

\$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 October 30, 2007. 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:

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	\$845,982.00	\$0.00	\$845,982.00	\$422.00	0.05%
Soft Costs	\$184,049.00	\$33,974	\$218,023	\$218,023	100.00%
Glenside Avenue and Forest Avenue Intersection					
Hard Costs	\$1,253,058.00	\$0.00	\$1,253,058.00	\$0	0.00%
Soft Costs	\$156,550.00	\$45,083	\$201,633	\$201,633	100.00%
Forest Avenue Signals and Side Walk					
Hard Costs	\$1,511,236.00	\$0.00	\$1,511,236.00	\$0	0.00%
Internal access roads					
Hard Costs	\$1,125,781.00	\$0.00	\$1,125,781.00	\$28,418	2.52%
Soft Costs	\$36,422.00	\$0.00	\$36,422.00	\$8,556	23.49%
Utilities					
Hard Costs	\$2,842,814	\$0.00	\$2,842,814	\$410,377	14.44%
Soft Costs	\$102,658	\$592	\$103,250	\$103,250	100.00%
Storm Water Pond and Landscaping					
Hard Costs	\$942,348	\$0	\$942,348	\$590,675	62.68%
Soft Costs	\$82,053	\$16,646	\$98,699	\$98,699	100.00%
Wall (3200 linear feet) and Related Landscaping	\$389,923.00	\$0.00	\$389,923.00	\$389,823	100.00%
Wetlands Permit and Stream Mitigation	\$617,340.00	\$7,059	\$624,399	\$624,399	100.00%
Other Soft Costs	\$75,632.00	\$77,895	\$153,527	\$153,527	100.00%
Development Management Fee	\$609,951.00	\$10,875	\$620,826	\$169,608	27.32%
Contingency	\$492,628.00	(\$192,124)	\$300,504	\$0	0.00%
Grand Total	\$11,268,425.00	\$0.00	\$11,268,425.00	\$2,996,410	26.59%

2) Status of Development

A) Status of road improvements:

Road Improvements - All road plans have been approved by the appropriate authorities and we expect to receive our land use permits by October 30, 2007. All road improvements will be completed by April 30, 2008.

B) Status of water infrastructure:

Water Line - We have completed 425 LF of water line near W. Broad Street (a portion of the loop). Construction on the water line along Forest Avenue has also begun. As of October 22, 2007 we are approximately 10%, by October 30, 2007 we should be 25% to 30% complete. We would expect to complete the water line by April 30, 2008.

C) Status of sanitary sewer infrastructure:

Sanitary Sewer Line - We have completed 1635 LF of sanitary sewer along the northern boundary of the property. Our plans for the remaining onsite and off-site sanitary sewer trunk line have not been approved at this time, but we expect to get approved plans by October 30, 2007. The lack of approved plans at this time is not causing any delay in construction. Once the water line is completed, the sanitary sewer line construction will begin and the plans will be approved prior to that time. We would expect to complete the sanitary sewer line by April 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 has been completed. Currently, it is acting as a temporary sediment basin for all ongoing construction within the site. Once the road improvements and utility improvements along Forest Avenue are complete by Spring 2008, the pond will be converted to a permanent BMP (Best Management Practice) per the plans and under the guidelines of Henrico County.

Construction has begun on the Storm Sewer piping and we have completed about 5% of the work as of October 22, 2007. As of October 30, 2007 we will have completed approximately 10% to 12% of the work. We would expect to complete the storm sewer line by April 30, 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. Phase 1 of the landscaping along the wall has also been completed and the second and last phase of landscaping along the wall is scheduled to be completed by December 31, 2007.

F) Status of other infrastructure and private utility developments:

Private Utilities and Infrastructure – Power, gas, and telecommunications services are being coordinated and installed directly with various service providers for the new projects within the Reynolds Crossing Development. Parking lot, 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	August 31, 2008
Office Development				
Medical office building		100,000	May 2007	April, 2008
Class A office building		206,000	March, 2007	April, 2008
Future office building planned		174,000	TBD	TBD
Sub-total: Office Development		480,000		
Retail Development				
Retail shopping center with pad sites planned		170,000	TBD	TBD
Sub-total: Retail Development		170,000		
Total	250 Rooms	820,000		

B. Changes in Development Plan:

Retail Shopping Center: Currently negotiating with a joint venture partner to develop the retail shopping center.

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 10/30/07: \$ 10,000,000
- Amount repaid through 10/30/07: \$ 5,793,434
- Balance at 10/30/07: \$ 4,206,566
- Interest rate: LIBOR + 2%

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

- Purpose of loan
- Principal amount \$27,500,000
- Amount drawn through 10/30/2007 \$5,007,213.77
- Amount paid through 10/30/2007 \$ 0
- Balance at 10/30/2007: \$ 22,492,786.23
- Interest rate: LIBOR plus 2%

Union Bank and Trust (Reynolds Crossings I, LLC)

- Purpose of loan
- Principal amount: \$ 21,040,000
- Amount drawn through 10/30/07: \$ 9,253,366.27
- Amount repaid through 10/30/07: \$ 0
- Balance at 10/30/07: \$ 11,786,633.73
- Interest rate: 7.75%

Merrill Lynch Loan (Forest Avenue Office, LLC)

- Construction loan
- Principal amount: \$36,400,000
- Amount drawn through 10/30/2007: \$7,623,778.46
- Balance at 10/30/2007: \$28,776,221.54
- 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).

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	Actual/ 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		November 14,2007	Henrico County
Roadway Improvements Permit		November 2, 2007	Henrico County, VDOT
Hotel plan of development (POD) and building permits	Approved	As of October 30, 2007	Henrico County
200,000 sf office building POD and building permit	Approved	As of October 30, 2007	Henrico County
100,000 sf medical office POD and building permit	Approved	As of October 30, 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	
Sub-total				
Office Development				
Medical office building	Hourigan Construction Corp.	100,000	Yes	
Class A office building	Kjellstrom & Lee, Inc.	206,000	Yes	
Sub-total				
Retail Development				
Sub-total				
Total				

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			
Sub-total Retail Leases			
Total		170,000	58%


- 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 notices of default received or given by the developer under any sales agreement between the developer and a buyer of land 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 attached hereto.

CLEAR SPRINGS DEVELOPMENT, LLC

By: Clear Springs Development, LLC
By: 
Title: manager
Date: 11/19/07

REYNOLDS HOLDING, LLC

By: Reynolds Holding, LLC
By: 
Title: manager
Date: 11/19/07

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