

\$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, 2006. 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:

- 1) Status of Construction and Completion of the National Harbor Project.

Public Improvements

Improvements	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Roads Hard Cost					
National Harbor Blvd PH I	\$3,913,644	(\$1,793,248)	\$2,120,396	\$1,681,634	79%
National Harbor Blvd PH II	\$2,997,493	\$127,907	\$3,125,400	\$706,365	23%
Water Front Street PH I (First St.)	\$2,950,126	(\$852,419)	\$2,097,707	\$910,679	43%
Water Front Street PH II (South St.)	\$2,342,800	(\$930,401)	\$1,412,399	\$766,038	54%
Ramblas	\$3,700,602	\$3,700,602	\$0	\$0	0%
Fleet Street (Second Street)	\$2,270,528	(\$806,221)	\$1,464,307	\$130,516	9%
St. George Blvd (Third Street)	\$1,975,876	(\$13,302)	\$1,962,574	\$269,095	14%
Southpointe Drive Ph I (Fourth St)	\$2,972,588	(\$1,508,281)	\$1,464,307	\$0	0%
Southpointe Drive Ph II	\$3,306,643	\$133,772	\$3,440,415	\$1,959,920	57%
Traffic Signals	\$0	\$1,400,000	\$1,400,000	\$0	0%
Sub Totals	\$26,430,300	(\$7,942,795)	\$18,487,505	\$6,424,246	35%
Roads Soft Cost					
Permit Fee	\$1,723,715	\$373,878	\$2,097,593	\$1,251,026	60%
DER Permit Fee	\$52,076	(\$52,076)	\$0	\$0	0%
Design Fees	\$2,757,944	(\$44,757)	\$2,713,187	\$1,114,857	41%
Prevailing Wages/LMBE Pref.	\$3,447,430	(\$301,040)	\$3,146,390	\$0	0%
Contingency	\$0	\$2,097,593	\$2,097,593	\$0	0%
Bonds	\$396,455	(\$396,455)	\$0	\$0	0%
Sub Totals	\$8,377,620	\$1,677,143	\$10,054,763	\$2,365,884	24%
Ponds Hard Cost					
Betty Blume Pond	\$517,325	(\$16,617)	\$500,708	\$460,275	92%
Betty Blume Pond Amenities	\$200,000	\$0	\$200,000	\$0	0%
Panorama Pond	\$450,000	\$770,000	\$1,220,000	\$1,205,808	99%
Southpointe Pond	\$450,000	(\$83,750)	\$366,250	\$0	0%
Temporary Pond	\$175,000	(\$1,500)	\$173,500	\$0	0%
Sediment Control	\$287,500	(\$287,500)	\$0	\$0	0%
Sub Totals	\$2,079,825	\$380,633	\$2,460,458	\$1,666,083	68%
Ponds Soft Cost					
Design Cost	\$249,579	\$300,838	\$550,417	\$309,107	56%
Prevailing Wages/LMBE Pref.	\$311,974	(\$311,974)	\$0	\$0	0%
Contingency	\$0	\$187,859	\$187,859	\$0	0%
Bonds	\$31,197	(\$31,197)	\$0	\$0	0%
Permit Fees	\$5,000	\$71,913	\$76,913	\$3,104	4%
SWM Fee In-Lieu	\$206,750	\$1,593,250	\$1,800,000	\$366,840	20%
Sub Totals	\$804,500	\$1,810,689	\$2,615,189	\$679,051	26%
Water and Sewer Hard Cost					
Water and Sewer Part 1	\$441,669	\$203,687	\$645,356	\$645,356	100%
Water and Sewer Part 2	\$63,961	\$32,319	\$96,280	\$0	0%
Pump Station (Part 3)	\$4,135,981	\$1,039,751	\$5,175,732	\$1,971,694	38%
Water and Sewer Part 4A	\$172,500	\$822,605	\$995,105	\$0	0%

Water and Sewer Part 4B	\$961,845	(\$62,970)	\$898,875	\$885,223	98%
Water and Sewer Part 5	\$838,569	\$802,762	\$1,641,331	\$1,651,184	100%
Water and Sewer Part 6A	\$489,776	(\$37,958)	\$451,818	\$309,580	69%
Water and Sewer Part 6B	\$777,469	\$197,913	\$975,382	\$949,318	97%
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	\$781,343	\$1,069,637	\$427,682	40%
Water and Sewer Part 11, 13	\$88,898	\$386,102	\$475,000	\$465,848	98%
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	\$89,273	\$480,000	\$249,035	52%
Water and Sewer Part 16	\$239,876	\$239,876)	\$0	\$0	0%
Sub Totals	\$9,663,386	\$4,259,821	\$13,923,207	\$8,157,694	59%
Water & Sewer Soft Cost					
Review and Inspection Fee	\$1,159,606	\$346,987	\$1,506,593	\$924,918	61%
Design Cost	\$1,159,606	\$414,947	\$1,574,553	\$1,316,664	88%
Contingency	\$0	\$233,427	\$233,427	\$0	0%
Prevailing Wages/LMBE Pref.	\$1,449,508	(\$851,839)	\$597,669	\$0	0%
Bonds	\$241,585	(\$241,585)	\$0	\$0	0%
Sub Totals	\$4,010,305	(\$98,063)	\$3,912,242	\$2,316,583	59%
Misc. Others					
Fireboat/Public Safety	\$500,000	\$0	\$500,000	\$0	0%
Total Public Improvements	\$51,865,936	\$97,428	\$51,963,364	\$21,609,541	42%
<i>Less:</i> Private Contributions	\$0	(\$97,428)	(\$97,428)	\$0	0%
Total Bond Funded Costs	\$51,865,936	\$86,806	\$51,865,936	\$21,609,541	42%

