

**ANNUAL DEVELOPMENT ACTIVITY AND
DISCLOSURE REPORT**

For the Period Ending December 31, 2008

*\$23,585,000 Redevelopment Authority of the County of Washington, Pennsylvania
Victory Centre Project-Tanger Outlet Development
Series A of 2006 Redevelopment Bonds*

Prepared by:

MUNICAP, INC.

April 10, 2009

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

I.	UPDATED INFORMATION	1
II.	INTRODUCTION	2
III.	DEVELOPMENT ACTIVITY	3
	A. Overview	3
	B. Governmental Approvals	3
	C. Status of Development	3
	D. Public Improvements	6
IV.	TRUSTEE ACCOUNTS	7
V.	DISTRICT OPERATIONS	9
	A. Annual Revenue Requirement	9
	B. Estimated TIF Revenues	12
	C. Delinquent Special Assessments	13
	D. Collection Efforts	13
VI.	DISTRICT FINANCIAL INFORMATION	14
	A. Fund Balances	14
	B. Changes to the Rate and Method of Apportionment	14
	C. Changes in the Ad Valorem Tax Rates	14
	D. Assessed Value of Real Property	14
	E. District Special Tax Levy	15
	F. Status of Collection of Ad Valorem and Special Assessments	15
	G. Assessed Value Appeals	17
	H. Principal District Taxpayers	17
	I. Land Use Amendments	17
	J. Public Improvements	17
	K. Financial Updates	17
	L. Property Ownership	20
VII.	SIGNIFICANT EVENTS	21
	A. Developer's Significant Events	21
	B. Listed Events	23

I. UPDATED INFORMATION

Information updated from the Limited Offering Memorandum dated December 15, 2006 is as follows:

- As of December 31, 2008, the developer reports that 370,526 square feet of leasable space has been constructed in the first phase of the development. The first phase of the development was opened on August 29, 2008.
- As of December 31, 2008, the developer reports that leases have been signed with 70 tenants totaling 308,707 square feet and representing 73.7 percent of the leasable space within the outlet centre. According to the developer, 3,640 square feet of leasable space are subject to lease negotiations in progress, and 58,179 square feet of leasable space are open for lease negotiations.
- As of December 31, 2008, the developer reports that \$16,085,519 had been expended for the construction of the public improvements, representing 91 percent of the amount to be funded with the Series 2006A Bonds.
- According to the treasurer's office for Washington County, the 2007 assessed value of the property in the development was \$521,900. As of December 31, 2008, the 2008 assessed value of the property in the development is \$3,760,740. As a result, the total assessed value of the development increased by \$3,238,840.
- As of December 31, 2008, according to the treasurer's office for Washington County, ad valorem real estate taxes in the amount of \$11,169 have been collected on the taxable property within the development, representing 100 percent of the total amount of ad valorem taxes to be collected.
- As of December 31, 2008, according to the tax collector for Strabane Township, ad valorem taxes in the amount of \$3,068 have been collected on the taxable property within the development, representing 100 percent of the total amount of ad valorem taxes to be collected.
- As of December 31, 2008, according to the tax collector for Strabane Township, Trinity Area School District ad valorem taxes in the amount of \$52,674 have been collected on the taxable property within the development, representing 100 percent of the total amount of ad valorem taxes to be collected.
- Special assessments in the amount of \$1,216,000 were to be collected on the parcels in Improvement Area A in 2008. The trustee reports that special assessments in the amount of \$1,216,000 were received on December 26, 2008.

II. INTRODUCTION

The Redevelopment Authority of the County of Washington, Pennsylvania issued the \$23,585,000 Series A of 2006 Bonds pursuant to the provisions of the Pennsylvania Tax Increment Financing Act, the Pennsylvania Neighborhood Improvement District Act, the Pennsylvania Urban Redevelopment Law, as amended, and an Indenture of Trust, dated as of December 1, 2006, by and between the Redevelopment Authority of the County of Washington and The Bank of New York Trust Company, as trustee.

The district consists of approximately 333 acres located within South Strabane Township of Washington County, Pennsylvania near the intersection of Racetrack Road and Interstate 79. The site is approximately 35 mile southwest of Pittsburgh, Pennsylvania. The district is composed of two improvement areas: Improvement Area A and Improvement Area B.

Improvement Area A is being developed by Tanger Properties Limited Partnership and Improvement Area B is expected to be developed by Bass Pro World, LLC. Tanger Outlet-Victory Center, located in Improvement Area A, is an approximately 54 acre retail and entertainment destination campus. At completion, the development is expected to contain: (i) Tanger Outlet-Victory Centre, an open air mall and entertainment center which will total approximately 419,000 square feet gross leasable area on approximately 45 developable acres of land; and (ii) approximately 9 developable acres of land to be sold or leased for retail and other uses. Improvement Area B is located on approximately 210 acres and is expected to be developed by Bass Pro, an outdoor recreation products retailer. At completion, the area is expected to include a Bass Pro Shops store and may also include two hotel facilities, indoor/outdoor shooting ranges, indoor/outdoor archery ranges, and supporting retail stores, restaurants, attractions, and exhibits to compliment the outdoor attraction.

The proceeds of the Series 2006A Bonds will fund certain infrastructure improvements for the development, including roads, power line relocation, water and sewage facilities and related improvements.

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

Improvement Area A is being developed by Tanger Properties Limited Partnership and Improvement Area B is expected to be developed by Bass Pro World, LLC. At completion, the district is expected to have approximately 100 stores including an estimated 10 anchor and magnet stores and approximately 90 in-line retailers consisting of an upscale merchant mix of authentic brand name manufacturers with merchandise sold direct from manufacturers at an average 40 percent discount from full retail prices, plus a mix of specialty stores and restaurants. The design will feature a pedestrian-friendly racetrack layout that functions as an open-air mall with covered and uncovered landscaped courtyards and a park-like setting throughout the complex.

