

**SUPPLEMENTAL DISCLOSURE TO THE
ANNUAL CONTINUING DISCLOSURE REPORT**

For the Period Ending December 31, 2008

\$32,860,000

*The Marquis Community Development Authority (Virginia)
Revenue Bonds, Series 2007*

Prepared by:

MUNICAP, INC.

May 21, 2009

SUPPLEMENTAL DISCLOSURE TO THE ANNUAL CONTINUING DISCLOSURE REPORT

For the Period Ending December 31, 2008

This supplemental disclosure is intended to provide an update to the Annual Continuing Disclosure Report for the Marquis Community Development Authority (“CDA”) dated March 31, 2009. The information set forth had not been approved by the CDA Board at the time the Annual Continuing Disclosure Report was disseminated. The 2009 Annual Special Assessment Report was approved by the CDA Board at the annual meeting on April 28, 2009. The supplemental disclosure includes the amount of special assessments to be collected in the CDA for the 2009 tax year and is an update to the District Operations section of the Annual Continuing Disclosure Report.

A. SPECIAL ASSESSMENT LEVIED AND COLLECTED

According to the Rate and Method of Apportionment of Special Assessments for the Marquis Community Development Authority (RMA), the Annual Revenue Requirement is defined as:

For any Assessment Year, the lesser of (A) the Annual Installment for the Assessment Year and (B) the sum of the following: (1) debt service on the bonds to be paid from the Annual Installments; (2) periodic costs associated with such bonds, including but not limited to, rebate payments and credit enhancements on the bonds; (3) administrative expenses; and (4) a contingency; less (5) incremental tax revenues available to the CDA that may be applied to the Annual Revenue Requirement; (6) any credits applied under the bond indenture, such as capitalized interest or interest earnings on any account balances; and (7) any other funds available to the CDA that may be applied to the Annual Revenue Requirement.

Investment income earned on the Debt Service Reserve Fund, the available balance in the Revenue Fund, bond proceeds deposited to the Administrative Expense Fund, and estimated incremental tax revenues for 2009 are not sufficient for debt service and administrative expenses for tax year 2009. As a result, the Annual Installment of Special Assessments collected in the 2009 tax year in the amount of \$1,097,000. Table A on the following page provides a summary of the Annual Revenue Requirement for 2009. Each of these numbers is explained in the following sections.

Table A
Annual Revenue Requirement

Debt Service	Series 2007
Interest payment on September 1, 2009	\$898,843
Interest payment on March 1, 2010	\$898,843
Principal payment on September 1, 2009	\$0
Sub-total Annual payments	\$1,797,686
Administrative expenses	\$100,000
County collection cost	\$262,500
Contingency	\$18,612
Sub-total expenses	\$2,178,798
Available Capitalized Interest Account	(\$789,782)
Debt Service Reserve Fund investment income	(\$16,115)
Estimated incremental real property tax revenues 2009	(\$275,902)
Sub-total available funds	(\$1,081,798)
Annual Revenue Requirement for tax year 2009	\$1,097,000

Debt Service

Debt service includes interest on the Series 2007 Bonds payable on September 1, 2009 and March 1, 2010. The \$898,843 interest payments due on September 1, 2009 and March 1, 2010 are equal to six months of interest on the term bonds as shown below.

Term 2013 Bonds of \$9,655,000 at 5.10%	\$246,203
Term 2018 Bonds of \$23,205,000 at 5.625%	\$652,641
Total	\$898,843

There is no principal payment due on September 1, 2009. Accordingly, total debt service on the Series 2007 Bonds is equal to \$1,797,686.

Administrative Expenses

The estimated administrative expenses for 2009 are shown in Table B.

Table B
Administrative Expenses – 2009

Meetings of the Authority (two meetings during the year at \$1,500 per meeting)	\$3,000
CDA counsel	\$50,700
Trustee	\$3,000
Administrator	\$33,800
Miscellaneous (county, audit, insurance, etc.)	\$9,500
Total Administrative Expenses Tax Year 2009	\$100,000

County Collection Cost

Pursuant to Section 4 (b)(ii) of the Memorandum of Understanding, York County shall be entitled to deduct and retain from incremental tax revenues an annual amount to compensate the county for services provided with respect to facilities in the project area, such amount to be equal to the lesser of (i) incremental tax revenues actually collected for such calendar year or (ii) \$250,000 for calendar year 2008 increasing by five percent each year thereafter. As a result, the estimated county collection costs for tax year 2009 are approximately \$262,500.

Contingency

A contingency equal to approximately one percent of annual expenses has been added in the event of tax increment revenue delinquencies, unanticipated expenses or investment income is less than estimated.

Available Capitalized Interest Account

As of February 28, 2009, the balance in the Capitalized Interest Account was \$1,630,133. A portion of the proceeds was used to pay debt service on the bonds due on March 1, 2009. The available investment income in the Debt Service Reserve Fund is \$38,269, which was also used to pay debt service on March 1, 2009. The estimated remaining balance after the semi-annual interest payment on March 1, 2009 is approximately \$769,559. Bond proceeds deposited in the Capitalized Interest Account are invested in VA SNAP, which was earning 1.23 percent per year. An interest rate of one percent is assumed in order to calculate the investment income earned in the Capitalized Interest Account as a result of declining conditions in the financial market. This yields an estimated investment income of \$3,837 through August 31, 2009. Table C below provides the application of the balance in the Capitalized Interest Account.

