

\$9,480,000 & \$38,000,000
CITY OF ATLANTA
TAX ALLOCATION BONDS
SERIES 2005A & B
(EASTSIDE PROJECT "SWEET AUBURN VILLAGE DEVELOPMENT")

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT

Attn: Cheryl Strickland
Atlanta Development Authority
86 Pryor Street, Suite 300
Atlanta, GA 30303

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

In accordance with the "Development Agreement" (the "Agreement") by and between the City of Atlanta (the "City"), Auburn Avenue Village, LLC (the "Developer"), the Housing Authority of the City of Atlanta (the "Housing Authority"), and Atlanta Development Authority (the "Development Authority") dated as of August 2, 2005, the Developer hereby provides the following information as of September 30, 2005. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Official Statement dated as of July 18, 2005. To the best of the knowledge of the undersigned:

1. Status of the Improvements Financed with the Bonds:

| Public Improvement (Gross Budget) | Original Budget | Budget Changes | Revised Budget | Work* Completed | Percent* Completed |
|---|-----------------|----------------|----------------|-----------------|--------------------|
| Land Acquisition | \$4,450,676 | (\$512,698) | \$3,937,978 | \$0 | 0% |
| Demolition, Utility Relocation and Site Preparation | \$1,321,307 | \$0 | \$1,321,307 | \$0 | 0% |
| Storm Water Sewer Installation | \$269,100 | \$0 | \$269,100 | \$0 | 0% |
| Streetscapes, Sidewalks and Landscaping | \$762,091 | \$0 | \$762,091 | \$0 | 0% |
| Structured Parking Facility | \$2,543,250 | \$0 | \$2,543,250 | \$0 | 0% |
| Total: | \$9,346,424 | (\$512,698) | \$8,833,726 | \$0 | 0% |

| Public Improvement (TAD Proportion) | Original Budget | Budget Changes | Revised Budget | Work* Completed | Percent* Completed |
|---|-----------------|----------------|----------------|-----------------|--------------------|
| Land Acquisition | \$1,904,758 | (\$121,601) | \$1,783,157 | \$0 | 0% |
| Demolition, Utility Relocation and Site Preparation | \$565,490 | \$0 | \$598,301 | \$0 | 0% |
| Storm Water Sewer Installation | \$115,166 | \$0 | \$121,851 | \$0 | 0% |
| Streetscapes, Sidewalks and Landscaping | \$326,152 | \$0 | \$345,082 | \$0 | 0% |
| Structured Parking Facility | \$1,088,435 | \$0 | \$1,151,609 | \$0 | 0% |
| Total: | \$4,000,000 | (\$512,698) | \$4,000,000 | \$0 | 0% |

* Since bond proceeds have not been drawn down, the amount and percent of work complete is zero (per A. Rhein).

2. Anticipated Completion Date: The anticipated Completion Date in the Development Agreement is June 30, 2007. There has been no change in the anticipated completion date of the project. The anticipated demolition start date has changed from October, 2005 to December 15, 2005. The anticipated construction start date has changed from December 15, 2005 to December 30, 2005
3. Government Permits: The following additional government permits have been obtained since the bonds were issued:

Demolition Permit expected by November 22, 2005.

4. Closing of any Construction Loans: The developer closed on a loan(s) from GMAC on October 21, 2005 in the amount of \$2,500,000. As of the date of this report, the amount of the loan funded was \$2,500,000 the amount of the loan repaid was \$0, and the balance on the loan was \$2,500,000.
5. Amendments to any Project Financing: There have been several amendments to the Project Financing. The amount of New Markets Tax Credit capital invested in the project has been reduced from \$17,000,000 to \$2,500,000. The amount of First Mortgage debt financing has increased from \$19,601,370 to 33,964,003. The Equity Investor (land) amount has increased/changed from \$987,000 to Developer's Equity of \$1,500,000. And the Developer has agreed to defer \$995,727 in developer fees as a contribution to equity.