The developer has selected C70 Builders, Inc., of Blaine, Minnesota as the general contractor for the project. Construction of the district is expected to occur in two phases. Tanger's development policy is to not commence construction until leases representing 51 percent of the gross leasable area for each particular phase are executed. At the time the bonds were issued, Phase I of the development was anticipated to open in the spring of 2008. The pad sites are expected to be developed simultaneously with the outlet centre. The pad sites may include financial institutions, hotels and restaurants.

B. GOVERNMENTAL APPROVALS AND PERMITS

According to the Official Statement, dated December 15, 2006, Land Development Plan Approval was received from the South Strabane Township in February 2006, which contained many of the conditions that apply to the development. The developer has received all zoning approvals necessary in connection with the development. Additionally, most major permits in connection with the development have been received. Certain permits need to be obtained in the ordinary course of development but the developer expects such permits to be routine and reasonably obtainable.

As of December 31, 2008, the developer reports that there has been no change in the zoning classification of any parcel(s) in the district since bond issuance.

C. STATUS OF DEVELOPMENT

(i.) Mall Construction and Leasing Status

As of December 31, 2008, the developer reports that 370,526 square feet of leasable space has been constructed in the first phase of the development. The first phase of the development was opened on August 29, 2008. The developer also reports that leases have been signed with 70 tenants totaling 308,707 square feet and representing 73.7 percent of the leasable space within the outlet centre. According to the developer, 3,640 square feet of leasable space are subject to lease negotiations in progress, and 58,179 square feet of leasable space are open for lease negotiations. The developer reports that Phase II of the outlet center construction is expected to have 48,474 square feet of leasable space, none of which is currently subject to lease agreements or negotiations.

Table III-1 on the following page provides the leasing status of the outlet center, the number of tenants and the square footage as reported by the developer as of December 31, 2008.

Table III-1
Status of Outlet Centre

Leasing Status	Number of Tenants	Square Footage	Percent of Phase	Percent of Total
Phase I				
Leases-Signed	70	308,707	83.3%	73.7%
Leases Negotiating Letter of Intent	0	0	0.0%	0.0%
Lease Negotiation in Progress	1	3,640	1.0%	0.9%
Remaining Leasable Space	10	58,179	15.7%	13.9%
<i>Subtotal Phase I</i>		370,526	100.0%	88.4%
Phase II				
Remaining Leasable Space	TBD	48,474	100.0%	11.6%
<i>Subtotal Phase II</i>		48,474	100.0%	11.6%
Total Outlet Centre Leasable Space Built		419,000	100.0%	100.0%

Table III-2 below provides a list of tenants in the outlet center as reported by the developer as of December 31, 2008.

Table III-2
Outlet Center Tenant List

Tenant Name	Type	Square Feet Leased
Aeropostale	Apparel	5,293
Adidas/Reebok	Footwear	18,056
American Country Collections	Specialty	2,400
American Eagle	Apparel	5,600
Ann Taylor	Apparel	6,194
Banana Republic	Apparel	9,000
Bass	Apparel	6,000
Bath & Body	Specialty	3,200
Bose	Specialty	2,435
Brook Brothers	Apparel	8,500
Burlington Brands	Apparel	5,000
Calendar Club	Specialty	3,000
Calvin Klein	Apparel	9,018
Carter's	Children's Apparel	4,500
Casual Male	Apparel	3,000
Claire's Boutiques	Accessories	1,000
Clarks/Bostonian	Footwear	3,200
Coach	Accessories	5,894
Columbia Sportswear	Apparel	8,796
Corning	Housewares	4,000
Cross	Footwear	2,300
Designer Fragrances & Cosmetics	Specialty	1,500
Dress Barn	Apparel	8,000
Easy Spirit	Footwear	2,589
Eddie Bauer	Apparel	6,285
Factory Brand Shoes	Footwear	5,913
Guess	Apparel	4,500
Gymboree	Children's Apparel	2,500
Harry & David	Food	2,500

Tenant Name	Type	Square Feet Leased
Heartstrings	Children's Apparel	2,500
Izod	Apparel	3,250
Jones New York	Apparel	2,776
Journeys	Footwear	2,100
Justice	Children's Apparel	4,000
Kasper	Apparel	2,500
Kay Outlet	Accessories	2,007
KB Toys	Specialty	4,008
Kitchen Collection	Housewares	3,200
Lane Bryant	Apparel	5,000
Le Gourmet	Housewares	4,389
Leggs Hanes Bali Playtex	Apparel	5,105
Lids	Specialty	800
Makana Coffee & Tea	Food	1,000
Nike/Converse	Footwear	18,000
Nine West	Footwear	2,500
Old Navy	Apparel	15,000
Pacific Sunwear	Apparel	3,500
Perfumania	Specialty	2,029
PUMA	Apparel	5,000
rue21	Apparel	5,500
Samsonite	Accessories	2,400
SAS Shoes	Footwear	2,000
Sketchers	Footwear	3,500
Strasburg	Children's Apparel	1,436
Stride Rite	Footwear	2,500
Subway	Food Court	625
Sunglass Hut	Accessories	843
The Children's Place	Children's Apparel	7,500
The Cosmetics Company Store	Specialty	2,000
The Fragrance Outlet	Specialty	1,045
The Gap	Apparel	13,367
Timberland	Apparel	5,168
Tommy Hilfiger	Apparel	7,000
Totes	Accessories	3,000
Ultra	Specialty	1,500
Van Heusen	Apparel	4,000
Villa Pizza	Food Court	625
Washington Wild Things	Specialty	1,436
Wilson's Leather	Accessories	3,800
Wok & Roll	Food Court	625
<i>Occupied Square Feet:</i>		<i>308,707</i>
Total Square Feet		370,526

(ii.) Pad Sites Construction and Leasing Status

According to the Limited Offering Memorandum, the developer proposed to develop the pad sites simultaneously with the outlet center. The pad sites may include financial institutions, hotels and restaurants. As of December 31, 2008, the developer reports that the evaluation process to determine pad size and the number of pad sites to be offered out of the approximately nine acres of land to be sold or leased is ongoing. The developer has begun showing the pad sites to interested parties and has been negotiating and entering

into contracts.

