and were in the process of conducting a major renovation of Metro III building.

As of July 1, 2008, the developer reports that renovation of Metro I is complete and renovation of Metro II and III is continuing. In addition, the developer reports that 54,984 square feet of office space has been constructed above the retail building (Metro V). According to the developer, Metro V office space is complete and currently occupied by the Federal Emergency Management Agency (FEMA).

The developer reports that FEMA, which occupied 128,660 square feet of Metro I vacated its place in June 2008.

Table III-2 in the following page provides a summary of the tenants for the office development as reported by the developer as of July 25, 2008.

Table III-2
Leasing Status - Office

Tenant	Rentable Square Footage	Occupancy Status
METRO I		
Department of Social Service of State of Maryland	51,224	Occupied
University of Maryland University College	47,880	Occupied
Prince Georges Community College	31,150	Occupied
Subtotal-Metro I	130,254	
METRO II		
Financial Management Services (US Treasury)	392,578	Occupied
Subtotal-Metro II	392,578	
METRO III		
Kaiser Permanente	42,766	Occupied
Subtotal-Metro III	42,766	
METRO IV		
Centers for Disease Control and Prevention (CDC) (U.S Department of Health and Human Services)	178,450	Occupied
Subtotal-Metro IV	178,450	
METRO V		
Federal Emergency Management Agency (FEMA)	54,984	Occupied
Subtotal-Metro V	54,984	

Retail Development

According to the Limited Offering Memorandum, the retail development was expected to include approximately 360,000 square feet gross leasable area. Anticipated tenants for the retail development include a 14-16 screen cinema movie theater, grocery or department store, large bookstore, health club, restaurants, and several additional retailers. The construction of the retail components was anticipated to proceed as retail leases are signed.

The developer reports entering into leases for approximately 57,000 square feet with Safeway for a grocery store, approximately 66,640 square feet with Hyattsville Cinema, LLC for a movie theater, and approximately 3,100 square feet with Capital Q Restaurants, LLC for a Qdoba Mexican Grill. According to the developer, the movie theatre was purchased by Regal Entertainment Group and started operations in June 2007. The developer also reports that Qdoba Mexican Grill opened for business in 2007. According to the developer, construction of Safeway commenced in May 2008 and is anticipated to be completed during the fall of 2009.

The developer reports that a lease has been signed for approximately 9,744 square feet with Old Dominion Brew Pub, for a pub as well as a Mongolian Barbeque, Tokyo Sushi and Salad Creations. According to the developer, Old Dominion Brew Pub is expected to open during the summer of 2008.

The developer reports that leases have been signed for approximately 4,109 square feet with CMC Ventures LLC for a Three Brothers Restaurant, which was opened in 2007; approximately 2,730 square feet

with FG University, LLC for a Five Guys Famous Burgers and Fries, which was opened early 2008; approximately 4,512 square feet with WOW Café & Wingery UTC, LLC for a WOW Café and Wingery Restaurant; approximately 6,004 square feet with Big City Foods, LLC for Carolina Kitchen Bar and Grill; approximately 2,200 square feet with Wild Onion LLC for restaurant space, which is expected to open by June 2008; approximately 1,990 square feet with Wireless Toyz; approximately 876 square feet with Soup Man, which is expected to open by June 2008; approximately 1,008 square feet with Frazer Brother for a Smoothie King, which opened in 2007; approximately 1,107 square feet with Gifford's for an ice cream shop, which is expected to open during the summer of 2008; approximately 1,008 with Choe/Lin Cleaners for a dry cleaner, which is expected to open during the summer of 2008.

Table III-3 below provides a summary of tenants and occupancy status.

Table III-3
Leasing Status - Retail

Tenant	Size (SF)	Service	Occupancy Status
Safeway	57,000	Supermarket	To open in Fall 2009
Regal Entertainment Group	66,640	Movie theatre	Opened in 2007
Capital Q Restaurant LLC	3,100	Restaurant	Opened in 2007
Old Dominion Brew Pub	9,744	Pub/Restaurant	To open in summer 2008
Three Brothers Restaurant	4,109	Restaurant	Opened in 2007
Five Guys Famous Burgers and Fries	2,730	Restaurant	Opened in 2008
WOW café & Wingery Restaurant	4,512	Restaurant	TBA
Carolina Chicken and Grill	6,004	Restaurant	TBA
Wild Onion LLC	2,200	Restaurant	To open in summer 2008
Wireless Toyz	1,990	Toys	TBA
Soup Man	876	Restaurant	To open in summer 2008
Smoothie King	1,008	Beverage	Opened in 2007
Giffords (For ice cream shop)	1,107	Ice cream shop	To open in summer 2008
Choe/Lin Cleaners	1,008	Dry cleaning	To open in summer 2008
Total	162,028		

