

\$14,594,000
REYNOLDS CROSSING COMMUNITY DEVELOPMENT AUTHORITY
(HENRICO COUNTY, VIRGINIA)
SPECIAL ASSESSMENT REVENUE BONDS
(REYNOLDS CROSSING PROJECT)
SERIES 2007

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT

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

In accordance with the "Continuing Disclosure Agreement" (the "Disclosure Agreement"), dated as of June 1, 2007, by and between (i) the Reynolds Crossing Community Development Authority (the "Authority"), (ii) Reynolds Holdings LLC, its successors and assigns, acting through itself or through one or more related affiliates, subsidiaries and partnerships, in its capacity as major landowner ("Reynolds Holdings" or "Major Landowner"), (iii) Clear Springs Development, LLC (the "Developer") and (iv) MuniCap, Inc. (the "Administrator"), 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 Limited Offering Memorandum, dated June 6, 2007. 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 Development and Completion of the Public Improvements:

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Broad Street and Forest Ave Intersection					
Hard Costs	\$845,982	\$794,835	\$1,640,817	\$227,068	13.84%
Soft Costs	\$184,049	\$62,006	\$246,055	\$246,055	100.00%
Glenside Avenue and Forest Avenue Intersection					
Hard Costs	\$1,253,058	\$152,536	\$1,405,594	\$529,185	37.65%
Soft Costs	\$156,550	\$68,619	\$225,169	\$225,169	100.00%
Forest Avenue Signals and Side Walk					
Hard Costs	\$1,511,236	(\$310,183)	\$1,201,053	\$540,094	44.97%
Internal access roads					
Hard Costs	\$1,125,781	(\$1,019,008)	\$106,773	\$68,831	64.46%
Soft Costs	\$36,422	\$0	\$36,422	\$29,405	80.73%
Utilities					
Hard Costs	\$2,842,814	(\$841,617)	\$2,001,197	\$1,260,943	63.01%
Soft Costs	\$101,634	\$71,943	\$173,577	\$173,577	100.00%
Storm Water Pond and Landscaping					
Hard Costs	\$942,348	(\$194,314)	\$748,034	\$591,764	79.10%
Soft Costs	\$76,958	\$24,126	\$101,084	\$101,083	100.00%
Wall (3200 linear feet) and Related Landscaping	\$389,923	\$44,046	\$433,969	\$433,969	100.00%
Wetlands Permit and Stream Mitigation	\$616,505	\$10,140	\$626,645	\$626,645	100.00%
Other Soft Costs	\$75,632	\$224,368	\$300,000	\$226,263	75.42%
Development Management Fee	\$609,533	(\$54,750)	\$554,783	\$316,803	57.10%
Contingency	\$500,000	\$967,253	\$1,467,253	\$0	0.00%
Grand Total	\$11,268,425	\$0	\$11,268,425	\$5,596,854	49.67%

2) Status of Development

A. Status of road improvements:

Road Improvements – On the Glenside project, the storm sewer is 100% complete. The right turn lane from Glenside to Forest is 95% complete. The right turn lane from Forest Avenue to Glenside Drive is 90% complete. The remaining intersection work should be complete by September 30, 2008, weather permitting. The I-64 ramp work will not be completed by that time because VDOT is requiring that patches be made to the existing concrete ramp before our work can begin. We have contacted the contractor performing the patch work and we are trying to schedule our work as soon as possible. We expected all ramp work on I-64 to be completed by end of October 2008.

Signal work at the Glenside intersection was 95% complete by July 4, 2008. The only remaining work that needs to be done is to place the cable underground. The signals have been up and running and working well since the 4th. The underground work could not take place at the time the signal work was completed because Henrico County had to set up an account with Dominion Virginia Power to energize the intersection. This is a County maintained intersection so we have to work with them and their procedures in order to set the accounts up correctly. The accounts have been set up, the power meter is set and the underground work has begun. The intersection should be 100% complete by September 30, 2008.