Table III-3 below provides the leasing status of the pad sites as reported by the developer as of December 31, 2008.

**Table III-3
Status of Pad Sites**

Leasing Status	Tenant	Square Footage	Percent of Total
Leases-Signed	0	0	0.0%
Leases Negotiating Letter of Intent	0	0	0.0%
Lease Negotiations in Progress	0	0	0.0%
Remaining Leasable Space	Approximately nine acres	TBD	100.0%
Total Ground Leases	Approximately nine acres	TBD	100.0%

D. PUBLIC IMPROVEMENTS

According to the Limited Offering Memorandum, the proceeds of the Series 2006A Bonds were expected to fund certain infrastructure improvements for the development, including the acquisition of land, roads, power line relocation, water and sewage facilities and related improvements. The majority of the construction was expected to begin in the first quarter of 2007 and certain engineering and other work has commenced. The relocation of the power lines was completed by Allegheny Power in November 2006. The remainder of the public improvements were expected to be constructed at the same time as the Phase I buildings.

As of December 31, 2008, the developer reports that additional funds totaling \$833,000, representing investment income earned on the Series 2006A Bond proceeds through December 31, 2008, have been added to the public improvement budget to be funded by the Series 2006A Bonds. As of December 31, 2008, the developer reports that \$16,085,519 have been expended for the construction of the public improvements, representing 91 percent of the amount to be funded with the Series 2006A Bonds.

Table III-4 below shows the public improvements, the original budget, budget changes, the revised budget and the amount spent by line item as reported by the developer as of December 31, 2008. Budget revisions include shifting funds from Engineering and Offsite Road Improvements into Public Road Improvements and Sewer due to timing and expenses. Future costs which exceed the Revised Budget are to be funded by the developer.

**Table III-4
Status of Public Infrastructure Construction**

Public Improvement	Original Budget per Closing Certificate	Budget Revisions since Closing	Revised Budget	Spent as of 12/31/08	Percent Complete
Offsite Road Improvements	\$8,500,000	(\$680,709)	\$7,819,291	\$6,254,236	80%
Power Line Relocation	\$4,050,000	(\$112,955)	\$3,937,046	\$3,937,046	100%
Engineering	\$803,000	(\$414,231)	\$388,769	\$388,769	100%
Public Road Improvements	\$1,186,401	\$1,753,936	\$2,940,337	\$2,940,337	100%
Sewer	\$2,000,000	\$347,487	\$2,347,487	\$2,347,487	100%
Legal	\$0	\$180,705	\$180,705	\$180,705	100%
Other	\$278,174	(\$241,234)	\$36,939	\$36,939	100%
Total Improvements	\$16,817,575	\$833,000	\$17,617,575	\$16,085,519	91%

IV. TRUSTEE ACCOUNTS

The trustee for the Series 2006A Bonds is Bank of New York Trust Company. The following table shows the balance as of December 31, 2007, interest paid, disbursements, additional proceeds, and account balances for each fund as of December 31, 2008.

Table IV-1
Trustee Accounts

Fund	Balance 12/31/07	Interest Paid	Additional Proceeds	Disbursements	Balance 12/31/08
Project Fund	\$10,285,339	\$204,149	\$0	\$8,920,531	\$1,568,957
Cost of Issuance	\$27	\$0	\$0	\$0	\$27
Reserve Fund	\$2,171,724	\$54,008	\$0	\$144,356	\$2,081,376
Capitalized Interest Account	\$1,231,717	\$11,833	\$0	\$1,243,550	\$0
Debt Service Fund	\$0	\$953	\$1,284,430	\$642,691	\$642,691
Revenue Fund	\$0	\$97	\$87,889	\$87,986	(\$0)
Assessment Account	\$0	\$0	\$1,216,000	\$471,012	\$744,988
Township Payment Fund	\$528,442	\$13,844	\$0	\$125,000	\$417,286
Administrative Expense Fund	\$21,463	\$250	\$19,784	\$26,221	\$15,276
TIF County Tax Fund	\$11,051	\$398	\$10,945	\$11,415	\$10,980
TIF Township Tax Fund	\$0	\$2	\$6,138	\$6,138	\$2
TIF School District Tax Fund	\$0	\$12	\$106,384	\$106,384	\$12
Total	\$14,249,763	\$285,546	\$2,731,570	\$11,785,284	\$5,481,594

- Additional proceeds to the Debt Service Fund were transfers from the Revenue Fund, Capitalized Interest Account and the Assessment Account for the payment of debt service.
- Additional proceeds to the Revenue Fund represent Authority share of tax increment revenues collected by the taxing bodies.
- Additional proceeds to the Assessment Account represent receipt of special assessments collected by the Township in the district to be used for the payment of debt service and administrative expenses.
- Additional proceeds to the Administrative Expense Fund represent transfers of investment income in excess of the reserve requirement for the payment of administrative expenses.
- Additional proceeds to the County Tax Fund, Township Tax Fund and School District Tax Fund are receipts of tax revenues levied by the three taxing authorities.
- Disbursements from the Project Fund represent the payment of the costs of the public improvements in accordance with Section 4.01 of the Trust Indenture.
- Disbursements from the Capitalized Interest Account represent the payment of debt service.
- Disbursements from the Township Payment Fund represent payment to the township in accordance with Section 4.08 of the Trust Indenture.

Bond proceeds are invested in government money market funds currently earning interest between 0.71 and 0.95 percent. Table IV-2 shows the rate of return on the funds and accounts held by the trustee as of December 31, 2008.

Table IV-2
Rate of Return

Investment income in the Project Fund will be used first to pay costs in accordance with the TIF Plan. Any portion not expected to be used for public improvements will be transferred to the Debt Service Fund. Investment income on the Debt Service fund will be applied exclusively to the payment of debt service. Investment income in the Township Payment Fund will remain in the account and be used for the purposes of the account. Investment income on the Administrative Expense fund will remain in the fund and will be used to pay administrative expenses.