2) Status of Development - Project Update and Development Schedule:

a) Project Update

Project Update

Development	Status
Zoning and Permitting	Zoning for the site existing with the last approvals for up to 2,500 residential units coming in Fall 2006. Numerous infrastructure plans have been submitted and approved through the various agencies such as WSSC, DPW&T, etc.
Site Plan and Design Approval	Site plan related documents for the Buildings E, J, M, L, and the Piers have been submitted to the County for review and approval. Minor site plan revisions have also been submitted to the County for coordination with the PH I buildings.
Subdivision	The overall Parcel is being subdivided into blocks separated

	by the Public Right-of-Way required by the roads. The subdivision plats have been signed by the required parties and should be recorded into Land Records by late June 2006.
Infrastructure - onsite	Construction of the onsite infrastructure is on going. A majority of the water, sewer, storm pipes and ponds have been installed throughout the Ph IB portion of the project. A large portion of NH Boulevard and Waterfront Streets has also been base paved.
Infrastructure - offsite	All off-site infrastructure has been completed.
Vertical Development – Hotel and Timeshare	<p>Building permits have been submitted for Hotel O (Hampton Inn and Suites). Construction should start in Summer/Fall 2006.</p> <p>Plans for Hotel H1 (Marriott Residence Inn) and Hotel A1-9 (Westin) will be finalized over the next 1-2 months. Construction should start in Fall 2006.</p> <p>Plans for Hotel K (W ALOFT) and Timeshare Q (Fairfield Resorts) will be finalized over the next 3-5 months. Construction should start in early 2007.</p>
Vertical Construction – Retail and Restaurant	<p>Building permits have been submitted for Building E on the waterfront and the start of construction is scheduled for May/June 2006. We are finalizing design development level plans for buildings B and D on the waterfront now and have construction scheduled to start in late 2006. Building D is slightly behind as we recently changed the design to incorporate approximately 24 residential units on the top floors instead of office.</p> <p>Smaller retail restaurant building A10 and H1 will start design in Summer 2006.</p>
Vertical Construction – Office Space	Building J plans are completed and have been submitted for Permit. Building M plans will be completed in next 30-60 days.

	<p>Both Buildings will be sent out for bidding in June 2006. Construction is schedule to start in Summer/Fall 2006.</p>
<p>Change in Development plan to allow residential Uses</p>	<p>Building L plans have been completed and submitted for permit. Construction is scheduled to start in Summer/Fall 2006.</p> <p>Building K is being planned as a “Hotel/Condo” building with approximately 140 residential condominiums complementing the ALOFT hotel mention above.</p> <p>Building R is being planned as an 11-story, 450 +/- unit residential building with street level retail. Plans for this building are only conceptual at this time. We are scheduled to completed final plans in Winter 2006 and start construction in early 2007.</p> <p>The design for Building D has been changed to add approximately 24 residential units on the top floors instead of office space.</p>

b) Development Schedule

Development Schedule - Targets

Public Improvement Tasks	Projected Date		Date
	Start	Finish	Completed
Washington Suburban SC (WSSC)			
Part 1 Sewer "B"	6/29/05	3/15/06	3/15/06
Part 3 Pump Station "A"	8/8/05	12/2/06	Ongoing
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	Ongoing
Part 16 Water/Sewer	3/16/06	6/13/06	Ongoing
National Harbor Waterfront Roads			
National Harbor Blvd. (Phase I)	6/29/05	6/29/07	F = final pave
Waterfront Street (Phase I)	6/29/05	9/14/07	F = final pave
Waterfront Street (Phase II)	9/22/05	8/30/07	F = final pave
South Pointe Rd. (Phase I)	8/1/05	7/1/07	F = final pave
Fleet Street (Second Street)	1/31/06	7/14/07	F = final pave
St. George's Boulevard (Third Street)	3/16/06	7/1/07	F = final pave
Ramblas 1 st to 2 nd Streets		Fall 07	
Ramblas 2 nd to 3 rd Streets		Fall 08	
National Harbor Blvd. (Phase II)	12/29/05	7/1/07	F = final pave
Southpointe Drive (now NH Blvd)	7/1/07	7/1/07	F = final pave
Others Items			
Preliminary Plan of Subdivision			2/9/04
Stormwater Management Concept	7/19/04	10/26/04	updates
Record Plat			Ongoing
Panorama Stormwater Management Ponds	7/19/04	2/14/05	
Site Landscape, TCPII, CBCA	11/28/00	10/13/04	
Pepco			
Pepco Primary High Voltage Work	1/15/06	3/1/07	
Pepco Onsite Distribution Service	1/17/06	3/1/07	
Washington Gas	9/17/05	9/1/06	
Marine Work			
South Point Pier			11/10/04
Dredging for 2004 season			1/21/05
Gaylord Pier	6/1/06	9/5/07	
Peterson Pier	6/1/06	9/5/07	
Gaylord Design and Construction			
Contract Documents	6/9/05		
Bidding and Negotiation			Ongoing
Construction Phase	Spring 05	March 08	
Permits and Approvals			Ongoing
Building Permits			Ongoing

- 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: 05/22/06

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.