On the West Broad Street project, the turn lanes are 80% complete. The I-64 ramp excavation is about 90% complete and the fill operation to bring the ramp up to the correct subgrade is about 95% complete. A private duct bank and a portion of the water line along W. Broad Street have to be relocated. However, the duct bank should be relocated by September 15 and the water line should be relocated by September 23, 2008. These utility relocations were discovered when the excavation of the turn lanes was being done. These relocations are not holding up the project since we are able to continue with the filling operation on the ramp and also start the paving operations on Forest Avenue.

With regard to the gas relocation work, the City of Richmond finally completed its last gas relocation along Broad Street on or about July 18, 2008. The City had several large relocation jobs to perform at one time and our relocation was pushed back. The day after the City completed its work, the site contractor began to install its storm sewer structures, etc. along Broad Street for the turn lanes. The signal mast arms and poles for the Broad Street/Forest intersection were delivered by June 15 and they have been installed by the signal contractor. This intersection work was completed at the same time as the Glenside intersection by July 4, 2008. This intersection is controlled by the Virginia Dept. of Transportation (VDOT) and has been up and running since July 4 and has been working properly. As soon as the site contractor begins its median work on Broad Street, the signal contractor can complete its underground work and the intersection will be 100% complete. The site contractor should have the median work complete by September 30, 2008, depending on when VDOT will allow them to work at night.

B. Status of water infrastructure:

Water Line - The water line is 100% complete. It has been tested and accepted by the County of Henrico, Virginia.

C. Status of sanitary sewer infrastructure:

Sanitary Sewer Line – All onsite sanitary sewer is complete. The lines have been tested and accepted by the County of Henrico, Virginia. The offsite sanitary plans were not approved by the County of Henrico and VDOT until June 4, 2008. The utility contractor started his work in July 2008. It is expected that the construction of the offsite sanitary sewer will take approximately 3 months to complete. We expect the offsite to be complete by October 30, 2008.

D. Status of storm water management systems and storm sewer lines:

Storm Water Management and Storm Sewer - The storm water management pond for the entire Reynolds Crossing development is complete and is acting as the temporary sediment basin for the project.

Storm Sewer lines are 100% complete on the entire Reynolds Crossing project. The storm sewer lines across Forest Avenue are now complete. The work was delayed by almost two months due to the City gas relocation. The lines were complete on July 18, 2008.

E. Status of the concrete wall construction and landscaping along the wall:

The concrete wall (eight feet high and approximately 3200 linear feet long) has been complete. All Phases of the landscaping plans along the wall are complete

F. Status of other infrastructure and private utility developments:

Private Utilities and Infrastructure – Power, gas, and telecommunications services have been installed for the various projects within the Reynolds Crossing Development. Parking lots access roads, lighting, landscaping and irrigation plans have been designed for the new projects and will be

installed as part of the construction schedules for each new project.

3) **Material Changes in the Development and Absorption:**

A. Projected Development

Development Type	Number of Lots/Units	Square Footage	Start Date	Finish Date
Hotel Development	250 Rooms	170,000	November, 2006	October 31, 2008
Office Development				
Medical office building		100,000	May 2007	May, 2008
Class A office building		206,000	March, 2007	May, 2008
Future office building planned		174,000	TBD	TBD
Sub-total: Office Development		480,000		
Retail Development				
Retail shopping center with pad sites planned		164,015	TBD	TBD
Max & Erma's Restaurant		5,985	May 1, 2008	November 30, 2008
Sub-total: Retail Development		170,000		
Total	250 Rooms	820,000		

B. Changes in Development Plan:

Retail Shopping Center: Negotiations with a publicly traded retail developer ended and an agreement was not completed. However we are pursuing other development opportunities and partnerships for the undeveloped land.