Account	Rate of Return
Project Fund	0.70%
Reserve Fund	0.94%
Debt Service Fund	0.71%
Township Payment Fund	0.94%
Administrative Expense Fund	0.94%
Assessment Account	0.95%

V. DISTRICT OPERATIONS

A. ANNUAL REVENUE REQUIREMENT

The Special Assessments on all of the Parcels were set to equal the principal amount of the Bonds, interest payable on the Bonds for each year, and Administrative Expenses. The Special Assessment Roll previously adopted by the Special Assessment Ordinance had estimated the issuance of \$31,710,000 in bonds for Improvement Area A. However, the Series 2006 Bonds for Improvement A were issued in the aggregate amount of \$23,585,000. Additional bonds are not anticipated to be issued for Improvement A. Pursuant to Section C 3 of the Rate and Method of Apportionment of Special Assessments (the RMA), the Special Assessment Roll for Improvement A (as attached hereto) has been updated to reflect the current Special Assessments on all of the Parcels, based on the Series 2006 Bonds. The aggregate Special Assessments equal the outstanding principal amount of the Series 2006 Bonds, interest payable on the Bonds for each year, and Administrative Expenses.

Annual Revenue Requirement

The Annual Revenue Requirement is defined as follows:

For any tax year, the sum of the following, (1) regularly scheduled debt service on the Bonds to be paid from the Annual Payments except for principal and interest on the bonds to be paid from Special Assessment Prepayments on deposit with the trustee; (2) periodic costs associated with such bonds, including but not limited to rebate payments and credit enhancements on the bonds; and (3) administrative expenses; less (a) tax increment revenues, (b) any credits applied under the bond indenture, such as interest earnings on any account balances, and (c) any other funds available to the bonds that may be applied to the Annual Revenue Requirement.

Table V-1 below 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

Debt Service Requirements For Series 2006 Bonds	
Interest on 2006 Bonds January 1, 2009	\$642,691
Interest on 2006 Bonds July 1, 2009	\$642,691
Principal on 2006 Bonds July 1, 2009	\$35,000
<i>Sub-total debt service</i>	\$1,320,383
Administrative Expenses	\$40,800
Public Safety Payment January 1, 2009	\$0
Contingency	\$54,302
<i>Total debt service and administrative requirements</i>	\$1,414,485
<i>Total available revenues</i>	
Available CAPI and surplus from prior year	(\$87,806)
Reserve fund investment income	(\$62,441)
2008 estimated net TIF revenues	(\$49,238)
<i>Estimated total available revenues</i>	(\$199,485)
Annual Revenue Requirement	\$1,216,000

Debt Service

Debt service includes interest on the bonds payable on January 1, 2009 and July 1, 2009. The \$642,691 interest payments due on January 1, 2009 and July 1, 2009 are equal to six months of interest on the term bonds as shown below.

Term 2035 Bonds of \$23,585,000 at 5.45%	<u>\$642,691</u>
Total	\$642,691

A principal payment of \$35,000 is due on the bonds on July 1, 2009. As a result, total debt service is \$1,320,383.

Township Payment

An annual payment is due on each January 1 to the Township in amount equal to \$125,000. This payment is paid pursuant to the terms of the Cooperation Agreement and is paid in the recognition of the additional costs that the Township incurs as a result of the Development. This payment was funded with bond proceeds through fiscal year 2013. As result, the Township Payment Fund will not need to be funded with annual payments collected in 2008.

Administrative Expenses

Administrative expenses for 2008 are estimated to be \$40,800. Administrative expenses include payments to the trustee, the administrator, and the expenses of the RWAC related to the administration of the district.

Contingency

A contingency equal to approximately four percent of annual debt service and expenses on the Series 2006 Bonds has been added in the event of special assessment delinquencies, unanticipated expenses or if investment income is less than estimated.

Reserve Fund Interest Income

As of January 31, 2008, the balance on the Series 2006 Reserve Fund was \$2,179,569, which is equal to the reserve requirement for the Series 2006 Bonds in the amount of \$2,081,353 and investment income of \$98,216. The reserve fund is invested in a Goldman Sachs Financial Sq Government Portfolio money market fund earning 4.65 percent per annum. Money market rates have been declining, accordingly interest rate for 2008 are estimated at three percent. At this estimated interest rate of three percent, the yield on the bond proceeds invested in the reserve fund will result in estimated investment income of \$62,441 in 2008. As a result, debt service reserve investment income in the amount of 160,657 (\$98,216 + \$62,441 = 160,657) is estimated to be available to pay debt service on the Series 2006 Bonds in 2008 and 2009.

Surplus from Prior Year

Total property taxes for fiscal year 2007 were equal to \$87,130. The base property tax for 2007 was equal to \$25,582. As a result, the incremental TIF revenues for 2007 were equal to \$61,548 as shown in the table below. Pursuant to the terms of the Cooperation Agreement, the base tax, TIF Revenues and interest income realized by these tax revenues should be distributed by the trustee periodically. After deduction of base tax, each taxing body shall receive a certain percentage of the TIF revenue. The township, school district and the county will each receive twenty percent of the total TIF revenues collected each year.

The taxes collected in 2007 plus interest realized by these tax deposits will be distributed in the first week of April 2008. This amount includes tax revenues in the amount of \$10,945 that had been received by

the trustee through January 31, 2008. The balance of 2007 taxes in the amount of \$76,184 is expected to be received before the middle of March. Accordingly, the township, the county and school district share of 2007 TIF revenues is equal to \$558, \$2,134, and \$9,762, respectively. The total amount to be distributed to the Authority is equal to \$49,238. Table V-2 below shows the distribution of 2007 taxes revenues and the accrued interest.

