

\$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 December 31, 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 December 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 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	\$826,310	50.36%
Soft Costs	\$184,049	\$66,751	\$250,800	\$250,800	100.00%
Glenside Avenue and Forest Avenue Intersection					
Hard Costs	\$1,253,058	\$152,536	\$1,405,594	\$1,341,546	95.44%
Soft Costs	\$156,550	\$83,549	\$240,099	\$240,099	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	(\$973,327)	\$152,454	\$152,454	100.00%
Soft Costs	\$36,422	\$15,413	\$51,835	\$51,835	100.00%
Utilities					
Hard Costs	\$2,842,814	(\$841,617)	\$2,001,197	\$1,486,161	74.26%
Soft Costs	\$101,634	\$83,014	\$184,648	\$184,648	100.00%
Storm Water Pond and Landscaping					
Hard Costs	\$942,348	(\$194,314)	\$748,034	\$591,763	79.11%
Soft Costs	\$76,958	\$24,845	\$101,803	\$101,803	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	\$11,193	\$627,698	\$627,698	100.00%
Other Soft Costs	\$75,632	\$224,368	\$300,000	\$233,737	77.91%
Development Management Fee	\$609,533	(\$49,133)	\$560,400	\$450,468	80.38%
Contingency	\$500,000	\$868,024	\$1,368,024	\$0	0.00%
Grand Total	\$11,268,425	\$0	\$11,268,425	\$7,958,268	70.62%

2) Status of Development

A. Status of road improvements:

Road Improvements – All of the Glenside Road work, except (i) a small amount of paving adjacent to the median on Glenside Drive and (ii) the guardrail along the I-64 ramp was complete as of December 31, 2008. All of the signal work was complete, except the raising of one traffic box in the middle of the intersection at the ramp. The remaining Glenside work will be 100% by February 27, 2009.

On the West Broad Street project, all excavation and fill operations are complete on the turn lanes. Stone was placed on the ramp, but after doing so, a drainage problem arose from the adjacent lanes. VDOT had to be called in along with a Geotechnical Engineer to come up with a solution before we could place any asphalt. As of year end, a solution had not been approved by VDOT. We hope to have a solution soon so that asphalt can be placed in January/February, weather permitting.

The median work has still not begun since the turn lane between Forest and Dickens Road is not yet complete. Stone was placed, but VDOT will not allow contractor to place asphalt until the issues with the ramp are resolved. We hope that all issues will be resolved and pavement placed in January/February, weather permitting. Signal work is complete with the exception of placing it underground. The underground work will be completed once the median work takes place.

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 complete. All lines have been tested and accepted by the County of Henrico.

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 (completed)
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 (completed)
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. Lease and restaurant is on hold until economy and lending conditions improves.

Bank Branch deal for 1.57 acres was put on hold due to economic conditions.

There are a few interested parties for land on Lot 5D3 (25.548 acres). We continue to explore development opportunities for Lot 5D3.

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 12/31/08: \$10,000,000
- Amount repaid through 12/31/08: \$6,292,163
- Balance at 12/31/08: \$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 12/31/08: \$27,500,000
- Amount paid through 12/31/08: \$0
- Balance at 12/31/08: \$0
- Interest rate: 5.88%

Union Bank and Trust (Reynolds Crossings I, LLC)

- Purpose of loan:
- Principal amount: \$ 22,400,000
- Amount drawn through 12/31/08: \$ 20,795,475
- Amount repaid through 12/31/08: \$ 0
- Balance at 12/31/08: \$ 1,604,525
- Interest rate: 7.75%

BB&T Loan (Forest Avenue Office, LLC)

- Purpose of loan:
- Principal amount: \$35,000,000
- Amount drawn through 12/31/08: \$33,402,425
- Amount repaid through 12/31/08: \$0
- Balance at 12/31/2008: \$1,597,575.00
- 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.

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	Yes
Sub-total				
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	Yes
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%
	The McCammon Group	5,838	3.0%
	Vacant	49,380	25.0%
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%
	Cardiovascular Associates of VA PC	7,884	8.0%
	Vacant	7,487	7.0%
Retail Leases			
Restaurant	Max & Erma's of Glenside, LLC	5,985	100.0%
Sub-total Retail Leases			
Total leased		243,641	81.0%
Total vacant		56,867	19.0%

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

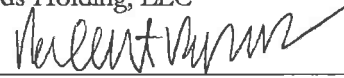
By: 

Title: Manager

Date: 2/25/09

REYNOLDS HOLDING, LLC

By: Reynolds Holding, LLC

By: 

Title: Manager

Date: 2/25/09

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 or 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.