

**\$6,180,000**  
**City of Morgantown, West Virginia**  
**Tax Increment Revenue Bonds**  
**(Parking Garage Project No. 1)**  
**Series 2006 A**

**ANNUAL CONTINUING DISCLOSURE REPORT**

In accordance with the "Continuing Disclosure Agreement" (the "Agreement") by and among, The Bank of New York as trustee (the "Trustee"), the City of Morgantown, West Virginia (the "City") and MuniCap, Inc. (the "Administrator") dated as December 14, 2006, the City hereby provides the following information as of December 31, 2007. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Limited Offering Memorandum dated as of December 14, 2006. To the best of the knowledge of the undersigned:

- 1) Fund Balances: The table below provides the initial deposits, interest paid, additional proceeds, disbursements and the fund balances as of December 31, 2007.

	<b>Initial Deposits</b>	<b>Interest Paid</b>	<b>Additional Proceeds</b>	<b>Disbursements</b>	<b>Balance 12/31/07</b>
Project Fund	\$5,368,000	\$259,363	\$0	\$392,319	\$5,235,045
Cost of Issuance Account	\$135,683	\$336	\$288	\$136,260	\$48
Debt Service Fund	\$287,062	\$7,504	\$137,111	\$431,606	\$72
Reserve Fund	\$416,430	\$21,229	\$0	\$10,241	\$427,418
Admin Expenses Fund	\$0	\$157	\$10,181	\$5,961	\$4,377
TIF Revenue Fund	\$3,424	\$3,311	\$472,532	\$435,666	\$43,601
<b>Total:</b>	<b>\$6,210,599</b>	<b>\$291,900</b>	<b>\$620,112</b>	<b>\$1,412,051</b>	<b>\$5,710,561</b>

- 2) Changes to the Ad Valorem Tax Rates of the City, the Board of Education of Monongalia County, West Virginia, or Monongalia County, West Virginia (the "County"): There have been no changes in the ad valorem tax rates of the City, the Board of Education of Monongalia County, West Virginia, or Monongalia County, West Virginia.
- 3) Increase in the Size of the District: According to the City of Morgantown, West Virginia, there has been no increase in the size of the district.
- 4) Assessed Value of the Real and Personal Property in the District: As shown in the table below, the base year assessed value of the real and personal property within the district was \$32,021,222. The current fiscal year assessed value of the real and personal property in the district is \$63,340,628. As a result, there has been a \$31,319,406 increase in the assessed value of the real and personal property within the district. (Assessed value is equal to 60 percent of appraised value.)

Class 2 Base Year Personal Property Assessed Value	\$0
Class 2 Base Year Real Property Assessed Value	\$18,420
Class 4 Base Year Personal Property Assessed Value	\$3,317,602
Class 4 Base Year Real Property Assessed Value	\$28,685,200
Total	\$32,021,222
Class 2 FY 07 Personal Property Assessed Value	\$0
Class 2 FY 07 Real Property Assessed Value	\$5,880,440
Class 4 FY 07 Personal Property Assessed Value	\$8,051,988

Class 4 FY 07 Real Property Assessed Value	\$49,408,200
Total	\$63,340,628
Class 2 Incremental Personal Property Assessed Value	\$0
Class 2 Incremental Real Property Assessed Value	\$5,862,020
Class 4 Incremental Personal Property Assessed Value	\$4,734,386
Class 4 Incremental Real Property Assessed Value	\$20,723,000
Total	\$31,319,406

- 5) Total Ad Valorem Taxes Levied: As shown in the table below, the total ad valorem taxes levied on the property within the district for fiscal year 2006-2007 is equal to \$1,074,402.

Class 2 Current Year Real & Personal Property Assessed Value	\$5,880,440
Class 4 Current Year Real & Personal Property Assessed Value	\$57,460,188
Total	\$63,340,628
Class 2 Total Levy Rate (cents per 100 of AV)	88.94
Class 4 Total Levy Rate (cents per 100 of AV)	177.88
Class 2 Total Levy	\$52,301
Class 4 Total Levy	\$1,022,102
Total taxes levied FY06-07	\$1,074,402

- 6) Ad Valorem Tax Collection: According to the City of Morgantown, West Virginia, the actual total ad valorem taxes levied in the district were \$1,578,224. As of February 6, 2008, the City of Morgantown, West Virginia reports that Monongalia County has collected \$1,575,163 in fiscal year 2006-2007, which is equal to 99.8 percent of the actual ad valorem taxes levied. The total ad valorem taxes for the district are calculated to be \$1,074,402 based on the tax levy rates, the base year and fiscal year 2006-07 certified assessed values as shown in (5) above. According to the City of Morgantown, West Virginia, the difference between the calculated total ad valorem and the actual total ad valorem taxes levied is currently under review.
- 7) Assessed Value Appeals: According to the City of Morgantown, there have not been any appeals of assessed value determinations for property within the district at this time.
- 8) Property Ownership: A list of district taxpayers responsible for levy of more than five percent of ad valorem taxes in the fiscal year 2006-07 is shown in the table below.