Table V-2
Projected 2007 Tax Revenue Distribution

Taxing Authority	Township of South Strabane	School District	Washington County	Total
Total property taxes collected for 2007	\$3,948	\$69,098	\$14,083	\$87,130
<i>less</i> base tax	(\$1,159)	(\$20,288)	(\$4,135)	(\$25,581)
<i>Total TIF Revenues</i>	\$2,789	\$48,811	\$9,948	\$61,548
TIF Revenue to taxing body	\$558	\$9,762	\$1,990	\$12,310
Accrued Interest as of 01-31-08	\$0.00	\$0	\$145	\$145
Disbursement to taxing body	\$558	\$9,762	\$2,134	\$12,454
Disbursement to TIF Revenue Fund	\$2,231	\$39,048	\$7,958	\$49,238

The estimated surplus from the prior year that may be applied to pay the annual payment in 2008 is shown in Table V-3 below. The balance in the capitalized interest account as of January 31, 2008 was \$593,366. Bond proceeds in the capitalized interest account are invested in a Goldman Sachs Financial Sq Government Portfolio money market fund that is earning 4.65 percent per annum. Money market rates have been declining, accordingly interest rate for 2008 are estimated at three percent. At this estimated rate, interest income of \$8,900 will be earned through debt service payment due on July 1, 2008 as shown in Table V-3 on the following page.

As explained above, TIF Revenues in the amount of \$49,238 are expected to be deposited into the Authority TIF Revenue Fund by the middle of March 2008. A portion of these funds together with capitalized interest account balances and reserve fund interest income will be applied to the debt service payment due on July 1, 2008. Administrative services for 2007 and through July 1, 2008 were estimated to be \$45,000. Administrative expenses in the amount of \$25,777 for fiscal year 2007 have been paid. Therefore, the balance of administrative services expenses to be funded through July 1, 2008 is equal to \$19,223. As a result, total expenses that need to be funded with 2007 TIF Revenues are equal to \$19,223. Accordingly, the surplus balance of the 2007 revenues that may be applied to the annual revenue requirement for 2008 is equal to \$87,806 as shown in the table on the following page.

Table V-3
Surplus from Prior Year

Available Funds:	2007
Capitalized interest balance January 31, 2008	\$593,366
Interest income through July 1, 2008	\$8,900
Reserve Fund income January 31, 2008	\$98,216
TIF Revenues for fiscal year 2007	\$49,238
<i>Subtotal available funds</i>	<i>\$749,721</i>
Interest on 2006 Bonds July 1, 2008	(\$642,691)
Administrative expenses	(\$19,223)
<i>Subtotal expenses</i>	<i>(\$661,915)</i>
<i>Available surplus and capitalized interest account</i>	<i>\$87,806</i>

B. ESTIMATED TIF REVENUES

Pursuant to a Cooperation Agreement regarding The Victory Center Tax Increment Financing District dated as of December 1, 2006 (the “Cooperation Agreement”), the Authority, the County, the South Strabane Township, and the Trinity Area School District (the “School District”) have agreed that certain incremental real estate tax revenues derived from real property located within the TIF District (the “TIF Revenues”) from and after the date of creation of the TIF District will be used to pay debt service on the Bonds and certain related charges. The Township, the County, and the School District are collectively referred to as, the “Taxing Bodies”.

Pursuant to the Cooperation Agreement and the Indenture, eighty percent of the net Tax Increment Revenues collected each year are pledged to secure the Bonds and shall be deposited into the Tax Increment Fund. These Tax Increment Revenues consist of a percentage of the real property taxes collected in the TIF District in excess of the base assessed value less the amount payable to the respective Taxing Bodies as provided for in the Cooperation Agreement.

The base value of the taxable property in the TIF District for the base year, which was March 15, 2006, was equal to \$193,216. The assessed value for all parcels in the district as of January 1, 2008 is equal to \$658,079. The incremental assessed value is, therefore, estimated to equal \$213,795,455 (\$658,079 - \$193,216 = \$464,863). Taxable property in Washington County is subject to real property taxes imposed by three separate taxing bodies namely, the county, the local municipality and the local school district. The millage rates for each of the three taxing bodies and the estimated TIF revenues resulting from the incremental value, which is to be collected by the three taxing bodies for fiscal year 2008 is estimated to be \$61,548 as shown in Table V-4 on the following page.

Table V-4
Estimated TIF Revenues Collected in 2008

Taxing bodies	Township	School District	County	Total
Real Property Tax Rate (mills)	0.006	0.105	0.0214	0.02924
Assessed Value @ 01/01/08				\$658,079
Base Year Assessed Value				(\$193,216)
Incremental Value				\$464,863
Estimated TIF Revenues to be collected	\$2,789	\$48,811	\$9,948	\$61,548
Estimated TIF Revenues to taxing bodies	\$558	\$9,762	\$1,990	\$12,310
Estimated TIF Revenues to Authority	\$2,231	\$39,048	\$7,958	\$49,238

The Cooperation Agreement provides for all tax revenues collected from parcels within the district to be deposited into the Tax Funds for each taxing body that is held by the trustee as the Escrow Agent. After deduction of base tax, each taxing body shall receive a certain percentage of the TIF revenue. The township, school district and the county will each receive a share equal to twenty percent of the total TIF revenues collected each year. The estimated TIF revenues due to the taxing bodies and the Authority are shown in the table above. Accordingly, the estimated TIF Revenues that will be available for debt service and administrative expenses for fiscal year 2008 are equal to \$49,238.

Summary

Debt service and other district expenses are estimated to be equal to \$1,414,485. Total available revenues are estimated to be equal to \$199,485, resulting in an estimated deficit of \$1,216,000.

C. DELINQUENT SPECIAL ASSESSMENTS

There were no special assessments collected on the parcels in Improvement Area A during 2007.

Special assessments in the amount of \$1,216,000 were to be collected on the parcels in Improvement Area A in 2008. The trustee reports that special assessments in the amount of \$1,216,000 were received from the Township on December 26, 2008. As a result, there are no delinquent special assessments outstanding at this time.