Reynolds Holdings, LLC transferred 1.72 acres to 6623 Broad, LLC. The ownership of 6623 Broad, LLC is the same as Reynolds Holdings, LLC. 6623 Broad, LLC signed a ten year lease with Max & Erma's of Glenside, LLC on January 16, 2008. A 5,985 square foot Max & Erma's Restaurant will be built on the 1.72 acre parcel fronting Broad Street. Construction is expected to be completed by November 30, 2008.

We are negotiating a lease with a high end full service restaurant for approximately 2.40 acres fronting Broad Street between the Westin Hotel and the Max & Erma's restaurant. We expect to have the lease finalized by end of November 2008.

4) Status of Financing

A. Loans Secured by Property within the District:

The BB & T Loan (Reynolds Holdings, LLC)

- Purpose of loan:
- Principal amount: \$10,000,000
- Amount drawn through 6/1/08: \$10,000,000
- Amount repaid through 6/1/08: \$6,292,163
- Balance at 6/1/08: \$3,707,837
- Interest rate: LIBOR + 2%

The BB & T Loan (Forest Avenue Hotel Associates, LLC)

- Purpose of loan
- Principal amount \$27,500,000
- Amount drawn through 6/1/08 \$18,882,952
- Amount paid through 6/1/08 \$0
- Balance at 6/1/08: \$8,617,048
- Interest rate: 5.88%

Union Bank and Trust (Reynolds Crossings I, LLC)

- Purpose of loan
- Principal amount: \$ 21,040,000
- Amount drawn through 6/1/08: \$ 18,998,338
- Amount repaid through 6/1/08: \$ 0
- Balance at 6/1/08: \$ 2,041,662
- Interest rate: 7.75%

Merrill Lynch Loan (Forest Avenue Office, LLC)

- Purpose of Loan – Construction Loan
- Principal amount: \$36,400,000
- Amount drawn through 6/1/08 \$27,444,040
- Amount repaid through 6/1/2008 \$0
- Balance at 6/1/2008 \$8,955,960
- Interest Rate: LIBOR plus 2.5%

B. Material changes to the Plan of Finance: There have been no material changes to the Plan of Finance as described in the Limited Offering Memorandum. Confirmed except that we have another construction loan that was closed after MOU was issued.

New construction loan with Merrill Lynch listed above for the new 206,000 square foot office building.

Ownership of Parcel 7 has been transferred from 6641 Broad, LLC to Forest Avenue Office, LLC. Ownership of Forest Avenue Office, LLC: 40% 6641 Broad, LLC (Reynolds entity), 33.33% James River Group Inc (anchor tenant in the building) and 26.67% Bali, LLC (Lingerfelt entity).

Reynolds Holdings, LLC transferred 1.72 acres to 6623 Broad, LLC. The ownership of 6623 Broad, LLC is the same as Reynolds Holdings, LLC.

C. Event of Default on any Loan: The developer has not received formal written notice and is not aware of any default on any loan.

D. Liens: There exist no other liens for borrowed money secured by the property owned by the Company in the district other than described in A above.

E. Availability of Funds to Complete the Facilities: There are sufficient funds available to complete the public improvements.

F. Availability of Funds to the Major Landowner to complete its Development: There are sufficient funds to the Major Landowner available to complete its development within the district.

5) Government Permits and Approvals

Permit/Approval	Status	Projected Date of Approval	Permitting Agency
Wetlands Permit	Approved	November 9, 2006	Department of Environmental Quality.
		June 30, 2006	Army Corps of Engineers
Utility Improvements	Finalizing	November 14, 2007	Henrico County
Roadway Improvements Permit	Approved	November 2, 2007	Henrico County, VDOT
Hotel plan of development (POD) and building permits	Approved	December 13, 2006	Henrico County
200,000 sf office building POD and building permit	Approved	May 3, 2007	Henrico County
100,000 sf medical office POD and building permit	Approved	May 16, 2007	Henrico County
Broad Street pad sites POD (Parcel 8) Daycare facility, and two restaurants	Approved	December 10, 2007	Henrico County

