

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

**For the Period Ending December 31, 2009
With Updated Information through March 26, 2010**

*City of Atlanta, Georgia
Tax Allocation Bonds
(Princeton Lakes Project)
\$21,000,000 Series 2006*

Prepared by:

MUNICAP, INC.

April 2, 2010

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

I.	UPDATED INFORMATION	1
II.	INTRODUCTION	3
III.	DEVELOPMENT ACTIVITY	5
	A. Overview	5
	B. Governmental Approvals and Permits	5
	C. Status of Development	6
	D. Public Improvements	14
IV.	TRUSTEE ACCOUNTS	17
V.	DISTRICT OPERATIONS	19
	A. Tax Allocation Increments Levied and Collected	19
	B. Delinquent Property Taxes	21
	C. Collection Efforts	21
VI.	DISTRICT FINANCIAL INFORMATION	22
	A. Fund Balances	22
	B. Changes to the Millage Rates	22
	C. Assessed Value of Real Property and Incremental Taxes	23
	D. Top Taxpayers in Princeton Lakes TAD	23
	E. Exemption from Taxation	24
	F. Tax Allocation Increments Collected and Delinquencies	24
	G. Failure to Pay Taxes	24
	H. Debt Service Coverage	24
VII.	SIGNIFICANT EVENTS	25
	A. Developer's Significant Events	25
	B. Notice Events	26

I. UPDATED INFORMATION

Information updated from the annual development activity and disclosure report for the period ending December 31, 2008 is as follows.

- The mixed use developer, Princeton Lakes Partners, LLC, reports that the anticipated completion date for the residential part the project is December 2010.
- The mixed use developer reports that the anticipated completion date for the Candlewood Suites is September 2010. The Holiday Inn Express was completed in February 2010.
- The residential developer, Pulte Homes, reports that the build-out date was completed as of June 30, 2009. The developer also reported that they will not be providing and quarterly disclosure statements as the disclosure requirements are fully met as of December 31, 2009.
- As of December 31, 2009, the residential developer reports that a total of 844 building permits were issued, including 143 building permits for the Regency Neighborhood, 120 building permits for the Park Neighborhood, 177 building permits for the Glen Neighborhood, 119 building permits for the Estates Neighborhood, 135 building permits for the Enclave Neighborhood and 150 building permits for the Deerwood Reserve Neighborhood, which remains the same as the previous reporting period.
- As of March 16, 2010 Hathaway Development has leased 199 of the 306 apartment units at Ansley at Princeton Lakes and Worthy Companies has leased 315 of 350 apartment units at the Landings at Princeton Lakes.
- As of September 30, 2009, the mixed use developer reports that leasing agreements have been signed for 170,347 square feet of retail space in the Redwine Road Retail section of the development, representing 100 percent of the available leasable space. The mixed use developer also reports that leasing agreements have been signed for 201,235 square feet of the retail space in the Camp Creek Market Place section of the development, representing 97.6 percent of the available leasable space. The mixed use developer also reports that leasing agreements have been signed for 72,846 square feet of the retail space in the Grocery Shopping Center, representing 100 percent of the available leasable space.
- As of September 30, 2009, the mixed use developer reports that leasing agreements have been signed for 73,865 square feet of the office space in Buildings I and II, representing 93.5 percent of the available leasable space in Medical Buildings I and II.
- As of September 30, 2009, the mixed use developer reports Ackerman is

seeking tenants for the 20,000 square foot leasable space of Building III.

- According to the residential developer a total of 844 units were sold as of December 31, 2009, which includes 143 units sold in the Regency Neighborhood, 120 units sold in the Park Neighborhood, 177 units sold in the Glen Neighborhood, 119 units sold in the Estates Neighborhood, 135 units sold in the Enclave Neighborhood and 150 units sold in the Deerwood Reserve Neighborhood.
- As of December 31, 2009, the residential developer reports that a total of 843 units closed, which includes 143 units in the Regency Neighborhood, 120 units in the Park Neighborhood, 177 units in the Glen Neighborhood, 118 units in the Estates Neighborhood, 135 units in the Enclave Neighborhood, and 149 in the Deerwood Reserve Neighborhood.
- As of February 28, 2010, the ADA reports that the tax increments collected and deposited in the TAD Special Fund were \$1,984,489 .
- As of February 28, 2010 , the tax increment revenues collected were \$1,984,489 interest earned on the Trust and Bank Accounts totaled \$8,066 for total revenue of \$1,992,555. . The debt service including interest payments and other expenses paid during the period were \$1,020,550 , resulting in excess funds over expenses of \$972,005 and a debt service coverage ratio of 1.89 (excludes interest earnings on tax increment account).
- According to the Fulton County Tax Commissioner, the net millage rates applicable for purposes of calculating tax increment for the TAD increased from 17.901 to 21.021 mills per \$1,000 of assessed value for property tax year 2008 to property tax year 2009.

II. INTRODUCTION

The City of Atlanta, Georgia (the “City”) issued \$21,000,000 Series 2006A Tax Allocation Bonds pursuant to the Constitution and laws of the State of Georgia, including particularly (i) Chapter 44 of Title 36 of the Official Code of Georgia Annotated, as amended, known as the Redevelopment Powers Law (the “Act”), (ii) Resolution No. 02-R-1775, adopted by the City Council on November 18, 2002, and signed by the Mayor on November 26, 2002, (the “Initial Resolution”), (iii) Ordinance No. 06-O-0263, adopted by the City Council on February 8, 2006, and signed by the Mayor on February 9, 2006 (the “Financing Ordinance,” together with the Initial Resolution, the “TAD Ordinance”), and (iv) the Indenture of Trust, dated as of February 1, 2006 (the “Indenture”), between the City and U.S. Bank National Association, as trustee (the “Trustee”).

The properties in the tax allocation district are located in the City of Atlanta, Georgia with boundaries consisting of Hogan Road SW to the north; City of East Point to the east; Camp Creek Parkway SW to the south; and Fairburn Road SW to the west.