D. COLLECTION EFFORTS

There are no delinquent special assessments outstanding for fiscal year 2008-2009. As a result, 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. FUND BALANCES

The fund balances in all of the funds and accounts, as of December 31, 2008, provided for in the Indenture of Trust are included in Table IV-1 of Section IV, "Trustee Accounts," of this report.

B. CHANGES TO THE RATE AND METHOD OF APPORTIONMENT

There have been no changes to the Rate and Method of Apportionment of Special Assessments by the county since the bonds were issued.

C. CHANGES IN THE AD VALOREM TAX RATES

Taxable property in Washington County is subject to real property taxes imposed by three separate taxing bodies, namely, the county, the local municipality and the local school district. According to each taxing authority, the respective ad valorem tax rates remain unchanged from 2007 to 2008. The 2008 ad valorem tax rates for Washington County, Strabane Township and Trinity Area School District are 21.4 mills, 6 mills and 105 mills, respectively. Accordingly, the total 2008 ad valorem tax rate on the property in the development is 132.4 mills per \$100 of assessed value.

Table VI-1 below depicts the millage rates for Trinity School District, Strabane Township, and Washington County for fiscal years 2007 and 2008. Tax rates are expressed per \$100 of assessed value.

Table VI-1
Millage Rates

Area	2007	2008
Washington County	0.0214	0.0214
Strabane Township	0.0060	0.0060
Trinity Area School District	0.1050	0.1050
Total	0.1324	0.1324

D. ASSESSED VALUE OF REAL PROPERTY

Assessed Value

Table VI-2 on the following page depicts the 2008 assessed values of the taxable parcels in Improvement Area A. According the treasurer's office for Washington County, the total assessed value for the taxable property in Improvement Area A as of January 1, 2008 was \$521,831.

Table VI-2
Assessed Value of Property

Parcel Number	Owner	Improvement Area	Acreage	2008 Assessed Value
600-001-00-00-0045-01	Tanger Properties	A	100.0	\$146,831
600-001-00-00-0013-02	Tanger Properties LP	A	23.5	\$375,000
Total			123.5	\$521,831

Changes in Assessed Value

Table VI-3 below shows the change in assessed value of the taxable property within the district as of December 31, 2008. The 2007 assessed value of the property in the development was \$521,900. The 2008 assessed value of the property in the development as of January 1, 2008 was \$521,831. The property was reassessed after the completion of the Phase I project (Outlet Mall) during the fourth quarter of 2008 at a value of \$3,760,740. As a result, the total assessed value of the development increased by \$3,238,840.

Table VI-3
Changes in Assessed Value

Parcel Number*	Owner	Acreage	2007 Assessed Value	2008 Assessed Value
600-001-00-00-0013-02	Tanger Properties LP	122.0	\$521,900	\$3,760,740
Total		122.0	\$521,900	\$3,760,740

*Parcel consolidated with parcel number 600-001-00-00-0045-01 and reassessed in fourth quarter.

E. DISTRICT SPECIAL ASSESSMENTS LEVIED

Special assessments in the amount of \$1,216,000 were to be collected on the parcels in Improvement Area A in 2008. The trustee reports that special assessments in the amount of \$1,216,000 were received on December 26, 2008. As a result, there are no delinquent special assessments outstanding at this time.

Table VI-4 below presents the amount of special assessments levied per parcel in 2008. A detailed discussion of the assessment calculation is outlined in Section V, "District Operations," of this report.

Table VI-4
Special Assessment

Parcel Number	Special Assessment	Amount Collected	Percent Delinquent
600-001-00-00-0045-01	\$988,671	\$988,671	0.0%
600-001-00-00-0013-02	\$227,329	\$227,329	0.0%
Total	\$1,216,000	\$1,216,000	0.0%

F. STATUS OF COLLECTION OF AD VALOREM AND SPECIAL ASSESSMENTS

Washington County

As of December 31, 2008, according to the treasurer's office for Washington County, ad valorem real estate taxes in the amount of \$11,169 have been collected on the taxable property within the development, representing 100 percent of the total amount of ad valorem taxes to be collected. Table VI-5 on the following page shows the amount of outstanding taxes owed on each parcel in the development.

Table VI-5
Washington County
2008 Ad Valorem Tax Collections

Parcel Number	County Tax Levy	County Tax Collections	Percent Delinquent
600-001-00-00-0045-01	\$3,144	\$3,144	0.0%
600-001-00-00-0013-02	\$8,025	\$8,025	0.0%
Total	\$11,169	\$11,169	0.0%

Strabane Township

According to the tax collector for Strabane Township, a discount of two percent is allowed for Strabane Township ad valorem real estate taxes paid in the two months following the mailing of the tax notice. South Strabane Township taxes are due on May 15 in the year in which the taxes were levied. As of December 31, 2008, according to the tax collector for Strabane Township, ad valorem taxes in the amount of \$3,068 have been collected on the taxable property within the development, representing 100 percent of the total amount of ad valorem taxes to be collected.

Table VI-6 below presents the ad valorem tax levy and collections of Strabane Township as of December 31, 2008. The township ad valorem tax collections are net of a two percent discount taken for early remittance.

Table VI-6
Strabane Township
2008 Ad Valorem Tax Collections

Parcel Number	Township Tax Levy	Township Tax Collections	Percent Delinquent
600-001-00-00-0045-01	\$881	\$863	0.0%
600-001-00-00-0013-02	\$2,249	\$2,204	0.0%
Total	\$3,130	\$3,068	0.0%

Trinity Area School District

According to the tax collector for Strabane Township, a discount of two percent is allowed for Trinity Area School District ad valorem real estate taxes paid in the two months following the mailing of the tax notice. Trinity School District taxes are due on October 15 in the year in which the taxes were levied. As of December 31, 2008, according to the tax collector for Strabane Township, Trinity Area School District ad valorem taxes in the amount of \$52,674 have been collected on the taxable property within the development, representing 100 percent of the total amount of ad valorem taxes to be collected.

Table VI-7 on the following page presents the ad valorem tax levy and collections of Trinity Area School District as of December 31, 2008. The school district ad valorem tax collections are net of a two percent discount taken for early remittance.