Student Housing and Residential Condominiums

According to the Limited Offering Memorandum, the entities affiliated with the developer were planning to build a 16-story, 244-unit apartment building with 910 bedrooms oriented towards student housing to be marketed to students from nearby universities and colleges. The developer also intended to build approximately 72 residential condominium units.

As of July 1, 2008, the developer reports that the 244-unit apartment building with 910 bedrooms of student housing was completed in August 2006. According to the developer, the student housing is 95 percent occupied. The developer also reports that 112 residential condominium units have been constructed, as opposed to the 72 anticipated units at the time bonds were issued. The developer reports that construction of the condominium units was completed in August 2007. According to the developer, as of July 1, 2008, 46 condominiums units have been settled with homebuyers and five units are under contract.

Parking Garage

According to the Limited Offering Memorandum, the developer expected to build an approximately 1,170-space garage within the district.

As of March 31, 2008, the developer reports that a 1,150-space garage has been constructed, as opposed to the 1,170-space garage anticipated at the time bonds were issued. According to the developer, construction of the parking garage is complete.

C. PUBLIC IMPROVEMENTS

According to the Limited Offering Memorandum, the Series 2004 Bonds were issued to fund the construction of the public improvements necessary for the development of the district. The public improvements include the construction of roads, stormwater management, utilities, plazas, street furniture, landscaping, sidewalks, lights, design, permits, retaining walls and public art, and relocation of numerous existing underground utilities to accommodate the proposed development.

As of March 31, 2008, the developer reports that \$15,038,895 has been expended for construction of the public improvements. According to the developer, all public improvements funded with the Series 2004 Bonds are complete.

Table III-4 below provides a summary of the public improvements by line item funded with the Series 2004 Bonds as reported by the developer as of March 31, 2008.

**Table III-4
Public Improvements Budget**

Improvement	Original Budget	Budget Changes	Revised Budget	Spent as of March 31, 2008	Percent Complete
Street					
Boulevard	\$1,734,331	(\$22,682)	\$1,711,649	\$1,711,649	100%
Toledo Road	\$552,092	(\$61,201)	\$490,891	\$490,891	100%
East/West Highway	\$770,634	(\$414,620)	\$356,014	\$356,014	100%
Other Street Improvements	\$3,200,241	(\$394,383)	\$2,805,858	\$2,805,858	100%
Sub-total	\$6,257,298	(\$892,886)	\$5,364,412	\$5,364,412	100%
Infrastructure					
Water/Sewer/Electric	\$4,039,874	\$402,855	\$4,442,729	\$4,442,729	100%
Earthwork/Erosion Control	\$513,827	(\$6,609)	\$507,218	\$507,218	100%
Offsite Reforestation	\$25,000	(\$25,000)	\$0	\$0	100%
Sub-total	\$4,578,701	(\$371,246)	\$4,949,947	\$4,949,947	100%
Other Infrastructure					
Other Infrastructure	\$4,838,195	(\$113,659)	\$4,724,536	\$4,724,536	100%
Sub-total	\$4,838,195	(\$113,659)	\$4,724,536	\$4,724,536	100%
Total Bond Funded Costs	\$15,674,194	(\$635,299)	\$15,038,895	\$15,038,895	100%

IV. TRUSTEE ACCOUNTS

The trustee for the Series 2004 bonds is US Bank National Association (formerly SunTrust Bank). The balance as of December 31, 2006, interest paid, additional proceeds, disbursements, and account balances for each fund, as of December 31, 2007, are shown in the following table:

**Table IV-1
Account Balances**

Fund	Balance 12/31/06	Interest Paid	Additional Proceeds	Disbursements	Balance 12/31/07
Improvement Fund	\$5,425,373	\$116,284	\$56,214	\$5,597,870	\$0
Reserve Fund	\$1,708,193	\$56,214	\$0	\$56,214	\$1,708,193
Debt Service Fund	\$31,611	\$482	\$985,408	\$1,017,144	\$357
Special Tax Revenue Fund	\$985,103	\$21,454	\$1,080,000	\$998,998	\$1,087,559
Administrative Exp. Fund	\$19,939	\$653	\$13,591	\$26,079	\$8,104
Total	\$8,170,218	\$195,086	\$2,135,212	\$7,696,305	\$2,804,211

The additional proceeds to the Improvement Fund were transfers of investment income from the Reserve Fund for the construction of public improvements. The additional proceeds to the Debt Service Fund were transfer of funds from the Special Tax Revenue Fund for the payment of debt service. The additional proceeds to the Special Tax Revenue Fund were special tax collections transferred by the county. The additional proceeds to the Administrative Expense Fund were transfers from the Special Tax Revenue Fund for the payment of administrative expenses. The disbursements from the Improvements Fund were for payment of the costs of constructing the public improvements. The disbursements from the Special Tax Revenue Account represent transfers of funds to the Debt Service Fund for the payment of debt service.

Interest paid does not include investment income accrued. The proceeds in the Reserve Fund are invested in a Transamerica Guarantee Investment Contract (GIC) earning 3.30 percent per annum and maturing on August 24, 2009. Other bond proceeds in each fund are invested in money market funds earning approximately 3.20 percent per year. Table IV-2 below shows the approximate rates of return on the investments as of December 31, 2007.

According to the Indenture of Trust dated August 1, 2004, if the amount in the Reserve Fund exceeds the reserve requirement, the trustee shall transfer the excess funds during the Capitalized Interest period to the Capitalized Interest Account and after the closure of the Capitalized Interest Account to the Improvement Fund, if not closed. After the closing of the Improvement Fund excess funds will be transferred to the Debt Service Fund to pay interest on the bonds and/or to the Administrative Expense Fund. Interest earned, profits realized and losses suffered by reason of any investment of the funds and accounts shall be credited or charged, as the case may be, to the fund or account for which such investment shall have been made.

**Table IV-2
Rate of Return**

Account	Rate of Return
Reserve Fund	3.30%
Debt Service Fund	3.20%
Special Tax Revenue	3.20%
Administrative Expense Fund	3.20%

V. DISTRICT OPERATIONS

A. LEVY OF SPECIAL TAXES

The City of Hyattsville issued \$18,000,000 of special obligation bonds in August 2004 related to the University Town Center Development District. These bonds are to be repaid from special taxes levied on the taxable property in the University Town Center Special Taxing District, which was created pursuant to Resolution No. 2004-02 adopted by the City Council on February 17, 2004.

A special tax is to be collected each fiscal year in the University Town Center Special Taxing District pursuant to Resolution No. 2004-03, and an Executive Order, dated August 9, 2004, executed by the Mayor. This report has been prepared to explain the methodology used to calculate the special tax rates at which property will be taxed in the University Town Center Special Taxing District for fiscal year 2007-2008.

(i) Special Tax Requirement

Special taxes are to be collected in a proportional amount equal to each parcel equivalent use factor such that the total special tax collected is equal to the special tax requirement. The special tax requirement is generally equal to (i.) annual debt service, (ii.) administrative expenses, less (iii) proceeds in the capitalized interest account, and (iv.) interest income on reserve fund (*upon closure of the improvement fund*) held by the trustee.

Table V-1 provides a summary of the special tax requirement for fiscal year 2007-2008. Special taxes equal to \$1,080,000.00 will have to be collected for fiscal year 2007-2008. Each of these numbers is explained in the following sections.

Debt Service

Debt service includes interest on the bonds payable on January 1, 2008 and July 1, 2008. Each semi-annual interest payment is equal to \$508,572 on the bonds as shown below.

Term 2017 Bonds of \$1,676,000 at 5.00%	\$83,800
Term 2024 Bonds of \$3,524,000 at 5.60%	\$197,344
Term 2034 Bonds of \$12,800,000 at 5.75%	\$736,000
Total:	\$1,017,144

There is no principal due on July 1, 2008. As a result, total debt service for fiscal year 2007-2008 is \$1,017,144.