6) Status of Units Completed and Delivered by Contractors:

Development Type	Building Contractor	Anticipated Square Footage at Build Out	Building Permits Issued (in square feet)	Certificate of Occupancy Issued (in square feet)
Hotel Development	Kenbridge Construction Company	170,000	Yes	0
Sub-total				
Office Development				
Medical office building	Hourigan Construction Corp.	100,000	Yes	0
Class A office building	Kjellstrom & Lee, Inc.	206,000	Yes	0
Sub-total				0
Retail Development				
Max & Erma's Restaurant	Ideal Construction	5,985	Yes	0
Sub-total				
Total		481,985		0

7) **Status of property Sold and Closed:**

None

8) **Status of Leasing:**

Development Type	Tenant	Square Feet	Percent of the Total
Office Leases (Significant Tenants)			
206,000 SF office building	Alcoa	60,000	33%
(approximately 181,000 rentable)	James River Insurance	60,000	33%
100,000 sf medical office	Bon Secours	40,000	45%
(approximately 88,000 rentable)	Commonwealth Dermatology	10,000	11%
Sub-total Significant Tenants			
Other Office Leases			
Retail Leases			
Restaurant	Max & Erma's of Glenside, LLC	5,985	100%
Sub-total Retail Leases			
Total		175,985	

9) **Material Changes in the Form, Organization or Ownership of the Landowner/Developer:**

There have been no material changes in the form, organization or ownership of the landowner/developer of the district as described on the Limited Offering Memorandum.

10) **Legal Challenges:** There have been no legal challenges to the construction or development of the facilities as known to the developer or Major Landowner.

11) **Material amendments or Supplement to the Development Agreement or the Funding Agreement:** There have been no material amendments or supplements to the Development Agreement or the Funding agreement described in the Limited Offering Memorandum.

12) **Default to any public works agreement, permit or approval:** There have been no defaults on the part of the developer with respect to any public works agreement, permit or approval regarding the district.

13) **Notice of default received or given by the Company under any sales agreement within the district:** There have been no defaults received or given by the Company under any sales agreement within the district.

14) **Other Comments:**

None

15) **Reporting of Significant Events:** The developer has not obtained actual knowledge of the occurrence of any significant events as described in Exhibit A, attached hereto.

CLEAR SPRINGS DEVELOPMENT, LLC

By: Clear Springs Development, LLC

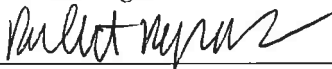
By: 

Title: manager

Date: 9/17/08

REYNOLDS HOLDING, LLC

By: Reynolds Holding, LLC

By: 

Title: manager

Date: 9/17/08

Exhibit A

Significant Events

- i) failure to pay any real property taxes or special assessments levied within the district on a parcel owned by the major landowner (or any affiliate);
- ii) material damage to or destruction of any development or improvements within the district;
- iii) material default by the major landowner (or any affiliate) on any loan with respect to the development or permanent financing of district development undertaken by the major landowner;
- iv) material default by the major landowner (or any affiliate) on any loan secured by property within the district owned by the major landowner (or any affiliate);
- v) payment default on any loan to the major landowner (or any affiliate) (whether or not such loan is secured by the property within the district);
- vi) the filing of the major landowner (or any affiliate) or any owner of more than 25% interest in the major landowner (or any affiliate) in bankruptcy of any determination that the major landowner (or any affiliate) or any owner of more than 25% of the major landowner (or any affiliate) is unable to pay its debts as they become due;
- vii) the filing of any lawsuit with claim of damage, in excess of \$1,000,000 against the major landowner or any affiliate which may adversely affect the completion of the district development or litigation which would materially adversely affect the financial conditions of the major landowner or affiliate; and
- viii) any change in the legal structure, chief executive officer or ownership of the major landowner.