Table VI-7
Trinity Area School District
2008 Ad Valorem Tax Collections

Parcel Number	School District Tax Levy	School District Tax Collections	Percent Delinquent
600-001-00-00-0045-01	\$15,125	\$14,821	0.0%
600-001-00-00-0013-02	\$38,610	\$37,853	0.0%
Total	\$53,735	\$52,673	0.0%

G. ASSESSED VALUE APPEALS

As of December 31, 2008, there have been no appeals of assessed value determination for property within the district.

H. PRINCIPAL DISTRICT TAXPAYERS

The following table provides a listing of the district taxpayers responsible for payment of more than five percent of the levy of ad valorem taxes and special assessments in fiscal year 2008, the amount of the levy of ad valorem taxes and special assessments against each taxpayer, and the percentage of such ad valorem real property taxes and special assessments relative to the entire levy within the district.

Table VI-8
Principal District Taxpayers

Taxpayer	Lot	Total 2008 Ad Valorem Taxes	Percentage	Total 2008 Special Assessment	Percentage
Tanger Properties	01	\$19,149	28%	\$988,671	81%
Tanger Properties LP	02	\$48,884	72%	\$227,329	19%
Total		\$68,033	100%	\$1,216,000	100%

I. LAND USE AMMENDMENTS

The developer reports that as of December 31, 2008, no significant amendments to land use entitlements or legal challenges to the construction of the project have been made.

J. PUBLIC IMPROVEMENTS

As of December 31, 2008, the developer reports that there have been no changes to the construction plan of development. The developer reports that \$16,085,519 had been expended for the construction of the public improvements, representing 91 percent of the amount to be funded with the Series 2006A Bonds.

The status of the public improvements and a detailed description of the project are provided in Section III, "The Development," of this report.

K. FINANCIAL UPDATES

Tax Increment Revenues

Table VI-9 on the following page shows the 2008 estimated tax increment revenues to be collected in 2008. A detailed discussion of the table is provided in Section V, "District Operations," of this report.

Table VI-9
Estimated TIF Revenues Collected in 2008

Taxing bodies	Township	School District	County	Total
Real Property Tax Rate (mills)	0.006	0.105	0.0214	0.02924
Assessed Value @ 01/01/08				\$658,079
Base Year Assessed Value				(\$193,216)
Incremental Value				\$464,863
Estimated TIF Revenues to be collected	\$2,789	\$48,811	\$9,948	\$61,548
Estimated TIF Revenues to taxing bodies	\$558	\$9,762	\$1,990	\$12,310
Estimated TIF Revenues to Authority	\$2,231	\$39,048	\$7,958	\$49,238

*Prepared prior to reassessment of the property.

Special Assessments on Improvement Area A

Table VI-10 below presents the special assessments levied on each taxpayer for fiscal year 2008-2009. A detailed discussion of the special assessment is provided in Section V, "District Operations," of this report.

Table VI-10
Special Assessments

Taxpayer	Total 2008 Special Assessment
600-001-00-00-0013-02	\$988,671
600-001-00-00-0045-01	\$227,329
Total	\$1,216,000

Debt Service Coverage

As of December 31, 2008, the outstanding Series 2006 Bonds were equal to \$23,585,000. Table VI-11 shows the debt service coverage from revenues and special assessment available in 2008.

Table VI-11
Debt Service Coverage

Account/Type	Fiscal Year 2008-2009
Debt Service: (Bond Year Ending July 1)	
Principal	\$35,000
Interest	\$1,285,383
Sub-total Debt Service	\$1,320,383
Administrative expenses	\$40,800
Contingency	\$54,302
Total Debt Service	\$1,415,485
Base Year Assessed Value (January 1, 2001)	\$193,216
Phased-in Assessed Value	\$3,760,740
Increase in Assessed Value	\$3,567,524
County Tax Rate (mills)	\$0.0214
County Tax Property Increment	\$7,958
Township Tax Rate (mills)	\$0.0060
Township Tax Property Increment	\$2,231
School District Tax Rate (mills)	\$0.1050
School District Tax Property Increment	\$39,048
Estimated Tax Increment Revenues	\$49,238
Debt Service Coverage	3.48%
Available surplus and Capitalized Interest Account	\$87,806
Estimated Reserve Fund investment income (3%)	\$62,441
Estimated Tax Increment Revenues	\$49,238
Estimated Revenues Available for Debt Service	\$199,485
Debt Service Coverage	14.09%
Annual Installment	\$1,361,183
Annual Credit A & B	(\$145,183)
Annual Payment Collected	\$1,216,000
Debt Service Coverage	85.91%
<p>Note: Annual payments may only be collected to the extent necessary to pay debt service after taking into account tax increment revenues.</p>	

L. PROPERTY OWNERSHIP

Table VI-12 below provides the parcel number and legal property owner for each of the parcels comprising the outlet center and the pad sites. As of December 31, 2008, the developer reports that 70 tenants have signed leases within the outlet center with lease negotiations in progress for one additional tenant. A detailed table of the tenants is shown in Section III, Table III-2 "Outlet Center Tenant List" of this report.