Table C
Available Capitalized Interest Account

Capitalized Interest Account balance at February 28, 2009	\$1,630,133
Debt Service Reserve Fund investment income	\$38,269
Debt Service Interest Payment March 1, 2009	(\$898,843)
Capitalized Interest Account balance at March 2, 2009	\$769,559
Estimated interest through August 31, 2009	\$3,837
Debt Service Reserve Fund investment income through August 31, 2009	\$16,385
Available Capitalized Interest Account balance	\$789,782

As shown in Table C, Debt Service Reserve Fund investment income through August 31, 2009 is estimated to be \$16,385. As a result, the estimated available balance in Capitalized Interest Account for debt service payment due September 1, 2009 is approximately \$789,782.

Debt Service Reserve Fund Income

As of February 28, 2009, the balance in the Debt Service Reserve Fund was \$3,324,269, which included the reserve requirement of \$3,286,000 and investment income of \$38,269. A portion of the Reserve Fund investment income will be used for the debt service payments due on March 1, 2009 and September 1, 2009. The reserve requirement is invested in the VA SNAP, which was earning 1.23 percent as of February 28, 2009. An estimated interest rate of one percent is assumed in

order to calculate the investment income earned in the Debt Service Reserve Fund, from September 2, 2009 through March 1, 2010, as a result of declining conditions in the financial market. This yields an estimated Reserve Fund investment income of \$16,385, which will be available for the debt payment due in tax year 2009.

Incremental Tax Revenues

Pursuant to Section 4 (b) of the Memorandum of Understanding, the county agrees to pay the CDA certain incremental tax revenue collected within the project area. Such incremental tax revenues include 100 percent of the county’s incremental ad valorem real property tax revenues, 100 percent of the county’s incremental personal property tax revenues, 100 percent of the county’s incremental business, professional, and occupational license tax revenues (BPOL), 100 percent of the county’s portion of the incremental sales tax, and 50 percent of the incremental food and beverage tax revenues.

(i) Incremental Real Property Tax

According to the Rate and Method of Apportionment, for purposes of calculating the incremental real property tax revenues for each parcel, the base year real property tax revenues shall be allocated to each parcel on the basis of the total of the real property tax revenues from which the incremental tax revenues are calculated. Table D below provides the estimated tax revenues to be levied and collected in tax year 2009 from the property located within the CDA.

Table D
Incremental Real Property Tax - 2009

GPIN	Total Assessed Value	Ad Valorem Tax Rate per \$100	Total Ad Valorem Tax Revenues	Base Year Taxes	Incremental Real Property Tax Revenues
I13C-0012-1173	\$47,451,200	\$0.6575	\$311,992	(\$109,882)	\$202,110
H13B-3833-3806	\$774,000	\$0.6575	\$5,089	(\$1,792)	\$3,297
H13B-3832-3152	\$16,550,700	\$0.6575	\$108,821	(\$38,326)	\$70,495
Total	\$64,775,900		\$425,902	(\$150,000)	\$275,902

As shown in the table above, the total incremental real property tax revenues for the 2009 tax year are approximately \$275,902.

(ii) Incremental Personal Property Tax

According to Section 4(b) of Memorandum of Understanding, the county will pay to the trustee on behalf of the CDA incremental personal property tax revenues on or before each February 1 or August 1, beginning February 1, 2010. Accordingly, the incremental personal property taxes through calendar year 2008 are being included in the calculation of surplus, as shown in Table F, to be deposited into the Revenue Stabilization Fund. Calendar year 2009 incremental personal property tax revenues, to be reported by the county on or before February 1, 2010, will be used to estimate the Annual Revenue Requirement for calendar year 2010.

(iii) Incremental BPOL Tax

According to Section 4(b) of Memorandum of Understanding, the county will pay to the trustee on behalf of the CDA incremental BPOL tax revenues on or before each February 1 or August 1, beginning February 1, 2010. Accordingly, the incremental BPOL taxes through calendar year 2008 are being included in the calculation of surplus, as shown in Table F, to be deposited into the Revenue Stabilization Fund. Calendar year 2009 incremental BPOL tax revenues, to be reported by the county on or before February 1, 2010, will be used to estimate the Annual Revenue Requirement for calendar year 2010.

(iv) Incremental Sales Tax

Pursuant to Section 4(b) of Memorandum of Understanding, the county will pay to the trustee on behalf of the CDA incremental sales tax revenues on or before each February 1 or August 1, beginning February 1, 2010. Accordingly, the incremental sales taxes through calendar year 2008 are being included in the calculation of surplus, as shown in Table F, to be deposited into the Revenue Stabilization Fund. Calendar year 2009 incremental sales tax revenues, to be reported by the county on or before February 1, 2010, will be used to estimate the Annual Revenue Requirement for calendar year 2010.

