

\$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 September 30, 2007. 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:

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

Public Improvements

Improvements	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Roads Hard Cost					
National Harbor Blvd PH I	\$3,913,644	(\$1,643,248)	\$2,270,396	\$2,221,149	98%
National Harbor Blvd PH II	\$2,997,493	\$127,907	\$3,125,400	\$1,858,632	59%
Water Front Street PH I (First St.)	\$2,950,126	(\$796,015)	\$2,154,111	\$1,118,995	52%
Water Front Street PH II (South St.)	\$2,342,800	(\$930,401)	\$1,412,399	\$941,876	67%
Ramblas	\$3,700,602	\$3,700,602	\$0	\$0	0%
Fleet Street (Second Street)	\$2,270,528	(\$806,221)	\$1,464,307	\$486,447	33%
St. George Blvd (Third Street)	\$1,975,876	(\$13,302)	\$1,962,574	\$870,098	44%
Southpointe Drive Ph I (Fourth St)	\$2,972,588	(\$1,508,281)	\$1,464,307	\$0	0%
Southpointe Drive Ph II	\$3,306,643	\$133,772	\$3,440,415	\$2,454,229	71%
Traffic Signals	\$0	\$1,400,000	\$1,400,000	\$56,857	4%
Sub Totals	\$26,430,300	(\$7,871,391)	\$18,693,909	\$10,008,283	54%
Roads Soft Cost					
Permit Fee	\$1,723,715	\$373,878	\$2,097,593	\$1,864,724	89%
DER Permit Fee	\$52,076	(\$52,076)	\$0	\$0	0%
Design Fees	\$2,757,944	(\$44,757)	\$2,713,187	\$1,576,780	58%
Prevailing Wages/LMBE Pref.	\$3,447,430	(\$507,444)	\$2,939,986	\$0	0%
Contingency	\$0	\$2,097,593	\$2,097,593	\$0	0%
Bonds	\$396,455	(\$396,455)	\$0	\$0	3%
Sub Totals	\$8,377,620	\$1,470,739	\$9,848,359	\$3,441,505	35%
Ponds Hard Cost					
Betty Blume Pond	\$517,325	\$52,094	\$569,419	\$568,769	100%
Betty Blume Pond Amenities	\$200,000	\$0	\$200,000	\$21,299	11%
Panorama Pond	\$450,000	\$823,835	\$1,273,835	\$1,273,835	100%
Southpointe Pond	\$450,000	(\$83,750)	\$366,250	\$0	0%
Temporary Pond	\$175,000	(\$1,500)	\$173,500	\$0	0%
Sediment Control	\$287,500	(\$287,500)	\$0	\$0	0%
Sub Totals	\$2,079,825	\$503,179	\$2,583,004	\$1,863,903	72%
Ponds Soft Cost					
Design Cost	\$249,579	\$300,838	\$550,417	\$321,922	58%
Prevailing Wages/LMBE Pref.	\$311,974	(\$311,974)	\$0	\$0	0%
Contingency	\$0	\$65,313	\$65,313	\$0	0%
Bonds	\$31,197	(\$31,197)	\$0	\$0	0%
Permit Fees	\$5,000	\$71,913	\$76,913	\$8,070	10%
SWM Fee In-Lieu	\$206,750	\$1,593,250	\$1,800,000	\$542,242	30%
Sub Totals	\$804,500	\$1,688,143	\$2,492,643	\$872,234	35%
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	\$821,146	\$1,659,715	\$1,659,715	100%
Water and Sewer Part 6A	\$489,776	(\$180,196)	\$309,580	\$309,580	100%
Water and Sewer Part 6B	\$777,469	\$197,913	\$975,382	\$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	\$430,034	61%
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	\$101,011	\$491,738	\$466,094	95%
Water and Sewer Part 16	\$239,876	(\$239,876)	\$0	\$0	0%
Sub Totals	\$9,663,386	\$4,573,820	\$14,237,206	\$13,005,522	91%
Water & Sewer Soft Cost					
Review and Inspection Fee	\$1,159,606	\$346,987	\$1,506,593	\$1,496,425	99%
Design Cost	\$1,159,606	\$549,642	\$1,709,248	\$1,667,022	98%
Contingency	\$0	\$1,244	\$1,244	\$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	(\$793,220)	\$3,217,085	\$3,173,448	99%
Misc. Others					
Fireboat/Public Safety	\$500,000	\$0	\$500,000	\$0	0%
Total Public Improvements	\$51,865,936	\$-293,730	\$51,572,206	\$32,364,895	63%
<i>Less: Private Contributions</i>	\$0	(\$97,428)	(\$97,428)	\$0	0%
Total Bond Funded Costs	\$51,865,936	\$-391,158	\$51,474,778	\$32,364,895	63%

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. Numerous infrastructure plans have been submitted and approved through the various agencies such as WSSC, DPW&T, etc. Full building permits have been issued for Buildings A1-9 (Westin), B, D, E, H1, J, and L, M, O (Hampton Inn) Buildings H1 (Marriott), K, P, Q (Wyndham) and the piers. Complete plans for buildings C (restaurant) are currently being reviewed by the County for Building Permit.