Property Owner	Ad Valorem Taxes	Percentage
Mermaid, LLC & Platinum Property	\$491,178	31.12%
Waterfront Place Parking	\$175,776	11.14%
Raddison HOTEL	\$96,362	6.11%
FETA, LLC	\$89,657	5.68%
Subtotal -	\$852,972	54.05%
<b>Total FY 2006-07 actual ad valorem taxes levied</b>	<b>\$1,578,224</b>	<b>100.00%</b>

- 9) Significant Amendments to Land Use Entitlements or Legal Challenges to the Construction of the Public Improvements: The administrator has not received

formal written notice from the city of any Amendments to Land Use Entitlements or Legal Challenges to the Construction of the Public Improvements.

- 10) Changes to the Public Improvements and Status of Development: According to the City of Morgantown, there have been no changes to the public improvements described in the Development Agreement.

The developer reports that the construction of the parking garage will commence by June 2008 and the developer anticipates that the garage will be completed in 2009. According to the developer, the construction of the parking garage has been delayed as a result of the continuing construction negotiations.

The developer reports that the Marina, which was formally known as Upper Mon River Center, was completed in May 2007. According to the developer, the Marina is occupied by Boathouse Bistro restaurant and the West Virginia University Crew Team.

The developer reports that the construction of the Mariner Tower, an eight story office building, commenced in August 2007 and the developer anticipates that construction will be completed in the summer of 2008.

The developer reports that the Phase II construction of the View at the Park commenced in October 2007 and the developer anticipates that construction will be completed within one year.

- 11) Occupancy Permits: According to the City of Morgantown, West Virginia, no occupancy permits were issued for the Parking Garage Project No. 1. According to the developer, the occupancy permit will not be issued until at least 95 percent of the construction is complete.

- 12) Debt Service Coverage: The table below provides the debt service coverage on the Series 2006 A Bonds for the fiscal year 2006-07:

Debt Service:	
Interest Payment December 1, 2006	N/A
Interest Payment June 1, 2007	\$137,062
Principal Payment June 1, 2007	\$150,000
Total	\$287,062
Estimated TIF Revenue:	
Class 2 Base Year Real & Personal Property Assessed Value	\$18,420
Class 4 Base Year Real & Personal Property Assessed Value	\$32,002,802
Class 2 fiscal year 2006-07 Real & Personal Property Assessed Value	\$5,880,440
Class 4 fiscal year 2006-07 Real & Personal Property Assessed Value	\$57,460,188
Class 2 Incremental Real & Personal Property Assessed Value	\$5,862,020
Class 4 Incremental Real & Personal Property Assessed Value	\$25,457,386
Class 2 fiscal year 2006-07 Levy Rate (cents per 100 of AV)	88.94
Class 4 fiscal year 2006-07 Levy Rate (cents per 100 of AV)	177.88
Class 2 Estimated TIF Revenues	\$52,137
Class 4 Estimated TIF Revenues	\$452,836
Total Estimated TIF revenues	\$504,973
Debt Service Coverage fiscal year 2006-07	175.91%

13) Reporting of Significant Events:

Pursuant to the Continuing Disclosure Agreement, significant events include the following:

- (i) delinquency in payment when due of any principal of or interest on the Series 2006 A Bonds;
- (ii) occurrence of any material default under the Indenture (other than as 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 Series 2006 A Bonds;
- (vi) amendment to the Indenture modifying the rights of the bondholders;
- (vii) giving of notice of optional of unscheduled redemption of the Series 2006 A Bonds;
- (viii) defeasance of the Series 2006 A Bonds or any portion thereof;
- (ix) the release or substitution of real property within the district other than as identified in the annual report pursuant to Section 2(a) hereof;
- (x) any change in the rating, if any, on the Series 2006 A Bonds.

Inquiries have been made with the city regarding the occurrence of any significant events and they have reported that no significant events have occurred as of December 31, 2007.