The Mixed Use Development in the Princeton Lakes tax allocation district (TAD), which includes retail, office and residential components to be located on a 188-acre parcel in the TAD between Redwine Road and Camp Creek Parkway, is being developed by Princeton Lakes Partners, LLC. The Residential Development, which is a master planned residential community that will include approximately 844 single family and townhomes on a 238-acre parcel in the northwest quadrant of the Princeton lakes TAD, is being developed by Pulte Homes Corporation.

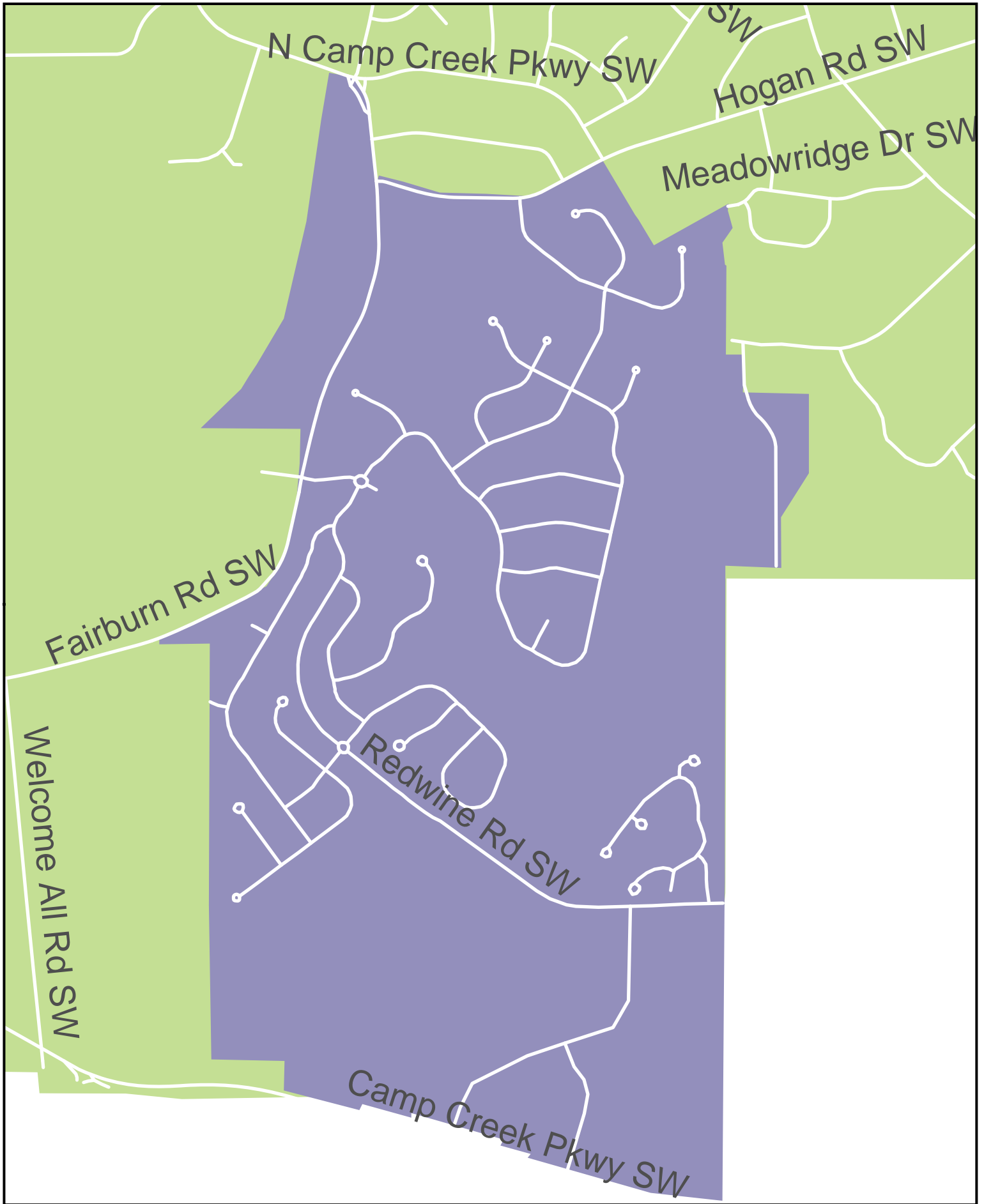
Pursuant to the Act and respective ordinance, \$21,000,000 in Tax Allocation Bonds were issued to finance the public improvements serving the properties located within the tax allocation district. As described in the Limited Offering Memorandum (LOM), the City has expressly covenanted in the Indenture not to issue additional bonds secured by Pledged Revenues.

The developers and the Atlanta Development Authority have agreed to provide certain information regarding the development of the property and the operations of the district pursuant to the development and continuing disclosure agreements. These reports are not, however, provided pursuant to Rule 15c2-12.

The information about development activity in this report was provided by the developers (Princeton Lakes Partners, LLC, and Pulte Homes Corporation) and is believed to be accurate; however, no effort has been made to independently verify the information.

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, 2009, unless otherwise stated, and no representation is made that the information contained in this report is indicative of information that may pertain since the end of the period covered by this report or in the future.

Princeton Lakes TAD



III. DEVELOPMENT ACTIVITY

A. OVERVIEW

The Princeton Lakes Tax Allocation District is located in the City of Atlanta, Georgia with boundaries consisting of Hogan Road SW to the north; City of East Point to the east; Camp Creek Parkway SW to the south; and Fairburn Road SW to the west. The Mixed Use Development in the TAD includes retail, office and residential components to be located on a 188-acre parcel in the Princeton Lakes TAD between Redwine Road and Camp Creek Parkway. The Residential Development is a master planned residential community which will include approximately 844 single family and townhomes on a 238-acre parcel in the northwest quadrant of the Princeton lakes TAD.

The Mixed Use Development will consist of approximately 449,428 square feet of retail development expected to include major national and regional retail chains including a national furniture retailer, pharmacy, regional banks and a grocery store. The Mixed Use Development will also consist of two medical office buildings and a small general purpose office building totaling approximately 99,000 square feet. The Mixed Use Development will include 776 residential units consisting of 656 market rate garden apartments and 120 townhomes. Proceeds of the Bonds will be used to reimburse the mixed use developer for a portion of the cost of certain public improvements required to support the Mixed Use Development, which includes water detention facility improvements, installation of sewer and water improvements, installation of intersection and traffic signals on major connecting parkway, construction of new multilane parkway, installation of road improvements including construction of a bridge; and streetscape and landscape improvements to common areas.