Table V-1
SPECIAL TAX REQUIREMENT
FISCAL YEAR 2007-2008

Debt service:	
Interest on January 1, 2008	\$508,572
Interest on July 1, 2008	\$508,572
Principal on July 1, 2008	\$0
<i>Sub-total debt service</i>	\$1,017,144
Administrative expenses	\$28,050
Contingency	\$45,047
<i>Total expenses</i>	\$1,090,241
Surplus from prior year	(\$10,241)
<i>Special Tax Requirement</i>	\$1,080,000

Administrative Expenses

Administrative expenses include the trustee, the administrator, and the expenses of the city related to the district. The annual charges of the trustee are estimated to be \$7,000. The fees and expenses of the administrator are estimated to be \$11,050. The expenses of the city are estimated to be \$10,000. Accordingly, the total administrative expenses are estimated at \$28,050.

Contingency

A contingency, equal to approximately four percent of annual debt service plus an additional amount to round the special tax requirement to the nearest ten-thousand has been added in case there are unanticipated expenses or tax payment delinquencies.

Reserve Fund Income

As of March 31, 2007, the balance in the reserve fund was \$1,708,192.50, which is the reserve requirement of Series 2004 Bonds. Bond proceeds in the reserve fund are invested Transamerica Guarantee Investment Contract (GIC) that is earning 3.30 percent per annum (paid semi-annually in June and December) and maturing on August 24, 2009. According to the trust indenture, reserve fund investment income should be transferred to the improvement fund after the capitalized interest and may only be used to pay debt service or administrative services expenses upon the closure of the improvement fund. As a result, the estimated interest income in the amount of \$28,185.18 that will be earned by the next debt service payment due on July 1, 2007 will be transferred to the improvement fund and will not be made available to pay debt service and administrative expenses for fiscal year 2007-2008. Likewise, the annual investment income of \$56,370.35 on the reserve fund requirement of \$1,708,192.50 will be transferred to the improvement fund and will not be made available to pay debt service for fiscal year 2007-2008.

Surplus from Prior Year

Table V-II below outlines the surplus from the prior year that may be applied to pay debt service and administrative expenses for fiscal year 2007-2008. Special taxes in the amount of \$1,080,000.00 were billed for collection in fiscal year 2006-2007. As of March 31, 2007, the entire amount billed for collection in fiscal year 2006-2007 had been collected by Prince George's County and transferred to the trustee. A portion of these special tax revenues in the amount \$508,572.00 were used to pay debt service due on the bonds on January 1, 2007. As of March 31, 2007, the balance in the special tax fund and debt service fund

was \$516,082.14 and \$3.67, respectively. A portion of these special taxes revenue and debt service fund balances will be used to pay debt service due on July 1, 2007, which consists of an interest payment totaling \$508,572.00 as shown on Table V-2 below.

Table V-2
Surplus from Prior Year

	Series 2003
Available Funds:	
Special tax revenue fund through March 31, 2007	\$516,082.14
Debt service fund through March 31, 2007	\$3.67
Estimated reserve fund interest to June 30, 2007	\$19,805.53
<i>Total funds available</i>	\$535,891.34
Interest payment on July 1, 2007	(\$508,572.00)
Administrative expenses	(\$17,078.75)
<i>Subtotal expenses</i>	(\$525,650.75)
Surplus from prior year	\$10,240.59

As of March 31, 2007, the balance in the administrative expense fund was \$19,805.53. Administrative expenses for fiscal year 2006-2007 were estimated to be \$28,050.00 and were to be funded with special taxes collected in fiscal year 2006-2007. As of March 31, 2007, administrative expenses for fiscal year 2006-2007 in the amount of \$10,971.25 have been paid by the trustee. As a result, administrative expenses in the amount of \$17,078.75 remain to be funded with special tax revenues collected in fiscal year 2006-2007. Accordingly, an estimated aggregate surplus of \$10,240.59 will be available to pay debt service and administrative expenses for fiscal year 2007-2008.

Special Tax Levied

The special tax for the year shall be equal to the special tax requirement. The special tax for each parcel shall be equal to the Equivalent Use Factors of the parcel, divided by the Equivalent Use Factors of all Taxable Property in the District, and the result multiplied by the Special Tax Requirement as shown by the formula below:

$$A = (B \div C) \times D$$

Where the terms have the following meaning:

- A = The Special Tax for a Parcel.
- B = The Equivalent Use Factors of the Parcel.
- C = The Equivalent Use Factors of all Taxable Property in the District
- D = The Special Tax Requirement.