| Project Financing (Original) | | |
|------------------------------|--------------------------------|------------------|
| Sources: Debt | Retail Development Debt - NMTC | \$5,825,683 |
| | Condo Development Debt - NMTC | \$11,174,317 |
| | Other First Mortgage | \$19,601,370 |
| Equity | Equity Investor - Land | \$ 987,000 |
| | TAD Equity | \$4,000,000 |
| | Other Public Funding | <u>\$350,000</u> |
| | Total | \$41,938,450 |

| Project Financing (Current) | | |
|-----------------------------|--------------------------|------------------|
| Sources: Debt | (First Mortgage) | \$33,964,003 |
| | New Markets Tax Credit | \$2,500,000 |
| Equity | Developer's Equity | \$1,500,000 |
| | TAD Equity | \$4,000,000 |
| | Deferred Developer's Fee | \$995,727 |
| | Other Public Funding | <u>\$350,000</u> |
| | Total | \$43,309,730 |

6. Notice of Default in Construction Loan: The developer has not received formal written notice and is not aware of any default under its Project Financing.
7. Notice of Default on Development Agreement: The developer has not received formal written notice and is not aware of any default under the development agreement.

8. Marketing and Sales:

a. Unit Sales:

| Unit Type | Number of Units Sold | Number of Units Closed | Average Sales Price | Total Units |
|-------------|-------------------------|---------------------------|------------------------|-------------|
| One bedroom | 7 | 0 | \$224,786 | 104 |
| Two Bedroom | 10 | 0 | \$303,840 | 54 |
| Total: | 17 | 0 | \$271,288 | 158 |

b. Leasing Status:

| Unit Type | Tenants | Space Leased (in square feet) | Percent of Total Space Leased |
|---|---------|-------------------------------------|-------------------------------------|
| <u>Retail Space (27,000 sf)</u> | | | |
| | None | 0 | 0% |
| Subtotal: | | | |
| <u>Museum/Cultural Space (4,000 sf)</u> | | | |
| | None | 0 | 0% |
| Subtotal: | | | |
| Total: | | 0 | 0% |

*A Lease for 3,500 sf is outstanding; Letters of Intent for 11,000 sf are outstanding.

9. Property Tax Collections and Delinquencies: The real property taxes billed, paid and delinquent for property owned by the developer in the project for the 2005 - 2006 tax year are as follows:

| | |
|--------------------------------|------------|
| Real property taxes billed | \$7,980.09 |
| Real property taxes paid | \$7,959.94 |
| Real property taxes delinquent | \$ 20.15 |
10. Appeals to Assessed Value: The developer has not filed an appeal to the valuation for real property tax purposes for any of the property owned by the developer in the project.
11. Exemption from Taxation: The developer has not applied for or received an exemption from real property tax purposes fro any property owned by the developer in the project.
12. Change in Form, Organization or Ownership of the Developer: There have been no material changes to the form, organization or ownership of the developer (as described within the Official Statement under the sub-caption "THE DEVELOPERS AND DEVELOPMENT - Sweet Auburn Village Development").
13. Legislative, Administrative or Judicial Challenges: To the best knowledge of the developer, there have been no legislative, administrative, or judicial challenges to the construction of the project.

14. The developer has not obtained actual knowledge of the occurrence of any Developer Significant Events, as listed below.

AUBURN AVENUE VILLAGE, LLC

By: Auburn Avenue Village, LLC

By: 

Title: Development Officer

Date: November 11, 2005

DEVELOPER SIGNIFICANT EVENTS

According to the Exhibit S of the Development Agreement, developer significant events include the following:

- (i) failure to pay any real property taxes (including the special taxes) levied within the 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 district;
- (iii) the exercise of an option to purchase or sell or the purchase or sale of any land within the district by the developer;
- (iv) material default by the developer or any affiliate thereof on any loan with respect to the construction or permanent financing of Atlanta Eastside or the Sweet Auburn Village Development;
- (v) 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;
- (vi) payment default by the developer or any affiliate thereof on any loan to such party (whether or not such loan is secured by the property within the district);
- (vii) the filing by or against the developer or any affiliate thereof, the general partner of the developer or any owners of more than 25% interest in the developer of any petition or other proceeding under any bankruptcy, insolvency or similar law or any determination that the

developer or 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

- (viii) the filing of any lawsuit with claim for damages in excess of \$1,000,000 against the developer which may adversely affect the completion of Atlanta Eastside or the Project (as defined in the Development Agreement) or litigation in excess of \$1,000,000 which would materially adversely affect the financial condition of the developer.