The Residential Development is a master planned residential community which will include approximately 844 single family and townhomes on a 238-acre parcel in the northwest quadrant of the Princeton Lakes TAD. The community will consist of primarily single family detached homes, with one planned neighborhood of approximately 150 townhomes. The Residential Development is expected to consist of a proportional mix of styles and price ranges, consisting of two, three, four and five bedroom units. The Residential Development will have greenways and pedestrian pathways connecting the homes to adjacent commercial developments and existing public transportation routes. Proceeds of the Bonds will be used to reimburse the residential developer for a portion of the cost of certain public improvements required to support the Residential Development, which includes site preparation and clearance, grading and sediment control, dewatering, muck removal and the installation of detention ponds, installation of sewer and water infrastructure, including water mains and sanitary sewer, roadway improvements, common area and perimeter improvements, and sidewalk and street light installation.

B. GOVERNMENTAL APPROVALS AND PERMITS

The mixed use developer, Princeton Lakes Partners, LLC, reports that as of September 30, 2009, the permits needed for vertical construction have been received and construction was completed for Parcels A through M in the Princeton Lakes Road Retail section of the retail development. The mixed use developer also reports that the necessary vertical construction

permits were received for all parcels in the Camp Creek Market Place section of the development and construction was substantially completed as of September 30, 2009.

According to the mixed use developer, the townhomes builder for the residential part of the mixed use development, Patrick Malloy Communities, received 120 building permits on October 15, 2006.

The residential developer, Pulte Homes, reports that, as of December 31, 2009, a total of 844 building permits were issued for the different neighborhoods. The 844 building permits include 143 building permits for the Regency Neighborhood, 120 building permits for the Park Neighborhood, 177 building permits for the Glen Neighborhood, 119 building permits for the Estates Neighborhood, 135 building permits for the Enclave Neighborhood, and 150 building permits for the Deerwood Reserve Neighborhood.

C. STATUS OF DEVELOPMENT

The mixed use developer, Princeton Lakes Partners, LLC, reports that as of September 30, 2009, the anticipated completion date for the residential phases of the mixed use development was December 2010 and the anticipated completion date for the Candlewood Suites hotel is September 2010. The Holiday Inn Express was completed in February 2010. The residential developer, Pulte Homes, the build-out for the Residential Development was completed as of June 30, 2009.

Table III-1-A below shows the status of development of the Redwine Lakes Road Retail as of September 30, 2009.

Table III-1-A
Status of Development
Redwine Road Retail

Retail Component	Tenants	Development Status
Redwine Road Retail		
Parcel A	Walgreens	Open
Parcel B	Shoppers at Princeton Lakes	Open
Parcel C	Hotel	Open
Parcel D	BB&T Bank	Open
Parcel E	World of Beverages	Open
Parcel F	Zaxby's Fast Food	Open
Parcel G-L	Movie Management	Open
Parcel M	Hotel	Closed 10/22/07

The mixed use developer, Princeton Lakes Partners, LLC, reports that four major tenants including DSW Shoes, LA Fitness, American Signature Furniture and Circuit City opened for

business on April 30, 2006 in the Camp Creek Market Place. As of September 30, 2009, the mixed use developer reports that Jason's Deli, Jason's to Go, Sealy Mattress, Ashley Stewart, Barber Shop, Optima Uniforms, Beauty Supply, Hair Salon, Hibbett Sports, and Splendid Things Bridal were opened in shops one through four. As of September 30, 2009, the mixed use developer also reports that Chili's, TGI Fridays and Bank of America opened for business on Outparcels two, three and four, respectively.

Table III-1-B in the following page shows the status of development of the Camp Creek Market Place as of September 30, 2009.

Table III-1-B
Status of Development
Camp Creek Market Place

Retail Component	Tenants	Development Status
Camp Creek Market Place		
Major Tenant A	DSW Shoes	Open
Major Tenant B	LA Fitness	Open
Major Tenant C	American Signature Furniture	Open
Major Tenant D	Vacant ¹	Open
Shops 1-4	Jason's Deli, Jason's to Go, Sealy Mattress, Ashley Stewart, Barber Shop, Optima Uniforms, Beauty supply, Hair Salon, Hibbett sports, and Splendid Things Bridal	Open
Outparcel 1	Landmark Properties	TBD
Outparcel 2	Chili's	Open
Outparcel 3	TGI Fridays	Open
Outparcel 4	Bank of America	Open

¹ According to the ADA, the 33,862 square foot Circuit City space in Camp Creek Marketplace Phase II remains vacant. The Circuit City lease was canceled through the bankruptcy court, so no revenue is being collected by the owner, Weingarten Realty Investors. They are currently paying property taxes on the space and actively pursuing a replacement, but at present have no credit tenant prospects.

The mixed use developer reports that a major tenant, Publix Grocery Store, was opened for business in the Publix at the Publix at Princeton Lakes Shopping Center on April 30, 2006. The mixed use developer also reports that Hollywood Video, Subway, Countrywide Home Loans, Alre's Hair Salon, State Farm Insurance, America's Best Contacts, Majestic Nails, and Bruster's Ice Cream were opened for business in shops one through four through April 30, 2006.

Table III-1-C in the following page shows the status of development of the Publix at Princeton Lakes Shopping Center reported by the mixed use developer as of September 30, 2009.

Table III-1-C
Status of Development
Publix at Princeton Lakes Shopping Center

Retail Component	Tenants	Development Status
Grocery Shopping Center		
Major Tenant F	Publix Grocery Store	Open
Shops 4	Hollywood Video, Subway, Countrywide Home Loans, Alre's Hair Salon, State Farm Insurance, America's Best Contacts, Majestic Nails, and Bruster's Ice Cream	Open
Outparcel 5	Wachovia Bank	Open

The mixed use developer reports that as of September 30, 2009, Buildings I and II were completed and leased by Ackerman in the Medical Building section of the development.

Table III-1-D in the following page shows the status of development of the Office Buildings reported by the mixed use developer as of September 30, 2009.