Equivalent Use Factors means for any parcel, the number of dwelling units, parking spaces, and building square footage of a parcel by the Land Use Class multiplied by the factor for each Land Use Class as shown in Table V-3 below:

Table V-3
Land Use Class and Equivalent Use Factors

Land Use Class	Equivalent Use Factors
Office Property	0.70 per 1,000 square feet
Parking Property	0.02 per parking space
Residential Property	1.00 per dwelling unit
Retail Property	1.02 per 1,000 square feet

These parcels and their respective land use class, building square footage for office and retail property, respectively, the number of dwelling units per residential parcel, the number of parking spaces for parking property and the corresponding equivalent use factors are shown in Table V-4 below.

Table V-4
Special Tax District Parcels

Parcel Account #	Parcel	Land Use Class	Building SF/ Dwelling Units / Parking Spaces/	Equivalent Use Factor	Equivalent Use Factors
356694-0	I	Office	313,278	0.70	219.29
372073-7	R	Office	429,924	0.70	300.95
372074-5	S	Retail	0	0.70	0.00
337808-0	G	Office	188,019	0.70	131.61
366669-0	L	Office	488,502	0.70	341.95
366674-0	J	Residential	244	1.00	254.00
		Parking	500	0.02	
366675-7	K	Parking	522	0.02	10.44
366671-6	M	Retail	0	1.02	0.00
366672-4	N	Retail	0	1.02	0.00
372072-9	Q	Retail	0	1.02	0.00
372068-7	P	Retail	0	1.02	0.00
372070-3	P	Retail	0	1.02	0.00
Total					1,258.25

Special taxes are to be collected in a proportional amount equal to each parcel equivalent use factor such that the total special tax to be collected is equal to the special tax requirement. For fiscal year 2007-2008, the special tax requirement is equal to \$1,080,000.00. The equivalent use factors for all parcels within the district are equal to 1,258.25. As a result, the special tax to be collected per each equivalent use factor is equal to \$858.34 ($\$1,080,000.00 \div 1,258.25 = \858.34). The special tax to be collected on each parcel is shown in Table V-5 below.

Table V-5
Special Tax Levy
Fiscal Year 2007-2008

Parcel Account #	Equivalent Use Factor	Special Tax Per EUF	Special Tax Levy
356694-0	219.29	\$858.34	\$188,228.81
372073-7	300.95	\$858.34	\$258,313.97
372074-5	0.00	\$858.34	\$0.00
337808-0	131.61	\$858.34	\$112,968.65
366669-0	341.95	\$858.34	\$293,509.76
366674-0	254.00	\$858.34	\$218,017.76
366675-7	10.44	\$858.34	\$8,961.05
366671-6	0.00	\$858.34	\$0.00
366672-4	0.00	\$858.34	\$0.00
372072-9	0.00	\$858.34	\$0.00
372068-7	0.00	\$858.34	\$0.00
372070-3	0.00	\$858.34	\$0.00
Total	1,258.25		\$1,080,000.00

(ii) Special Tax Rates

Special taxes are to be collected in a proportional amount equal to each parcel equivalent use factor such that the total special tax collected is equal to the special tax requirement. The total expenses of the district for fiscal year 2007-2008 are estimated to be equal to \$1,090,240.59. Surplus revenue from prior year and interest income available to pay expenses are estimated to be \$10,240.59. Accordingly, the special tax requirement is equal to \$1,080,000.00.

B. SPECIAL TAX COLLECTION

Special taxes in the amount of \$1,080,000.00 were billed for collection in fiscal year 2007-2008. As of April 30, 2008, the entire amount billed for collection in fiscal year 2007-2008 had been collected by Prince George’s County and transferred to the trustee. As a result, there are no delinquent special taxes for fiscal year 2007-2008.

Special taxes in the amount of \$1,026,000 were billed for collection in fiscal year 2008-2009. As a result, there are no delinquent special taxes at this time.

C. COLLECTION EFFORTS

There are no collection efforts 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 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, 2007, unless otherwise stated.

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

There have been no changes to the Rate and Method of Apportionment of Assessments.