Table VI-12
Property Ownership

Parcel Number	Acres	Owner
600-001-00-00-0013-02	122.0	Tanger Properties LP

VII. SIGNIFICANT EVENTS

A. DEVELOPER SIGNIFICANT EVENTS

According to the continuing disclosure agreement, developer significant events include the following:

- (i) material damage to or destruction of any development or improvements within the district;
- (ii) material default by the developer or any affiliate thereof on any loan with respect to the construction or permanent financing of the development or the public improvements;
- (iii) material default by the developer or any affiliate thereof on any loan secured by property within the district owned by the developer or any affiliate of the developer;
- (iv) payment default by the developer or any affiliate thereof on any loan to such party with respect to the construction or permanent financing of the development (whether or not such loan is secured by property within Improvement Area A);
- (v) the filing by or against the developer or any affiliate thereof, the sole member of the developer or any owners of more than 25 percent interest in the developer of any petition or other proceeding under any bankruptcy, insolvency or similar law or any determination that the developer or a subsidiary of the developer or any affiliate thereof is unable to pay its debts as they come due;
- (vi) the filing of any lawsuit with a claim for damages in excess of \$1,000,000 against the developer or which may adversely affect the completion of the development, the public improvements or litigation in excess of \$1,000,000 or which would materially adversely affect the financial condition of the developer;
- (vii) the failure by the developer or any affiliate thereof to pay any ad valorem taxes or special assessments with respect to property in the district owned by the developer or any affiliate thereof;
- (viii) the filing by the developer or any affiliate thereof of any appeal of assessed value determinations with respect to property in the district owned by the developer or any affiliate thereof which appeal, if successful, would cause the tax liability owed on such property to decrease by more than five percent; and
- (ix) the sale or other transfer of the outlet center (other than retail leases executed in the ordinary course of business) by the developer or any affiliate thereof.

According to the Limited Offering Memorandum, at the time of issuance, Citizens Against Tax Increment Financing, Jeffrey Bull and Edward Mazur filed challenges against the county, school district, and the township regarding their decisions to approve their participation in the TIF plan in the Court of Common Pleas of Washington County. The objectors asserted that the votes to approve participation in the TIF plan were a palpable abuse of discretion, a knowing waste of taxpayer resources, contrary to statute, or otherwise improper for a myriad of reasons, such as the property is not “blighted” as required by the TIF statute and that the TIF plan does not conform with the comprehensive plan of the municipality or the county master plan. The objectors also alleged that South Strabane Township Supervisor Billy Bell’s vote via telephone to approve the TIF plan was in violation of the Pennsylvania Sunshine Act. On March 28, 2006, the Court of Common Pleas dismissed all six appeals. The objectors timely filed appeals of all six dismissals to the Commonwealth Court of Pennsylvania. The Commonwealth Court has consolidated the six appeals for the

purpose of deciding their purported merits.

The developer reports that the litigation challenging the approval of the TIF was decided by the Pennsylvania Commonwealth Court in favor of the county, the township and the school district on June 25, 2007. On July 5, 2007, the objectors filed a timely petition for allocatur to the Pennsylvania Supreme Court, which granted allocatur on January 2, 2008, limited to two specific issues: (i) whether the Court has jurisdiction to review municipal decisions approving a TIF District supported by public funds; and (ii) whether the plaintiff's allegations that the school district filed responsive briefs on March 20, 2008 the same day that the developer filed an amicus brief with the Pennsylvania Supreme Court. A reply brief was filed by the objectors on April 8, 2008. Argument before the Pennsylvania Supreme Court was set for September 8, 2008 on the petition for allocatur. After briefing and oral argument, the Pennsylvania Supreme Court issued its decision on December 17, 2008 in favor of the Taxing Districts and against the objectors. The Pennsylvania Supreme Court held that a court has jurisdiction to review municipal decisions approving a TIF District supported by public funds, but only if a local authority acted in bad faith. The Pennsylvania Supreme Court further held that there were no allegations of bad faith in this case and, specifically, that the objectors' factual allegations "do not even come close to establishing bad faith" on the part of the Taxing Districts. On December 31, 2008, objectors filed a timely Application for Reconsideration/Reargument. On that same date, Tanger, as an amicus party, filed a letter noting its opposition and joining in brief filed by the Township. This litigation is currently being review by the Pennsylvania Supreme Court to determine whether to accept the Appeal. There is no mandatory timeframe to issue a decision on the Application for Reconsideration/Reargument.

In addition, the developer reports that objectors filed litigation on December 20, 2006, which challenged the TIF Plan and the issuance of Tanger's bonds for development of the Victory Center Project. Objectors alleged that there was a substantial deviation from the TIF Plan to be amended and to be sent through the approval process a second time. On September 26, 2007, the Washington County Common Pleas Court dismissed the objectors' case. Objectors appealed to the Pennsylvania Commonwealth Court on October 5, 2007. Objectors, the Redevelopment Authority, the township, and Tanger (as an amicus party) filed briefs on the merits. On July 11, 2008, the Pennsylvania Commonwealth Court issued an opinion in favor of the Redevelopment Authority and the township and against objectors, holding that there was no ripe controversy and no allegations of the substantial changes to the TIF Plan that justified an amendment to the TIF Plan. Objectors filed an application for reargument with the Pennsylvania Commonwealth Court on July 25, 2008, which was subsequently denied by an Order dated September 4, 2008. On October 3, 2008, objectors timely filed a Petition for Allowance of Appeal with the Pennsylvania Supreme Court. Because Tanger was an amicus party in the Commonwealth Court action and it would not be appropriate for Tanger to file a Brief in Opposition of the Petition, Tanger filed a letter noting its opposition to the Petition for Allowance of Appeal and joining in the Briefs in Opposition filed by the Redevelopment Authority and the township, which were all filed on October 21, 2008. There are no rules setting a timeframe for the Supreme Court to issue its decision granting or denying the Petition for Allowance of Appeal.

B. LISTED EVENTS

Pursuant to the Continuing Disclosure Agreement, listed 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 described in clause (i) above);
- (iii) Draws on the Reserve Fund;
- (iv) Substitution of a credit provider, or any failure of a credit provider to perform;
- (v) Adverse tax opinions or events affecting the tax-status of interest on the Bonds;
- (vi) Amendment to the Indenture modifying the rights of the Bondholders;
- (vii) Giving of notice of optional or unscheduled redemption or mandatory tender of Bonds;
- (viii) Defeasance of bonds or any portion thereof;
- (ix) The release or substitution of property securing repayment of the Bonds;
- (x) Any change in the rating, if any, on the Bonds; and
- (xi) The continuing disclosure event notices provided to the Administrator by the Developer as more particularly set forth in the Developer's Continuing Disclosure Agreement.

The administrator is not aware of the occurrence of any listed event as of the date of this report, April 10, 2009.