

\$65,000,000
PRINCE GEORGE'S COUNTY, MARYLAND
SPECIAL OBLIGATION BONDS
(National Harbor Project)
SERIES 2004

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT

Attn: Keenan Rice
MuniCap
8340 Governor Ridgley Lane
Ellicott City, MD 21043

In accordance with the "Continuing Disclosure Agreement" (the "Disclosure Agreement") by and between the undersigned, National Harbor Development LLC (the "Developer") and MuniCap, Inc. (the "Administrator") entered in connection with the remarketing of \$65,000,000 in aggregate principal amount of the Prince George's County, Maryland Special Obligation Bonds (National Harbor Project), Series 2004, the Developer hereby provides the following information as of June 30, 2008. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Indenture dated as of December 1, 2004, as supplemented by a First Supplemental Indenture of Trust dated as September 1, 2005. To the best of the knowledge of the undersigned:

The information provided herein is not intended to supplement the information provided in the Limited Offering Memorandum. 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 June 30, 2008, unless otherwise stated, and no representation is made that the information contained herein is indicative of information that may pertain since the end of the period covered by this report or in the future.

- 1) Status of Construction and Completion of the National Harbor Project.

Public Improvement Budget

Improvements	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Roads Hard Cost					
National Harbor Blvd PH I	\$3,913,644	(\$1,647,712)	\$2,265,932	\$2,265,932	100%
National Harbor Blvd PH II	\$2,997,493	\$1,982,168	\$4,979,661	\$4,135,160	83%
Water Front Street PH I (First St.)	\$2,950,126	(\$1,621,976)	\$1,328,150	\$1,271,636	96%
Water Front Street PH II (South St.)	\$2,342,800	(\$1,287,280)	\$1,055,520	\$1,033,678	98%
Ramblas	\$3,700,602	(\$3,700,602)	\$0	\$0	0%
Fleet Street (Second Street)	\$2,270,528	(\$1,545,884)	\$724,644	\$617,978	85%
St. George Blvd (Third Street)	\$1,975,876	(\$820,576)	\$1,155,300	\$1,135,227	98%
Southpointe Drive Ph I (Fourth St)	\$2,972,588	(\$2,796,069)	\$176,519	\$170,020	96%
Southpointe Drive Ph II	\$3,306,643	(\$581,524)	\$2,725,119	\$2,453,326	90%
Misc. Items Associated with Roads	\$0	\$2,505,066	\$2,505,066	\$1,301,356	52%
Traffic Signals	\$0	\$4,500,685	\$4,500,685	\$3,517,852	78%
Sub Totals	\$26,430,300	(\$5,013,704)	\$21,416,596	\$17,902,164	84%
Roads Soft Cost					
Permit Fee	\$1,723,715	\$804,282	\$2,527,997	\$2,479,258	98%
DER Permit Fee	\$52,076	(\$52,076)	\$0	\$0	0%
Design Fees	\$2,757,944	(\$44,757)	\$2,713,187	\$1,837,978	68%
Prevailing Wages/LMBE Pref.	\$3,447,430	(\$3,447,430)	\$0	\$0	0%
Contingency	\$0	\$3,114,163	\$3,114,163	\$0	0%
Bonds	\$396,455	(\$396,455)	\$0	\$0	0%
Sub Totals	\$8,377,620	(22,273)	\$8,355,347	\$4,317,236	52%
Ponds Hard Cost					
Betty Blume Pond	\$517,325	\$274,094	\$791,419	\$766,544	97%
Betty Blume Pond Amenities	\$200,000	(\$23,310)	\$176,690	\$83,359	47%
Panorama Pond	\$450,000	\$1,045,505	\$1,495,505	\$1,493,755	100%
Southpointe Pond	\$450,000	(\$83,750)	\$366,250	\$0	0%
Temporary Pond	\$175,000	(\$175,000)	\$0	\$0	0%
Sediment Control	\$287,500	(\$287,500)	\$0	\$0	0
Sub Totals	\$2,079,825	\$750,039	\$2,829,864	\$2,343,659	83%
Ponds Soft Cost					
Design Cost	\$249,579	\$296,516	\$546,095	\$330,848	61%
Prevailing Wages/LMBE Pref.	\$311,974	(\$311,974)	\$0	\$0	0%