B. SPECIAL TAX LEVY FOR ALL PARCELS WITHIN THE DISTRICT

Table VI-1 below provides a list of special tax levy for all parcels within the Special Taxing District for fiscal year 2007-2008.

Table VI-1
Special Tax Levy

Parcel Account #	Owner	Special Tax Levy
356694-0	PG Center I INC.	\$188,228.81
372073-7	PG Center II LP	\$258,313.97
372074-5	PG Center II LP	\$0.00
337808-0	PG Metro Center IV, LLC	\$112,968.65
366669-0	PG Metro Center III, INC	\$293,509.76
366674-0	UTC Housing I, LLC	\$218,017.76
366675-7	UTC Retail I, LLC	\$8,961.05
366671-6	UTC Retail II, LLC	\$0.00
366672-4	UTC Retail III, LLC	\$0.00
372072-9	UTC Retail VI LLC	\$0.00
372068-7	UTC Retail IV LLC	\$0.00
372070-3	UTC Retail IV LLC	\$0.00
Total		\$1,080,000.00

C. LIST OF TAXPAYERS REPRESENTING MORE THAN FIVE PERCENT OF LEVY OF SPECIAL TAXES

A list of taxpayers responsible for more than five percent of the special tax levy and individual taxpayers responsible for less than five percent in fiscal year 2007-2008 is shown in the table below.

Table VI-2
Tax Levy Percentage

Owner	Special Tax Levy	Percent
PG Center I INC.	\$188,228.81	17.43%
PG Center II LP	\$258,313.97	23.92%
PG Metro Center IV, LLC	\$112,968.65	10.46%
PG Metro Center III, INC	\$293,509.76	27.18%
UTC Housing I, LLC	\$218,017.76	20.19%
Sub-total	\$1,071,038.95	99.17%
Individual below 5%	\$8,961.05	0.83%
Total Entity Special Taxes Levied	\$1,080,000.00	100.00%

D. SIGNIFICANT AMENDMENTS TO LAND USE

As of March 31, 2008, the developer reports that there were no significant amendments to land use entitlements or legal challenges to the construction of the developments. The administrator is also not aware of any significant amendments to land use entitlements or legal challenges to the construction of the project.

E. STATUS OF PUBLIC IMPROVEMENTS

The status of the improvements is more fully outlined in Section III, "Status of Development," of this report. As of March 31, 2008, the developer has not reported any changes in the types of public improvements constructed from those stated in the Limited Offering Memorandum. The administrator is also not aware of any changes in the types of public improvements to be constructed from those stated in the Limited Offering Memorandum.

VII. SIGNIFICANT EVENTS

A. DEVELOPER SIGNIFICANT EVENTS

The Developer is required to notify the administrator of actual knowledge of the occurrence of a significant event, and the administrator is to notify the trustee and the City of the significant event.

Significant events generally include the following:

- (i) failure to pay any real property taxes (including the special taxes) levied within the Special Taxing 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 Special Taxing District;
- (iii) material default by the developer or any affiliate thereof on any loan with respect to the construction or permanent financing of the development;
- (iv) material default by the developer or any affiliate thereof on any loan secured by property within the Special Taxing District owned by the developer or any affiliate thereof;
- (v) the filing of the developer or any affiliate thereof, or any owners of more than 25% interest in the developer in bankruptcy 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 damage in excess of \$1,000,000 or which may adversely affect the completion of the development, or litigation in excess of \$1,000,000 which would materially adversely affect the financial conditions of the developer.

As of March 31, 2008, the developer reported that no significant events have occurred.

A. LISTED EVENTS

The administrator is required to file a notice to the Municipal Securities Rulemaking Board, any Repository and each Notice Holder of actual knowledge of the occurrence of a listed event.

Listed events generally include the following:

- (i) Delinquency in payment when due of any principal of or interest on the bonds;
- (ii) occurrence of any default under the Indenture (other than described in clause (i) above) or the Acquisition Agreements;
- (iii) amendment to the indenture modifying the rights of the bondowners;
- (iv) giving 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) any unscheduled draws on debt service reserves reflecting financial difficulties; and
- (ix) the release, substitution or sale of property securing repayment of the bonds (including property leased, mortgaged or pledged as security)

As of June 26, 2008, the administrator is not aware of occurrence of any of the above listed events