Table III-1-D
Status of Development
Office Buildings

Retail Component	Tenants	Development Status
Medical Building		
Building I	Multiple tenants	Open
Building II	Multiple tenants	Open
Office Building		
Building III		Currently seeking tenants
Day Care	Available	

The mixed use developer reports that 304 townhomes were originally closed with Patrick Malloy Communities, the townhomes builder. As of September 30, 2009, the mixed use developer reports that Patrick Malloy Communities sold the second townhomes site, which was originally planned for 184 townhomes, to Hathaway Development Company for the construction of 306 rental apartment units. As of September 30, 2009, the developer also reports that Hathaway has completed construction of 306 apartment units. Table III-1-E on the following page shows the status of development of townhouses within the Mixed Use Development as of September 30, 2009.

Table III-1-E
Status of Development
Townhouses Development

Builder	Number of Units	Number of Units Constructed	Number of Units Sold
Garden Apartments	656	656	N/A
Patrick Malloy	120	35	22
Total	776	691	22

Construction of all the 350 Garden Apartment units was completed and 315 apartment units were rented as of March 16, 2010. Hathaway Development Company has completed construction of all 306 garden apartment units and rented 199 units as of March 16, 2010.

The residential developer, Pulte Homes, reports that the total number of units initially anticipated for the Regency Neighborhood decreased by four units to 143 units as a result of restrictions imposed by the state water regulations during the land disturbance permitting process in April 2006. The developer reports that the total number of units initially anticipated for the Park Neighborhood increased by one unit to 120 units as a result of changes to a pocket park and the total number of units initially anticipated for the Enclave Neighborhood increased by one unit to 161 units as a result of lot layout redistribution. The developer also reports that the total number of units initially anticipated for the Estates Neighborhood decreased by three units to 119 units as a result of re-drawing of lot lines during address plat process with the Planning and Zoning Department. Accordingly, the total number of units in the Residential Development was 844 as of June 30, 2006.

Table III-2 below shows the number of units and building permits issued for the Residential Development as of December 31, 2009.

Table III-2
Status of Building Permits
Residential Development

Neighborhood	Initial Expected Number of Units	Revised Number of Units	Building Permits Issued
Regency	147	143	143
Park	119	120	120
Glen	151	177	177
Estates	122	119	119
Enclave	160	135	135
Deerwood Reserve	150	150	150
Total	849	844	844

(i.) Leasing Status

According to the mixed use developer, Princeton Lakes Partners, LLC, as of September 30, 2009, leasing agreements have been signed for 170,347 square feet of retail space in the Princeton Lakes Road Retail representing 100 percent of the available leasable space.

Table III-3-A below shows the tenants, space leased and percent of total space leased in the Princeton Lakes Road Retail as of September 30, 2009.

Table III-3-A
Leasing Status
Princeton Lakes Road Retail

Retail Component	Tenants	Space Leased (in sq ft)	Percent of Total Space Leased
Princeton Lakes Road Retail			
Parcel A	Walgreens	10,000	5.9%
Parcel B	Shoppers at Princeton Lakes	13,300	7.8%
Parcel C	Hotel	45,000	26.4%
Parcel D	BB&T Bank	3,999	2.3%
Parcel E	World of Beverages	14,160	8.3%
Parcel F	Zaxby's Fast Food	3,388	2.0%
Parcel G-L	Movie Management	35,500	20.8%
Parcel M	Hotel	45,000	26.4%
	Total Leased	170,347	100%
	Remaining Leasable Space	-	0%

According to the mixed use developer, Princeton Lakes Partners, LLC, as of September 30, 2009, leasing agreements have been signed for 172,173 square feet of the retail space (excluding the Circuit City space) in the Camp Creek Market Place representing 83.48 percent of the available leasable space. The developer also reports that the remaining 34,062 square feet space was available for lease.

Table III-3-B on the following page shows the tenants, space leased and percent of total space leased for the Camp Creek Market Place as of September 30, 2009.

Table III-3-B
Leasing Status
Camp Creek Market Place

Retail Component	Tenants	Space Leased (in sq ft)	Percent of Total Space Leased
Camp Creek Market Place			
Major Tenant A	DSW Shoes	25,181	12.21%
Major Tenant B	LA Fitness	42,507	20.61%
Major Tenant C	American Signature Furniture	50,134	24.31%
Major Tenant D	Vacant ¹	0	0.00%
Shops 1-4	Jason's Deli, Jason's to Go, Sealy Mattress, Ashley Stewart, Barber Shop, Optima Uniforms, Beauty supply, Hair Salon, Hibbett sports, and Splendid Things Bridal	34,000	16.49%
Outparcel 1	Landmark Properties	5,000	2.42%
Outparcel 2	Chili's	5,896	2.86%
Outparcel 3	TGI Fridays	5,000	2.42%
Outparcel 4	Bank of America	4,455	2.16%
Total Leased		172,173²	83.48%
Remaining Leasable Space		34,062²	16.52

¹ According to the ADA, the 33,862 square foot Circuit City space in Camp Creek Marketplace Phase II remains vacant. The Circuit City lease was canceled through the bankruptcy court, so no revenue is being collected by the owner, Weingarten Realty Investors. They are currently paying property taxes on the space and actively pursuing a replacement, but at present have no credit tenant prospects.

² – The total leased space and remaining leasable spaces are recalculated excluding the Circuit City lease reported by the developer.

According to the mixed use developer, as of September 30, 2009, leasing agreements have been signed for 72,846 square feet of the retail space in the Publix at Princeton Lakes Shopping Center representing 100 percent of the available leasable space.

Table III-3-C on the following page shows the tenants, space leased and percent of total space leased in the Publix at Princeton Lakes Shopping Center as of September 30, 2009.