Contingency	\$0		\$	\$0	0%
Bonds	\$31,197	(\$31,197)	\$0	\$0	0%
Permit Fees	\$5,000	\$71,913	\$76,913	\$12,010	16%
SWM Fee In-Lieu	\$206,750	\$1,415,995	\$1,622,745	\$542,242	33%
Sub Totals	\$804,500	\$1,441,253	\$2,245,753	\$885,100	39%
Water and Sewer Hard Cost					
Water and Sewer Part 1	\$441,669	\$205,703	\$647,372	\$647,372	100%
Water and Sewer Part 2	\$63,961	(\$63,961)	\$0	\$0	0%
Pump Station (Part 3)	\$4,135,981	\$2,396,485	\$6,532,466	\$6,532,466	100%
Water and Sewer Part 4A	\$172,500	\$340,931	\$513,431	\$0	0%
Water and Sewer Part 4B	\$961,845	(\$76,622)	\$885,223	\$885,223	100%
Water and Sewer Part 5	\$838,569	\$824,870	\$1,663,439	\$1,663,439	100%
Water and Sewer Part 6A	\$489,776	(\$180,196)	\$309,580	\$309,580	100%
Water and Sewer Part 6B	\$777,469	\$196,985	\$974,454	\$974,454	100%
Water and Sewer Part 7	\$419,779	\$182,995	\$602,774	\$602,774	100%
Water and Sewer Part 9	\$0	\$379,217	\$379,217	\$0	0%
Water and Sewer Part 10	\$288,294	\$417,503	\$705,797	\$435,421	62%
Water and Sewer Part 11, 13	\$88,898	\$408,913	\$497,811	\$497,811	100%
Sleeves (Part 12)	\$89,499	(\$52,799)	\$36,700	\$0	0%
Water and Sewer Part 13	\$264,543	(\$264,543)	\$0	\$0	0%
Water and Sewer Part 15, 16	\$390,727	\$272,011	\$662,738	\$645,144	99%
Water and Sewer Part 20&24	\$239,876	(\$19,718)	\$220,158	\$220,158	0%
Sub Totals	\$9,663,386	\$4,967,774	\$14,631,160	\$13,422,841	92%
Water & Sewer Soft Cost					
Review and Inspection Fee	\$1,159,606	\$346,987	\$1,506,593	\$1,504,786	100%
Design Cost	\$1,159,606	\$548,120	\$1,707,726	\$1,686,803	99%
Contingency	\$0	\$0	\$0	\$0	0%
Prevailing Wages/LMBE Pref.	\$1,449,508	(\$1,449,508)	\$0	\$0	0%
Bonds	\$241,585	(\$241,585)	\$0	\$0	0%
Sub Totals	\$4,010,305	(\$795,986)	\$3,214,319	\$3,191,589	99%
Misc. Others					
Fireboat/Public Safety	\$500,000	\$0	\$500,000	\$500,000	0%
Total Public Improvements	\$51,865,936	\$1,327,103	\$53,193,039	\$42,562,590	80%
Less: Private Contributions	\$0	(\$10,622)	(\$10,622)	\$0	0
Total Bond Funded Costs	\$51,865,936	\$1,316,481	\$53,182,417	\$42,562,590	80%

2) Status of Development - Project Update and Development Schedule:

a) Project Update

Project Update

Development	Status
Zoning and Permitting	All required Zoning approvals have been obtained from the County.
Site Plan and Design Approval	All Site plans for Phase I buildings have been approved
Subdivision	Working on subdividing Parcels R and S.
Infrastructure - onsite	Construction of the on-site infrastructure is mostly complete. There is some minor work remaining adjacent to the buildings still under construction. All roads have been topped with finish asphalt except portions of Fleet Street. Damaged curb and gutter has been replaced and some damaged paving has been milled and overlaid with asphalt.
Infrastructure - offsite	All off-site infrastructure has been completed.
Vertical Development – Hotel and Timeshare	<p>Hotel O (Hampton Inn and Suites) is finished and opened in early April 2008.</p> <p>Full building permits have been issued for Hotel H1 (Marriott Residence Inn). The general contractor, Herman-Stewart Construction, is scheduled for a late August 2008 opening</p> <p>Hotel A (Westin) is finished and opened in mid April 2008.</p> <p>Full building permits have been issued for Building Q (Wyndham Resorts/retail). The general contractor, Balfour Beauty, is well under construction and will top out the concrete superstructure in July 2008. The building scheduled to open in Fall 2009.</p> <p>Full building permits have been issued for Hotel K (W Aloft). The general contractor, Clark Construction, is scheduled for a Spring 2009 opening.</p>
Vertical Construction – Retail and Restaurant	<p>Building E is complete. The Sales Center opened in May, 2008. McCormick & Schmicks opened for business in early June 2008.</p> <p>Retail spaces in Buildings B and D were completed and turned over to tenants for construction. Potbelly Sandwich Works, America, Nh Visitor’s Center, Life is Good and Ben & Jerry’s Ice Cream open during May-June timeframe in</p>

	<p>Building D. Retail Tenant work is on-going in Bldg B.</p> <p>Building H1 is completed and interior build-out work is underway by the Tenant (Gracie's Fortune).</p> <p>Building P is complete and Tenant work is underway by one of the Tenant's (Bobby McKey's). Cadillac Ranch is schedule to start their build-out later this summer.</p> <p>Building A1-9 is complete and two art galleries (Art Whino and Govinda Gallery) opened in May 2008. Fossil, Godiva Chocolate and Swarovski Crystal are scheduled to open late summer/early Fall 2008.</p> <p>Building J is complete and two tenants (Erwin Pearl and JA Banks Clothier) opened in April and June 2008, respectively.</p> <p>Building M is complete and two tenants (Harley-Davidson and Wyndham Vacation Sales) opened in May and June 2008, respectively.</p> <p>Retail/restaurant building A10 design development is on-hold.</p>
Vertical Construction – Office Space	<p>Building J (Office/retail/garage) is complete and the first tenant (Jakel Consulting) opened for business in June 2008.</p> <p>Building M (Office/retail/garage) is complete and build-out plans are underway for a few tenants.</p>
Change in Development plan to allow residential Uses	<p>Full building permits have been issued for Building L (Residential/retail/garage). The general contractor, Clark Construction, is on schedule for October 2008 residential settlements. All condominium units have been sold.</p> <p>Full building permits have been issued for Building K (Residential/retail/garage). The general contractor, Clark Construction, is on schedule for Feb/Mar 2008 residential settlements. All but approximately 4-6 units have been sold</p> <p>Full building permits have been issued for Building D (Residential/retail/garage). The general contractor, Facchina-McGaughan, has completed the majority of the building exterior. Initial closings are scheduled for Late 2008.</p> <p>Building R is being planned as an 11-story, 250 +/- unit residential condominium building with street level retail. Plans for this building are in schematics and are being reviewed internally.</p>