Site Plan and Design Approval	Site plan related documents for the Buildings C have been submitted to the County for review along with the building plans and approval and should be approved shortly.
Subdivision	Subdivision of the PH IB Waterfront parcels was approved with all plats recorded in County Land Records in late May and early June 2006. Recordation of the Special Warranty Deeds is also now complete. Condominium documents for parcels BCDE, J, L, and M have been filed and registered with the State of Maryland.
Infrastructure - onsite	Construction of the on-site infrastructure is on-going. The majority of the water, sewer, storm pipes and ponds have been installed throughout the Ph IB portion of the project. National Harbor Blvd, Waterfront Street, Fleet Street, National Plaza and St. George Streets have also been base paved. The installation of traffic signals and signage has started.
Infrastructure - offsite	All off-site infrastructure has been completed.
Vertical Development – Hotel and Timeshare	<p>Full building permits have been issued for Hotel O (Hampton Inn and Suites). The general contractor, Herman-Stewart Construction, is scheduled for a Spring 2008 opening.</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 Summer/early Fall 2008 opening</p> <p>Full building permits have been issued for Hotel A1-9 (Westin). The general contractor, Whiting-Turner Contracting, is scheduled for a Spring 2008 opening.</p> <p>Full building permits have been issued for Building Q (Wyndham Resorts/retail). The general contractor, Balfour Beauty, is driving piles for the building foundations.</p> <p>Full building permits have been issued for Hotel K (W Aloft). The general contractor, Clark Construction, is scheduled for a</p>

	Spring 2009 opening.
Vertical Construction – Retail and Restaurant	<p>Waterfront Building E was Substantially Completed on May 30, 2008 and the Sales Center opened on May 31, 2008.</p> <p>Permit plans for restaurant building C have been submitted to the County.</p> <p>Buildings B, D, H1 and P are under construction</p> <p>Retail/restaurant building A10 design development is on-going.</p>
Vertical Construction – Office Space	<p>Building J (Office/retail/garage) is well under construction by general contractor, Coakley-Williams Construction, is on schedule for a Spring 2008 opening.</p> <p>Building M (Office/retail/garage) has started construction by general contractor, Coakley-Williams Construction, is on schedule for a Spring 2008 opening.</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 August 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, has completed the concrete superstructure.</p> <p>Full building permits have been issued for Building D (Residential/retail/garage). The general contractor, Facchina-McGaughan, has completed the concrete superstructure.</p> <p>Building R is being planned as an 11-story, 360 +/- unit residential apartment building with street level retail. Plans for this building are only conceptual with no additional design work being completed at this time.</p>

b) Development Schedule

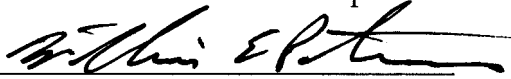
Development Schedule - Targets

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	Ongoing
Part 16 Water/Sewer	3/16/06	6/13/06	Ongoing
National Harbor Waterfront Roads			
National Harbor Blvd. (Phase I)	6/29/05	6/29/07	F = final pave
Waterfront Street (Phase I)	6/29/05	9/14/07	F = final pave
Waterfront Street (Phase II)	9/22/05	8/30/07	F = final pave
South Pointe Rd. (Phase I)	8/1/05	7/1/07	F = final pave
Fleet Street (Second Street)	1/31/06	7/14/07	F = final pave
St. George's Boulevard (Third Street)	3/16/06	7/1/07	F = final pave
Ramblas 1 st to 2 nd Streets		Fall 07	
Ramblas 2 nd to 3 rd Streets		Fall 08	
National Harbor Blvd. (Phase II)	12/29/05	7/1/07	F = final pave
Southpointe Drive (now NH Blvd)	7/1/07	7/1/07	F = final pave
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	
Site Landscape, TCPII, CBCA	11/28/00	10/13/04	
Pepco			
Pepco Primary High Voltage Work	1/15/06	3/1/07	
Pepco Onsite Distribution Service	1/17/06	3/1/07	
Washington Gas	9/17/05	9/1/06	Ongoing
Marine Work			
South Point Pier			11/10/04
Dredging for 2004 season			1/21/05
Gaylord Pier	6/1/06	9/5/07	
Peterson Pier	6/1/06	9/5/07	
Gaylord Design and Construction			
Contract Documents	6/9/05		
Bidding and Negotiation			Ongoing
Construction Phase	Spring 05	March 08	
Permits and Approvals			Ongoing
Building Permits			Ongoing

- 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: Manager

Date: 3/5/08

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.