Table III-3-C
Leasing Status
Publix at Princeton Lakes Shopping Center

Retail Component	Tenants	Space Leased (in sq ft)	Percent of Total Space Leased
Grocery Shopping Center			
Major Tenant F	Publix Grocery store	46,031	62.0%
Shops 4	Hollywood Video, Subway, Countrywide Home Loans, Alre's Hair Salon, State Farm Insurance, America's Best Contacts, Majestic Nails, Bruster's Ice Cream	22,790	30.7%
Outparcel 5	Wachovia Bank	4,025	7.3%
Total Leased		72,846	100.0%
Remaining Leasable Space		-	0.0%

According to the mixed use developer, as of September 30, 2009, leasing agreements have been signed for 39,500 square feet of the office space in the Medical Building I and 34,365 square feet of the office space in Building II, representing 93.5 percent of the available leasable space in Medical Buildings I and II. As of September 30, 2009, the mixed use developer also reports that 5,135 square feet, 20,000 square feet, and 9,225 square feet spaces were available for lease in the Medical Buildings II, Office Building III and Daycare space, respectively. Table-III-3-D below shows the tenants, space leased and percent of total space leased in the office buildings component of the Mixed Use Development as of September 30, 2009.

Table III-3-D
Leasing Status
Office Buildings

Retail Component	Tenants	Space Leased (in sq ft)	Percent of Total Space Leased
Medical Building			
Building I	Multiple tenants	39,500	100%
Building II	Multiple tenants	34,365	87%
Subtotal:		73,865	93.5%
Remaining Leasable Space		5,135	6.5%
Office Building			
Building III		0	0.0%
Subtotal:		0	0.0%
Remaining Leasable Space		20,000	100.0%
Daycare			
Remaining Daycare Leasable Space		9,225	100.0%
Total Office Space Leased		73,865	68.25%
Remaining Leasable Office Space		34,360	31.75%

As of September 30, 2009, 514 apartment units have been rented at a rental price range of \$710 to \$950 per one bedroom for Garden Apartments. Table III-3-E below shows the number of units rented and the average rental price for the Garden Apartments as of June 30, 2009.

Table III-3-E
Rental Status
Garden Apartments

Unit Type	Number of Units	Number of Units Rented	Average Rent (one bedroom)
Garden Apartments	656	514	\$710 - \$950
Total	656	509	

(ii.) Status of Sales

According to the residential developer, Pulte Homes, as of December 31, 2009, a total of 844 units were sold, which includes 143 units sold in the Regency Neighborhood, 120 units sold in the Park Neighborhood, 177 units sold in the Glen Neighborhood, 119 units sold in the Estates Neighborhood, 126 units sold in the Enclave Neighborhood and 136 units sold in the Deerwood Reserve Neighborhood. Table III-4-A below shows the number of units sold and the average sales price for each neighborhood as reported by the residential developer as of December 31, 2009.

Table III-4-A
Status of Home Sales
The Residential Development

Neighborhood	Number of Units Sold	Average Sales Price	Projected Average Sales Price
Regency	143	\$165,229	\$158,990
Park	120	\$177,271	\$172,700
Glen	177	\$227,165	\$211,415
Estates	119	\$356,715	\$348,961
Enclave	135	\$275,669	\$294,190
Deerwood Reserve	150	\$123,904	\$120,300
Total	844	\$218,888	\$216,178 ¹

¹ The total projected average sales price is calculated as weighted average price using the average price and total No. units in the LOM.

According to the residential developer, as of December 31, 2009, a total of 843 units closed, which include 143 units in the Regency Neighborhood, 120 units in the Park Neighborhood, 177 units in the Glen Neighborhood, 119 units in the Estates Neighborhood, 135 units in the Enclave Neighborhood, and 149 in the Deerwood Reserve Neighborhood. Table III-4-B below shows the number of units closed and the average sales price for each neighborhood as reported by the residential developer as of December 31, 2009.

Table III-4-B
Status of Home Closing
The Residential Development

Neighborhood	Number of Units Closed	Average Sales Price
Regency	143	\$165,229
Park	120	\$177,271
Glen	177	\$227,165
Estates	119	\$356,715
Enclave	135	\$275,669
Deerwood Reserve	149	\$123,904
Total	843	\$218,888

(iii.) Status of Financing

According to the Limited Offering Memorandum, the total cost of the Residential Development is expected to be approximately \$145,000,000. Of the total cost of the Residential Development, approximately \$10,000,000 will be funded with the proceeds of the Bonds and the remainder will be funded from parent company equity and conventional debt financing. The residential developer, Pulte Homes, reports that there were no construction loan related defaults as of December 31, 2009.

According to the Limited Offering Memorandum, the predevelopment cost funded by Princeton Lakes Partners, LLC of the Mixed Use Development was approximately \$21,212,970. Of the total predevelopment cost of the Mixed Use Development, \$6,160,963 was for land acquisition and \$15,052,000 of other predevelopment cost was financed through a construction loan with Georgian Bank. The repayment of the construction loan was to occur from the sales proceeds as parcels of land are sold. The mixed use developer, Princeton Lakes Partners, LLC, reports that there were no construction loan related defaults as of September 30, 2009.

D. STATUS OF CONSTRUCTION AND PUBLIC IMPROVEMENTS

According to the Limited Offerings Memorandum, a portion of the proceeds of the Bonds was to be used to reimburse the mixed use developer for a portion of the cost of certain public improvements required to support the Mixed Use Development including water detention facility improvements, installation of sewer and water improvements, installation of intersection and traffic signals on major connecting parkway, construction of new multilane parkway, installation of road improvements including construction of a bridge; and streetscape and landscape improvements to common areas. Table III-5-A on the following page shows the budget for the public improvements and construction draws reported by the mixed use developer as of September 30, 2009.

Table III-5-A
Status of Public Infrastructure Improvements
The Mixed Use Development

Public Improvement	Original Budget	Budget Changes	Revised Budget	Work Completed	Percent Completed
General Conditions	\$654,233	\$0	\$654,233	\$537,647	82%
Site Preparation	\$278,125	\$0	\$278,125	\$278,125	100%
Earthwork	\$6,650,706	\$0	\$6,650,706	\$6,650,706	100%
Erosion Control	\$425,500	\$0	\$425,500	\$425,500	100%
Paving	\$978,689	\$0	\$978,689	\$978,689	100%
Water distribution	\$331,368	\$0	\$331,368	\$331,368	100%
Storm Sewage Systems	\$632,703	\$0	\$632,703	\$632,703	100%
Sanitary Sewage Systems	\$241,558	\$0	\$241,558	\$241,558	100%
Power, Communication and Gas	\$8,000	\$0	\$8,000	\$8,000	100%
Bridge, Guardrail, Sidewalks, Traffic Signal	\$791,555	\$0	\$791,555	\$791,555	100%
Landscaping / Irrigation	\$116,317	\$0	\$116,317	\$116,317	100%
Construction Fees	\$549,892	\$0	\$549,892	\$549,892	100%
Total	\$11,658,646	\$0	\$11,658,646	\$11,542,060	99%

According to the Limited Offering Memorandum, a portion of the proceeds of the Series 2006 Bonds was to be used to reimburse the residential developer for a portion of the cost of certain public improvements required to support the Residential Development that include site preparation and clearance, grading and sediment control, dewatering, muck removal and the installation of detention ponds, installation of sewer and water infrastructure, including water mains and sanitary sewer, roadway improvements, common area and perimeter improvements, and sidewalk and street light installation.