b) Development Schedule

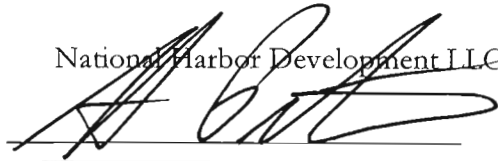
Development Schedule - Targets

Public Improvement Tasks	Projected Date		Date
	Start	Finish	Completed
Washington Suburban SC (WSSC)			
Part 1 Sewer "B"	6/29/05	3/15/06	3/15/06
Part 3 Pump Station "A"	8/8/05	12/2/06	8/15/07
Part 4B Water/Sewer "P"			5/27/05
Part 5 Water/Sewer "E"	6/29/05	3/15/06	3/15/06
Part 6A Sewer "R"			8/10/05
Part 6B Water/Sewer "F"	10/5/05	3/15/05	3/15/06
Part 10 Water/Sewer "J"	9/22/05	3/15/06	3/15/06
Part 7 Sewer			Summer 05
Part 11 Water/Sewer	12/29/05	4/17/06	4/17/06
Part 13 Water/Sewer	2/1/06	5/21/06	4/30/06
Part 15 Water/Sewer	2/15/06	5/30/05	Summer 2008
Part 16 Water/Sewer	3/16/06	6/13/06	2008
National Harbor Waterfront Roads			
National Harbor Blvd. (Phase I)	6/29/05	6/29/07	Summer 2007
Waterfront Street (Phase I)	6/29/05	9/14/07	Nov 2007
Waterfront Street (Phase II)	9/22/05	8/30/07	Nov 2007
South Pointe Rd. (Phase I)	8/1/05	7/1/07	Nov 2007
Fleet Street (Second Street)	1/31/06	7/14/07	
St. George's Boulevard (Third Street)	3/16/06	7/1/07	Nov 2007
Ramblas 1 st to 2 nd Streets		July 08	
Ramblas 2 nd to 3 rd Streets		Fall 08	
National Harbor Blvd. (Phase II)	12/29/05	7/1/07	Summer 2007
Southpointe Drive (now NH Blvd)	7/1/07	7/1/07	Summer 2007
Others Items			
Preliminary Plan of Subdivision			2/9/04
Stormwater Management Concept	7/19/04	10/26/04	updates
Record Plat			6/8/06
Panorama Stormwater Management Ponds	7/19/04	2/14/05	Spring 2008
Site Landscape, TCPII, CBCA	11/28/00	10/13/04	Spring 2008
Pepco			
Pepco Primary High Voltage Work	1/15/06	3/1/07	2/1/2008
Pepco Onsite Distribution Service	1/17/06	3/1/07	2/1/2008
Washington Gas	9/17/05	9/1/06	2/1/2008
Marine Work			
South Point Pier			11/10/04
Dredging for 2004 season			1/21/05
Gaylord Pier	6/1/06	9/5/07	3/15/2008
Peterson Pier	6/1/06	9/5/07	3/20/2008
Gaylord Design and Construction			
Contract Documents	6/9/05		Done
Bidding and Negotiation			Done
Construction Phase	Spring 05	March 08	Open
Permits and Approvals			Done
Building Permits			Done

- 3) Material changes to the Form, Organization or Ownership of the Developer: There have been no material changes in the form, organization or ownership of the developer as described in the Limited Offering Memorandum under, "THE DEVELOPMENT AND THE DEVELOPER".
- 4) Legislative, Administrative or Judicial Challenges: There have been no legislative, administrative, or judicial challenges to the construction of the improvements within the district or the validity of duly recorded plat or other public approvals for any section of the Development.
- 5) Zoning Classification: There have been no changes to the zoning classification for any parcel within the district as describe in the Limited Offering Memorandum.
- 6) Statement as to any Material Amendment or Supplement to the Development Agreement: There has been no material amendment or supplement to the Development Agreement related to the project as determined by the developer.
- 7) Notice of Default: There has been no formal written notice of default under any construction loan that finances any portion of the project.
- 8) The developer has not obtained actual knowledge of the occurrence of any Significant Events, as described in Attachment A.

National Harbor Development LLC

By: National Harbor Development LLC

By:  _____

Title: President, Peterson Development

Date: 09/08/08

ATTACHMENT A

Reporting of Significant Events

Whenever the Developer obtains actual knowledge of the occurrence of one or more of the following events, the Developer shall contact the Administrator, who shall immediately report such event to the Trustee and the County as set forth in the Continuing Disclosure Agreement:

- (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) material default by the Developer, or any Affiliate thereof, on any loan with respect to the construction or permanent financing of District development;
- (iv) 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 thereof;
- (v) the filing by or against the Developer, or any Affiliate thereof, or any owners of more than 25% interest in the Developer, of a bankruptcy petition 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 damages in excess of \$1,000,000 or which may adversely affect the completion of District development, or litigation in excess of \$1,000,000 or which would materially adversely affect the financial condition of the Developer.