

\$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 September 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 September 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	\$640,160	39.01%
Soft Costs	\$184,049	\$65,067	\$249,116	\$249,116	100.00%
Glenside Avenue and Forest Avenue Intersection					
Hard Costs	\$1,253,058	\$152,536	\$1,405,594	\$1,145,723	81.51%
Soft Costs	\$156,550	\$79,808	\$236,358	\$236,358	100.00%
Forest Avenue Signals and Side Walk					
Hard Costs	\$1,511,236	(\$310,183)	\$1,201,053	\$984,977	82.01%
Internal access roads					
Hard Costs	\$1,125,781	(\$1,019,008)	\$106,773	\$68,831	64.46%
Soft Costs	\$36,422	\$11,750	\$48,172	\$48,172	100.00%
Utilities					
Hard Costs	\$2,842,814	(\$841,617)	\$2,001,197	\$1,453,161	72.61%
Soft Costs	\$101,634	\$75,417	\$177,051	\$177,051	100.00%
Storm Water Pond and Landscaping					
Hard Costs	\$942,348	(\$194,314)	\$748,034	\$591,764	79.11%
Soft Costs	\$76,958	\$24,772	\$101,730	\$101,730	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	\$10,686	\$627,191	\$627,191	100.00%
Other Soft Costs	\$75,632	\$224,368	\$300,000	\$232,840	77.61%
Development Management Fee	\$609,533	(\$52,910)	\$556,623	\$419,462	75.36%
Contingency	\$500,000	\$934,747	\$1,434,747	\$0	0.00%
Grand Total	\$11,268,425	\$0	\$11,268,425	\$7,410,505	65.76%

2) Status of Development

A. Status of road improvements:

Road Improvements – All turn lanes at the Glenside/Forest Avenue intersection are complete. The median work is about 85% complete. Contractor has been waiting on the approval from the County before it can pour the new median and install the new striping. Contractor should have this work completed by November 24, 2008. The patch work on the ramps was completed by a third party road contractor. VDOT finally allowed our contractor to begin work on the ramp around October 30. The last remaining work on the ramp is to pour the concrete lane. The concrete contractor should have the new lane poured before November 27, 2008 pending approval by VDOT. This is the last remaining work for the Glenside road improvements.

The underground signal work for this intersection is ongoing and should be complete by November 27, 2008.

On the West Broad Street project, the turn lanes are about 90% complete. Contractor cleared the The I-64 ramp excavation work is about 95% complete. The fill operation is still about 95% complete because the contractor has been unable to work on this fill due to rain every few days and the soil is not drying out enough to bring in more fill. We are looking at alternatives for this now so that we can complete the fill operation and get the new lane paved.

The duct bank relocation was completed on November 1, 2008. Dominion Virginia Power arrived at the location after 45 days of expected completion date to de-energize the lines before the relocation could be completed. The water line relocation was also completed at the same time. The contractor was back on site working on both areas as soon as the relocations were completed.

The median work has not begun since the turn lane between Forest and Dickens Road is not yet complete. The contractor is working to complete this lane as quickly as possible. Discussions with VDOT are occurring so that the contractor will be allowed to get all of the new road construction paved this winter. All Broad Street road improvements, I-64 ramp work, and signal work should be completed by December 31, 2008.

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 sewer work is ongoing and should be complete by December 1, 2008. There were a number of issues that had to be addressed once the work began, but the contractor and the County were able to get the issues resolved so that the contractor could get back to work. As the contractor finishes a section of pipe, that section is tested and the County accepts it into the system. Therefore, at this time, the County has accepted 70% of the offsite sanitary system.

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.

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

The concrete wall (eight feet high and approximately 3,200 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	Complete/Anticipated Finish Date
Hotel Development	250 Rooms	170,000	November, 2006	December 31, 2008
Office Development				
Medical office building		100,000	May 2007	May, 2008 (completed)
Class A office building		206,000	March, 2007	May, 2008 (completed)
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	December 15, 2008
Sub-total: Retail Development		170,000		
Total	250 Rooms	820,000		

B. Changes in Development Plan:

Parcel 5D3 (approximately 25.548 acres): We are pursuing opportunities with other developers and end users.

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 December and open restaurant in 4Q 2009 subject to obtaining required financing for the project.

We are negotiating a letter of intent with a regional bank for a bank branch on approximately 1.60 acres at the corner of Broad Street and Forest Avenue. If deal is finalized we expect the bank branch to be open in 4Q of 2009.

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 9/30/08: \$10,000,000
- Amount repaid through 9/30/08: \$6,292,163
- Balance at 9/30/08: \$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 9/30/08 \$18,882,952
- Amount paid through 9/30/08 \$0
- Balance at 9/30/08: \$8,617,048
- Interest rate: 5.88%

Union Bank and Trust (Reynolds Crossings I, LLC)

- Purpose of loan:
- Principal amount: \$ 22,400,000
- Amount drawn through 9/30/08: \$ 19,633,707
- Amount repaid through 9/30/08: \$ 0
- Balance at 9/30/08: \$ 2,766,293
- Interest rate: 7.75%

BB&T Loan (Forest Avenue Office, LLC)

- Purpose of loan:
- Principal amount: \$35,000,000
- Amount drawn through 9/30/08 \$33,177,933.29
- Amount repaid through 9/30/08 \$0
- Balance at 9/30/2008 \$1,822,066.71
- Interest Rate: 5.92%

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 permanent loan with BB&T listed above for the new 206,000 square foot office building.
(Forest Avenue Office, 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				0
Office Development				
Medical office building	Hourigan Construction Corp.	100,000	Yes	Yes
Class A office building	Kjellstrom & Lee, Inc.	206,000	Yes	Yes
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	Reynolds Foil, Inc (guaranteed by Alcoa)	63,619	32.8%
(Approximately 193,698 rentable)	James River Insurance	59,746	30.8%
	Reynolds Metals Company	5,849	3.0%
	Reynolds Development	8,416	4.3%
	Myong Gore (café operator)	750	0.4%
	Vacant	55,218	28.50%
106,554 sf medical office	Bon Secours	62,000	61.4%
(Approximately 100,925 rentable)	Commonwealth Dermatology	8,892	8.8%
	Laser & Skin Surgery Center	4,136	4.1%
	Partner MD	10,526	10.4%
	Vacant	15,371	15.2%
Retail Leases			
Restaurant	Max & Erma's of Glenside, LLC	5,985	100.0%
Sub-total Retail Leases			
Total leased		229,919	73.0%
Total vacant		70,589	27.0%

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: 12/4/08

REYNOLDS HOLDING, LLC

By: Reynolds Holding, LLC

By: 

Title: manager

Date: 12/4/08

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.