Table III-5-B on the following page shows the total project budget and construction draws reported by the residential developer as of December 31, 2009.

Table III-5-B
Status of Construction
The Residential Development

Project Construction Budget	Original Budget	Budget Changes	Revised Budget	Work Completed	Percent Completed
Land	\$18,922,521	\$0	\$18,922,521	\$18,922,521	100%
Hard Costs:					
Site Preparation (Clearing, Gardening, Erosion Control, etc.)	\$7,100,287	\$415,951	\$7,516,238	\$7,516,238	100%
Site Infrastructure	\$15,833,718	\$874,888	\$16,708,606	\$16,708,606	100%
Other Site Development (Amenity, etc.)	\$6,871,463	(\$1,607,975)	\$5,263,488	\$5,263,488	100%
Home Construction ¹ (Note 1)	\$111,116,256	(\$6,972,197)	\$104,144,059	\$104,144,059	100%
Soft Costs:					
Engineering / Consulting	\$1,577,972	\$723,566	\$2,301,538	\$2,301,538	100%
Legal / Real Estate	\$1,075,837	\$1,035,397	\$2,111,234	\$2,111,232	100%
Other	\$812,105	\$249,554	\$1,061,659	\$1,061,659	100%
Total	\$163,310,159	(\$5,280,816)	\$158,029,343	\$158,029,343	100%

¹ Original budget assumed a 6% cost increase for units that were not closed nor under contract when Bonds were issued.

Table III-5-C below shows the total budget for public improvements and construction draws reported by the residential developer as of December 31, 2009.

Table III-5-C
Status of Public Infrastructure Improvements
The Residential Development

Public Improvement	Original Budget	Budget Changes	Revised Budget	Work Completed	Percent Completed
Streets (Grading, Curb, Paving and Sidewalks)	\$6,310,388	\$216,011	\$6,526,399	\$6,526,399	100%
Street Lighting and Signage	\$127,231	(\$565)	\$126,666	\$126,666	100%
Sanitary Sewer	\$3,936,387	\$99,553	\$4,035,940	\$4,035,940	100%
Storm Water System (Detention Ponds, etc.)	\$2,565,743	\$147,474	\$2,713,217	\$2,713,217	100%
Other (Engineering, Geotechnical/Compaction)	\$1,234,500	\$150,603	\$1,385,103	\$1,385,103	100%
Water system	\$1,659,472	\$49,778	\$1,709,250	\$1,709,250	100%
Total	\$15,833,721	\$662,854	\$16,496,575	\$16,496,575	100%

IV. TRUSTEE ACCOUNTS

The trustee for the Series 2006 Bonds is U.S. Bank, National Association, and N.A. Table IV-1 below shows the account balances for each fund as of December 31, 2008 and the trust activities through February 28, 2010.

**Table IV-1
Summary of Fund Account Activities**

	Balance 12/31/08	Interest Paid	Transfer from the Special Fund	Transfers between funds	Disburse- ments	Balance 02/28/10
Series 2006 Tax Increment Fund	\$678,551	\$20	\$409,235	(\$985,775)	(\$4,000)	\$98,031
Series 2006 Interest Fund	\$1,357,493	\$13	\$0	\$775,775	(\$1,554,163)	\$579,118
Series 2006 Principal Fund	\$0	\$0	\$0	\$0	\$0	\$0
				\$3,085,000		
Series 2006 Redemption Fund	\$0	\$0	\$0		(\$3,085,000)	\$0
Series 2006 Debt Service Reserve Fund	\$1,575,142	\$172	\$0	\$0	\$0	\$1,575,314
Series 2005 Project Fund	\$4,351,273	\$31,349	\$0	(\$2,875,000)	\$0	\$1,507,622
Series 2005 Capitalized Interest Fund	\$0	\$0	\$0	\$0	\$0	\$0
Series 2005 Cost of Issuance Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$7,962,459	\$31,554	\$409,235	\$0.	(\$4,643,163)	\$3,760,085

- Additional revenues to the Tax Increment Fund were tax increment revenues collected and transferred by the city.
- Disbursements represent payments of debt service and the trustee fee.

Table IV-2 shows the approximate rate of return on the investments. The bond proceeds are invested in U.S. Treasury money market accounts currently earning approximately zero percent.

The outstanding Series 2006 Bonds as of February 28, 2010 were \$17,810,000. The maximum Debt Service Reserve Requirement with respect to the Series 2006 Bonds, as per the trust indenture, is an amount equal to the Maximum Annual Debt Service on the Series 2006 Bonds outstanding as of the date of calculation, as certified by the City. The amount of the Maximum Annual Debt is \$1,659,550. On December 23, 2009, the City transferred the

**Table IV-2
Rates of Return**

Account	Rate of Return
Debt Service Reserve Fund	0.00%
Interest Fund	0.00%
Project Fund	0.00%
Tax Increment Fund	0.00%

additional amount to the Trustee to add to the Debt Service Reserve Fund. The Trustee will make the transfer between funds by March 31, 2010.

