

**\$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 March 31, 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 March 31, 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**

<b>Improvements</b>	<b>Original Budget</b>	<b>Budget Changes</b>	<b>Revised Budget</b>	<b>Spent to Date</b>	<b>Percent Complete</b>
<b>Roads Hard Cost</b>					
National Harbor Blvd PH I	\$3,913,644	(\$1,633,845)	\$2,279,799	\$2,265,932	99%
National Harbor Blvd PH II	\$2,997,493	\$1,982,168	\$4,979,661	\$3,575,317	72%
Water Front Street PH I (First St.)	\$2,950,126	(\$1,621,976)	\$1,328,150	\$1,143,137	86%
Water Front Street PH II (South St.)	\$2,342,800	(\$1,287,280)	\$1,055,520	\$982,993	93%
Ramblas	\$3,700,602	(\$3,700,602)	\$0	\$0	0%
Fleet Street (Second Street)	\$2,270,528	(\$1,545,884)	\$724,644	\$557,213	77%
St. George Blvd (Third Street)	\$1,975,876	(\$870,576)	\$1,105,300	\$936,115	85%
Southpointe Drive Ph I (Fourth St)	\$2,972,588	(\$2,821,136)	\$151,452	\$133,835	88%
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	\$755,569	30%
Traffic Signals	\$0	\$4,500,685	\$4,500,685	\$2,568,134	57%
<b>Sub Totals</b>	<b>\$26,430,300</b>	<b>(\$5,074,904)</b>	<b>\$21,355,396</b>	<b>\$15,371,571</b>	<b>72%</b>
<b>Roads Soft Cost</b>					
Permit Fee	\$1,723,715	\$804,282	\$2,527,997	\$2,133,202	84%
DER Permit Fee	\$52,076	(\$52,076)	\$0	\$0	0%
Design Fees	\$2,757,944	(\$44,757)	\$2,713,187	\$1,781,856	66%
Prevailing Wages/LMBE Pref.	\$3,447,430	(\$3,447,430)	\$0	\$0	0%
Contingency	\$0	\$3,679,907	\$3,679,907	\$0	0%
Bonds	\$396,455	(\$396,455)	\$0	\$0	0%
<b>Sub Totals</b>	<b>\$8,377,620</b>	<b>\$543,471</b>	<b>\$8,921,091</b>	<b>\$3,915,058</b>	<b>44%</b>
<b>Ponds Hard Cost</b>					
Betty Blume Pond	\$517,325	\$274,094	\$791,419	\$758,361	96%
Betty Blume Pond Amenities	\$200,000	(\$20,000)	\$180,000	\$83,359	46%
Panorama Pond	\$450,000	\$935,346	\$1,385,346	\$1,336,390	96%
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
<b>Sub Totals</b>	<b>\$2,079,825</b>	<b>\$643,190</b>	<b>\$2,723,015</b>	<b>\$2,178,110</b>	<b>80%</b>
<b>Ponds Soft Cost</b>					
Design Cost	\$249,579	\$298,952	\$548,531	\$327,545	60%
Prevailing Wages/LMBE Pref.	\$311,974	(\$311,974)	\$0	\$0	0%

Contingency	\$0	\$73,783	\$73,783	\$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	\$1,446,625	\$1,653,375	\$542,242	33%
<b>Sub Totals</b>	<b>\$804,500</b>	<b>\$1,548,102</b>	<b>\$2,352,602</b>	<b>\$877,857</b>	<b>37%</b>
<b>Water and Sewer Hard Cost</b>					
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	\$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	\$272,011	\$662,738	\$645,596	97%
Water and Sewer Part 20&24	\$239,876	(\$19,718)	\$220,158	\$220,158	0%
<b>Sub Totals</b>	<b>\$9,663,386</b>	<b>\$4,967,774</b>	<b>\$14,631,160</b>	<b>\$13,408,907</b>	<b>92%</b>
<b>Water &amp; Sewer Soft Cost</b>					
Review and Inspection Fee	\$1,159,606	\$346,987	\$1,506,593	\$1,503,706	100%
Design Cost	\$1,159,606	\$548,120	\$1,707,726	\$1,685,036	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%
<b>Sub Totals</b>	<b>\$4,010,305</b>	<b>(\$795,986)</b>	<b>\$3,214,319</b>	<b>\$3,188,742</b>	<b>99%</b>
<b>Misc. Others</b>					
Fireboat/Public Safety	\$500,000	\$0	\$500,000	\$0	0%
Total Public Improvements	\$51,865,936	\$1,831,647	\$53,697,583	\$38,940,245	73%
Less: Private Contributions	\$0	(\$10,622)	(\$10,622)	\$0	0
<b>Total Bond Funded Costs</b>	<b>\$51,865,936</b>	<b>\$1,821,025</b>	<b>\$53,686,961</b>	<b>\$38,940,245</b>	<b>73%</b>

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 final work remaining adjacent to the buildings still under construction. The installation of traffic signals and signage is mostly complete. All roads have been topped with finish asphalt except portions of Fleet Street.
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 an early April 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 mid April 2008 opening.</p> <p>Full building permits have been issued for Building Q (Wyndham Resorts/retail). The general contractor, Balfour Beauty, is starting the vertical concrete superstructure of the building which is 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	Waterfront Building E was Substantially Completed on May 30, 2008 and the Sales Center opened on May 31, 2008. McCormick & Schmicks is under construction and is scheduled for a June 2008 opening

	<p>Buildings B, C, D, H1 and P are under construction. Potbelly Sandwich Works is under construction in Building D and is scheduled for a late April 2008 opening. Govinda Gallery and Art Whino are under construction in Building A and are schedule to open in Late April 2008. Erwin Pearl is under construction in Building J and schedule to open in early April 2008.</p> <p>Retail/restaurant building A10 design development is on-hold.</p>
Vertical Construction – Office Space	<p>Building J (Office/retail/garage) is under construction by general contractor, Coakley-Williams Construction, is on schedule for an early April 2008 opening. Jakel Consulting space is about to start construction and will be the 1<sup>st</sup> office tenant open.</p> <p>Building M (Office/retail/garage) is under construction by general contractor, Coakley-Williams Construction, is on schedule for an April 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. All but approximately 8-10 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. 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 only conceptual and are being reviewed internally. WDG Architecture has been selected as the design firm for the project.</p>

b) Development Schedule

**Development Schedule - Targets**

Public Improvement Tasks	Projected Date		Date
	Start	Finish	Completed
<b>Washington Suburban SC (WSSC)</b>			
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
<b>National Harbor Waterfront Roads</b>			
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 <sup>st</sup> to 2 <sup>nd</sup> Streets		Fall 07	
Ramblas 2 <sup>nd</sup> to 3 <sup>rd</sup> 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
<b>Others Items</b>			
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	
<b>Pepco</b>			
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
<b>Marine Work</b>			
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
<b>Gaylord Design and Construction</b>			
Contract Documents	6/9/05		Done
Bidding and Negotiation			Done
Construction Phase	Spring 05	March 08	
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: Signature on File

Title: \_\_\_\_\_

Date: 6/6/08

## 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.