(v) Incremental Food and Beverage Tax

According to Section 4(b) of Memorandum of Understanding, the county will pay to the trustee on behalf of the CDA incremental food and beverage tax revenues on or before each February 1 or August 1, beginning February 1, 2010. Accordingly, the incremental food and beverage taxes through calendar year 2008 are being included in the calculation of surplus, as shown in Table F, to be deposited into the Revenue Stabilization Fund. Calendar year 2009 incremental food and beverage tax revenues, to be reported by the county on or before February 1, 2010, will be used to estimate the Annual Revenue Requirement for calendar year 2010.

Summary of Incremental Tax Revenues

Based on the estimates provided above, the total incremental tax revenues expected to be available for debt service in tax year 2009 is equal to \$275,902, as shown in Table E below.

Table E
Incremental Tax Revenues – 2009

	2009 Incremental Tax Revenues
Incremental real property tax	\$275,902
Incremental personal property tax	\$0
Incremental BPOL tax	\$0
Incremental sales tax	\$0
Incremental food and beverage tax	\$0
Total incremental tax revenues	\$275,902

Revenue Stabilization Fund

Pursuant to Section 4 (b)(x) of the Memorandum of Understanding, if the incremental tax revenues available to the CDA in any calendar year exceed the Annual Installment for such calendar year, such excess shall be deemed a “surplus”. The county shall deposit annually by each September 1 beginning September 1, 2008 with the trustee an amount equal to 50 percent of any surplus in the sub-account of CDA revenue account for the preceding calendar year to be held in the Revenue Stabilization Fund created under the Trust Indenture. If at any time the amount on deposit in the Revenue Stabilization Fund is at least \$1,200,000, the county shall have no obligation to pay any surplus to the Trustee unless and until the balance in the Revenue Stabilization Fund is less than \$1,200,000. Pursuant to Section 7.7 of the Trust Indenture, the balance in the Revenue Stabilization Fund can be used to pay (i) principal and interest on the Series 2007 Bonds to the extent that amount deposited in the Bond and Interest Account is insufficient for such purpose, (ii) to the payment of administrative expenses to the extent amount on deposit in the Administrative Expense Fund are insufficient for such purpose and (iii) to replenish any deficiency in the Debt Service Reserve Fund.

According to the Treasurer and Commissioner of Revenue of York County, the incremental tax revenues collected in 2008, which shall be deemed as surplus, are shown in Table F below.

Table F
Revenue Stabilization Fund

Real Property tax – 1 st half of 2007	\$35,360
Real Property tax - 2008	\$371,808
Personal Property tax - 2008	\$47,925
Sales tax - 2008	\$306,226
Meals tax - 2008	\$2,468
BPOL fees - 2008	\$101,122
Interest Income	\$5,444
Sub-total tax revenues	\$870,353
Less: Base year taxes calendar year 2007 (partial amount)	(\$560)
Less: Base year taxes calendar year 2008	(\$150,000)
Less: County expense year - 2008	(\$250,000)
Sub-total incremental tax revenues	\$469,793
Allocation to CDA	50.00%
Transfer to Revenue Stabilization Fund - 2008	\$234,896
Available Revenue Stabilization Fund balance - 2007	\$4,604
Total Revenue Stabilization Fund balance	\$239,500
¹ For calendar year 2007, the first and second half real estate taxes in the amount of \$74,720, each, were posted to the General Fund. Accordingly, the total real estate taxes posted in calendar year 2007 were \$149,440 (\$74,720 + \$74,720 = \$149,440). As a result, the remaining base year taxes deducted in 2008 for calendar year 2007 is equal to \$560 (\$150,000 - \$149,440 = \$560).	

As shown in Table F, the total incremental tax revenues collected in 2008, including interest income, are \$870,353. Pursuant to Section 4 (b)(ii) of the Memorandum of Understanding, the county will deduct base year tax revenues and county collection costs from the total tax revenues collected from the property within the CDA. Accordingly, the county will deduct base year taxes in the amount of \$560 and \$150,000 for the first half of FY 2007 and FY 2008, respectively. The

county will also deduct \$250,000 in county collection costs, pursuant to the Memorandum of Understanding. As a result, the total incremental taxes collected from property within in the CDA were \$469,793, of which fifty percent is to be transferred to the Revenue Stabilization Fund ($\$469,793 \times 50\% = \$234,896$). On March 17, 2009, the county transferred \$4,604 in the Revenue Stabilization Fund account for the 2007 incremental tax revenue surplus. As a result, the aggregate amount expected to be available in the Revenue Stabilization Fund is \$239,500 ($\$234,896 + \$4,604 = \$239,500$).

Summary

The estimated expenses of the CDA for 2009 are \$2,178,798. The estimated funds available to pay these expenses are \$1,081,798, resulting in an annual revenue requirement of \$1,097,000.

B. DELINQUENT ASSESSMENTS

Special assessments will be levied for collection in the 2009 tax year. The county will send the special assessment bills to property owners within the CDA, which will be due dates on June 5. As a result, there are no delinquent assessments at this time.

C. COLLECTION EFFORTS

There are no collection efforts underway.