V. *DISTRICT OPERATIONS*

A. TAX ALLOCATION INCREMENT LEVIED AND COLLECTED

According to the Fulton County Tax Commissioner's Office, gross tax increments billed for the 2009 property taxes, which includes Fulton operating, Atlanta operating and Atlanta park levies applicable to the Princeton Lakes TAD were \$2,056,928.64 as of February 25, 2010. According to the information provided by the Fulton County Tax Commissioner's Office to the ADA, the amount of tax allocation increments collected and deposited to the TAD Fund as of February 28, 2010 was \$1,984,489 (including prior year receivables and adjustment to tax calculations). The tax increment collections of \$1,984,489 consist of the following: 2006 Taxes - \$1,733; 2007 Taxes - \$8,948; 2008 Taxes - \$40,407; 2009 Taxes - \$1,933,401. Table V-1 below shows the 2009 preliminary taxable assessed values, estimated taxes billed, and estimated taxes due for Fulton County and the City of Atlanta tax allocation increment categories applicable for the Princeton Lakes TAD As of February 25, 2010, which are calculated using the 2007 growth percentage and net millage rates available to service new debt in the TAD.

Table V-1
Princeton Lakes TAD Estimated Tax Increments Levied and Amounts Due
For the period ended February 28, 2010

	Fulton Operating	Atlanta		Total
		Operating	Parks	
Assessed value net of exemptions ¹	\$98,684,765	\$98,868,544	\$98,868,640	
Net millage rates (per \$1,000 Assessed Value)	10.281	10.24	0.5	21.021
Net taxes billed	\$1,014,578	\$1,012,414	\$49,434	\$2,076,426
2007 growth percentage ²	99.061%	99.061%	99.061%	
	\$1,005,051	\$1,002,907	\$48,970	\$2,056,929
Taxes billed net of 1% collection fee	\$995,000	\$992,878	\$48,480	\$2,036,360
Tax increments revenue deposited in to the TAD Fund ³				\$1,933,401
Estimated Net Taxes Due				\$102,959

¹ - The estimated assessed values net of exemptions are calculated using the net taxes billed as reported by the Fulton County Tax Commissioner's Office and the applicable millage rates.

² - The 2007 growth percentage is used to determine the tax increment revenues applicable to the TAD for the period ending February 28, 2010 as a result of the Temporary Collection Order. The 2009 growth percentage is calculated to be 99.16% as shown in Table V-2 below and is assumed.

³ - The tax increment revenue deposited in to the TAD Fund is reported by ADA as of February 28, 2010. This amount is only the 2009 property tax collections.

Table V-2 below shows the growth (increment) percentage using 2009 assessed values as calculated by dividing the net increase in non-exempt assessment between the base and current year values by the gross non-exempt increment for the current year. The 2007 growth percentage is used to estimate the tax increment revenues applicable to the TAD for 2009 as a result of the Temporary Collection Order. It is assumed that the actual tax increment revenues applicable to the TAD for 2009 will be adjusted to reflect the 2009 growth percentage once the 2009 tax digest is certified.

Table V-2
Growth (Increment) Calculations –Based on a Temporary Collection Order

2009 Assessed Value of taxable property (A)	\$98,868,544
Less: Certified Base Non-Exempt Assessment (B)	(\$826,760)
Growth (Increment) (A-B)	\$98,041,784
Growth (Increment) % ((A-B)/A)	99.16%

B. COLLECTION EFFORTS

According to the Fulton County Tax Commissioner’s office, a 30-day intent to FiFa (tax lien) letter is sent to all taxpayers with amounts due, shortly after the tax due dates, as part of the standard collection procedure. Once that letter matures, FiFas (liens) are placed on the property and in the name of the owner of record and recorded with the Clerk of Superior Court. Once the FiFas are recorded with the Clerk of Superior Court, the FiFas (liens) are available for purchase by third parties. At this point, third parties can pay the delinquent amounts to acquire the FIFAs, which make the third party responsible for collection and foreclosure actions. Other collection actions include contacting delinquent taxpayers, hand delivering tax bills, additional delinquent notices not required under law, etc.

VI. DISTRICT FINANCIAL INFORMATION

The information provided in this section is to meet the requirements for the annual report as provided for in Section (4) of the Continuing Disclosure Agreement. The items listed below are in the same format and order as the items required for the annual report as listed in the Continuing Disclosure Agreement.

All of the information provided in this section is as of December 31, 2009, unless stated otherwise.

A. FUND BALANCES

The fund balances in all of the funds and accounts provided for in the Indenture of Trust are included in Table IV-1 of Section IV, "Trustee Accounts," section of this report. The Trust Fund Balances are as of February 28, 2010.

B. CHANGES TO THE MILLAGE RATES

Millage rates are set on an annual basis by the Board of Commissioners and other governing authorities. The millage rates per \$1,000 assessed taxable property value for 2008 and 2009 in the Princeton Lakes TAD are as follows:

Table VI-1
Atlanta Millage rates

	2008	2009	Increases
	(mills)	(mills)	(Decreases)
			/2009 – 2008/
City of Atlanta millage	7.620	10.740	3.120
Fulton County millage	10.281	10.281	0.000
Total net millage rate	17.901	21.021	3.120

C. ASSESSED VALUE OF REAL PROPERTY AND INCREMENTAL TAXES-BASED ON A TEMPORARY COLLECTION ORDER

Table VI-2 on the following page shows the total taxable assessed value of the taxable property within the district for the period ending February 28, 2010. The 2009 assessed value information provided in this report is based on the preliminary numbers provided by the Fulton County Tax Commissioner's Office, as the 2009 tax digest was not certified as of the date of this report. Since the base year 2002, the assessed value of the property within the district has increased by \$98,041,784. The Princeton Lakes TAD was created effective December 31, 2002, which means that base values for the TAD are based on assessed values of \$826,760 as of January 1, 2002. In the time since then, appreciation and new development has brought about an increase of assessed values to approximately \$98,868,544, resulting in incremental value, or the increase over the base value in the TAD, of \$98,041,784.

Table VI-2
Total Assessed and Incremental Values- Based on a Temporary Collection Order

<i>Base Value</i>	<i>2009 Taxable Assessed Value</i>	<i>Incremental Assessed Value</i>	<i>Incremental Taxes</i>
\$826,760	\$98,868,544	\$98,041,784	\$2,056,929

As shown in Table VI-1, the applicable 2009 total net millage rate is 21.021. In the case of the Princeton Lakes TAD, the base property was assessed at \$826,760 when the TAD was originally created. The preliminary total assessed value of taxable property within the TAD for 2009 was \$98,868,640, creating an estimated incremental value is \$98,041,784. This corresponds to an incremental ratio of 99.16 percent as shown in Table V-2. The 2009 tax increment revenues applicable to the TAD, however, are estimated using the 2007 growth percentage of 99.061 percent as a result of the Temporary Collection Order. The total estimated taxes on the property would then be \$2,056,929 based on the applicable preliminary taxable assessed values for each taxing jurisdiction as shown in Table V-1.

D. TOP TAXPAYERS IN PRINCETON LAKES TAD

The ten largest taxpayers in the Princeton Lakes Tad ranked by the 2009 taxable assessed value are shown in Table VI-3 below.

Table VI-3
Top 10 Taxpayers

Owner Name	Total Assessed (Taxable)	Percent
BES Princeton Lakes Fund V, LLC	\$260,768	12.56%
WRI Princeton Lakes, LLC	\$256,456	12.35%
WRI Camp Creek Market Place II, LLC	\$74,835	3.60%
Hollywood Management, LLC	\$63,371	3.05%
Camp Creek Medical Center I, LLC	\$40,193	1.94%
Princeton Lakes Apartments, LLC	\$37,519	1.81%
Patric Malloy Communities, LLC	\$21,226	1.02%
Waltrust Properties, Inc.	\$19,182	0.92%
Bank Of America, N.A	\$18,740	0.90%
Anika Corporation	\$17,997	0.87%
Total for top 10 Taxpayers	\$810,287	39.02%
Total for Princeton Lakes TAD	\$2,076,426¹	100%

¹- The preliminary 2009 taxable assessed values used for the City of Atlanta operating levy are used to determine the top ten tax payers.

E. EXEMPTION FROM TAXATION

According to the developers, no exemptions were applied for or received by the mixed use and residential developers in the Princeton Lakes projects as of December 31, 2009.

F. TAX ALLOCATION INCREMENT COLLECTED AND DELINQUENCIES

The information related to tax allocation increment levied for the year 2009, delinquent taxes and collection efforts for delinquent taxes are explained in Section V above.

G. FAILURE TO PAY TAXES

Information regarding any delinquent taxes from the top ten taxpayers is not available to be reported at this time.

H. DEBT SERVICE COVERAGE

Debt service coverage for the period July 1, 2009 to February 28, 2010 from tax allocation increments are shown in Table VI-4 in the following page:

Table VI-4
Debt Service Coverage

Tax increment collections	\$1,984,489
Interest Income on Debt Service Reserve Fund	\$0
Subtotal (A)	<u>\$1,984,489</u>
Debt service paid on 07/01/09	\$489,775
Debt service paid on 01/01/10	\$489,775
Net debt service paid	<u>\$979,550</u>
Other expenses paid	\$41,000
Subtotal (B)	<u>\$1,020,550</u>
Excess funds (A – B)	\$963,939
Debt Service Coverage Ratio (A ÷ B)	1.89

VII. SIGNIFICANT EVENTS

A. DEVELOPER SIGNIFICANT EVENTS

According to the Development Agreements, developer significant events include the following:

- (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) the exercise of an option to purchase or sell or the purchase or sale of any land within the district by the developer;
- (iv) material default by the developer or any affiliate thereof on any loan with respect to the construction or permanent financing of Princeton Lakes project or the specific developments;
- (v) 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 of the developer;
- (vi) payment default by the developers or any affiliate(s) thereof on any loan to such party (whether or not such loan is secured by the property within the district);
- (vii) the filing by or against the developer or any affiliate thereof, the general partner of the developer or any owners of more than 25% interest in the developer of any petition or other proceeding under any bankruptcy, insolvency or similar law or any determination that the developer or 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
- (viii) the filing of any lawsuit with claim for damages in excess of \$1,000,000 against the developer which may adversely affect the completion of Atlanta Princeton Lakes or the specific projects (as defined in the Development Agreements) or litigation in excess of \$1,000,000 which would materially adversely affect the financial condition of the developers.

Inquiries have been made with the developers regarding the occurrence of any significant event and the developers report that no significant events have occurred as of June 30, 2009 respectively.

B. NOTICE EVENTS

Pursuant to the Continuing Disclosure Agreement, notice events include the following:

- (i) delinquency in payment when due of any principal of or interest on the bonds;
- (ii) occurrence of any material default under the indenture (other than described in clause (i) above or any of the Development Agreements);
- (iii) draws on any reserve fund;
- (iv) draws on any credit enhancements;
- (v) Substitution of a credit or liquidity provider, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the bonds;
- (vii) amendment to the indenture modifying the rights of the holders;
- (viii) any calls on the bonds;
- (ix) defeasance of bonds or any portion thereof;
- (x) material damage to or destruction of any development or improvements funded with proceeds of the Bonds;
- (xi) payment default or any other material default by any of the developers on any loan with respect to the construction or permanent financing of the Developments;
- (xii) the filing by any of the developers or any affiliate thereof, any general partner of the developer in bankruptcy or any determination that any of these entities or any related or affiliated entity is unable to pay its debts as they become due: and
- (xiii) the filing of any lawsuit against any of the developers with claim for damage in excess of \$1,000,000 or which may adversely affect the completion of the related Development or litigation in excess of \$1,000,000 which would materially adversely affect the financial conditions of any of the developers.
- (xiv) release, substitution, or sale of property securing repayment of the Bonds:
- (xv) Any change in the rating, if any, on the Bonds:
- (xvi) Failure by the Issuer, the ADA or the Trustee to deliver any of the Information to the ADA Disclosure Dissemination Agent, as required pursuant to this Disclosure Agreement, together with a completed copy of the applicable exhibit as required hereunder:
- (xvii) any formal proposal to lower the millage rate within the Princeton Lakes TAD to a level that would generate less than 1.20 debt service coverage, and

(xviii) other material event notice (specify), pursuant to Section 7 of this Disclosure Agreement, together with the summary description provided by the Issuer Disclosure Representative, the ADA Disclosure Representative or the Trustee.

The Disclosure Dissemination Agent is not aware of the occurrence of any listed event as of the date of this report (April 2, 2010).