

# ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending June 30, 2008

*City of Atlanta, Georgia*  
*Tax Allocation Bonds*  
*(Eastside Project)*  
*\$9,480,000 Series 2005A*  
*\$38,000,000 Series 2005B*

Prepared by:

**MUNICAP, INC.**

June 30, 2008

# ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

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## ***I. UPDATED INFORMATION***

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Information updated from the annual report dated for the period ending June 30, 2007 is as follows. The information presented is as of June 30, 2008 unless stated otherwise.

- The TWELVE Centennial Park developer reports that Certificate of Occupancy for the TWELVE Centennial Park was received on September 4, 2007.
- As of June 30, 2008, the developer for the Sweet Auburn Village Project reports that the project was completed in November 2007.
- As of June 30, 2008, the Capitol Gateway developer, Capitol Gateway, LLC, reports that the project was completed in July 2007.
- According to the ADA, the Certificate of Occupancy was issued for the Tribute Lofts project during the second quarter of 2007.
- As of June 30, 2008, the Sweet Auburn Village developer reports that 5 one-bedroom units were sold at an average price of \$169,876 and 15 2-bedroom units were sold at an average price of \$285,563. Three retail leases have been signed: Glenn Law occupies 4,137 square feet, Peabody, LLC has leased 2,181 square feet, and Forever Young and Healthy Inc. has leased 1,062 square feet representing, 27% of the total available retail space.
- As of June 30, 2008 the Capitol Gateway developer reported renting 366 of 421 completed apartment units in phases I and II. The retail component has not been constructed.
- As of June 30, 2008 the Tribute Lofts developer reports that 51 one-bedroom units were sold at an average price of \$186,900 and 26 2-bedroom units were sold at an average price of \$330,400. No retail leases have been signed.
- As of June 30, 2008 the Oakland Park developer reports that 6 one-bedroom units were sold at an average price of \$195,000 and five 2-bedroom units were sold at an average price of \$298,000. Two retail leases have been signed: Stella Neighborhood Trattoria occupies 3,000 square feet and FoxGloves and Ivy have leased 2,456 square feet. The balance of retail space, 1,100 square feet, is currently home to the Oakland Park Sales Center.
- As of June 30, 2008 the developer of Reynolds Project reports that 11 one-bedroom units were sold at an average price of \$269,000 and 65 2-bedroom units were sold at an average price of \$412,000. A 5,000 square foot lease has been signed for Dogwood restaurant, representing 33% of the total available retail space.
- As of July 30, 2008, the developer for TWELVE Centennial Park Project reports that 201 one-bedroom, 89 two-bedroom and 9 Penthouse units were sold at an average sales price of \$232,058, \$374,545, and \$510,919, respectively. The developer also reports that 9,765 square feet of retail space has been leased,

representing 78% of the total available retail space. Tenants include: Mellow Mushroom, Panchero's Mexican Grill, Jimmy John's Gourmet Sandwiches, and TCP Residential Sales Center.

- As of May 1, 2009, the Fulton County Tax Commissioner's Office reported that the total amount of fiscal year 2008 gross tax allocation increments billed was \$10,681,893. As of May 1, 2009, the Commissioner's Office reports that the total amount of tax allocation increments collected was \$9,750,105 and the amount of delinquent tax increments was \$931,788.
- The tax increment revenues for 2008 were \$5,403,631. The debt service requirement for 2008 was \$2,642,580, resulting in a debt service coverage ratio of 204.5 percent.
- According to Fulton County, the gross millage rates have decreased from 41.895 to 40.775 mills per \$1,000 of assessed value between fiscal year 2007 and fiscal year 2008.

## ***II. INTRODUCTION***

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The City of Atlanta, Georgia (the “City”) issued \$9,480,000 Series 2005A and \$38,000,000 Series 2005B 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) Ordinance No. 03-0-1840, adopted by the City Council on December 1, 2003, and signed by the Mayor on December 9, 2003, as amended by Ordinance 04-0-0231, adopted by the City Council on February 16, 2004 and signed by the Mayor on February 24, 2004 (collectively, the “TAD Ordinance”), (iii) Ordinance No. 05-0-0263, adopted by the City Council on March 7, 2005, and signed by the Mayor on March 8, 2005 and by the Sale Resolution No. 05-R-0627, adopted by the City Council on July 18, 2005, and signed by the Mayor on July 18, 2005 (collectively, the “Bond Ordinance”), and (iv) an Indenture of Trust, dated as of July 1, 2005 (the “Indenture”), between the City and US Bank (formerly Wachovia 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 North Avenue, Piedmont Avenue, and Freedom Parkway to the north; the CSX Railroad Line, and Berean Avenue to the east; US I-20 to the south; and Cooper Street, Forsyth Street, Peachtree Center Avenue, Baker Street, Courtland Street, Spring Street, Alexander Street and Williams Street, to the west.

The properties in the district are being developed by Auburn Avenue Village, LLC; Oakland Park Development, LLC; Novare Centennial Park, LLC; 565 Development, LLC; Capitol Gateway, LLC; The InVision Group, LLC; Barry Real Estate Companies, Inc.; and E.W. Bowen & Company, LLC. The mixed-use developments include residential homes and condominiums, parking facilities, retail, restaurant, and office spaces.

Pursuant to the Act and respective ordinance, \$47,480,000 in tax allocation bonds were issued to finance the public improvements serving the properties located within the tax allocation district (TAD). As described in the Limited Offering Memorandum (LOM), the City may issue one or more series of Additional Parity Bonds to pay the redevelopment costs applicable to any project, to refund all or part of the Series 2005 Bonds or all or part of any series of Additional Parity Bonds, or for any combination of such purposes.

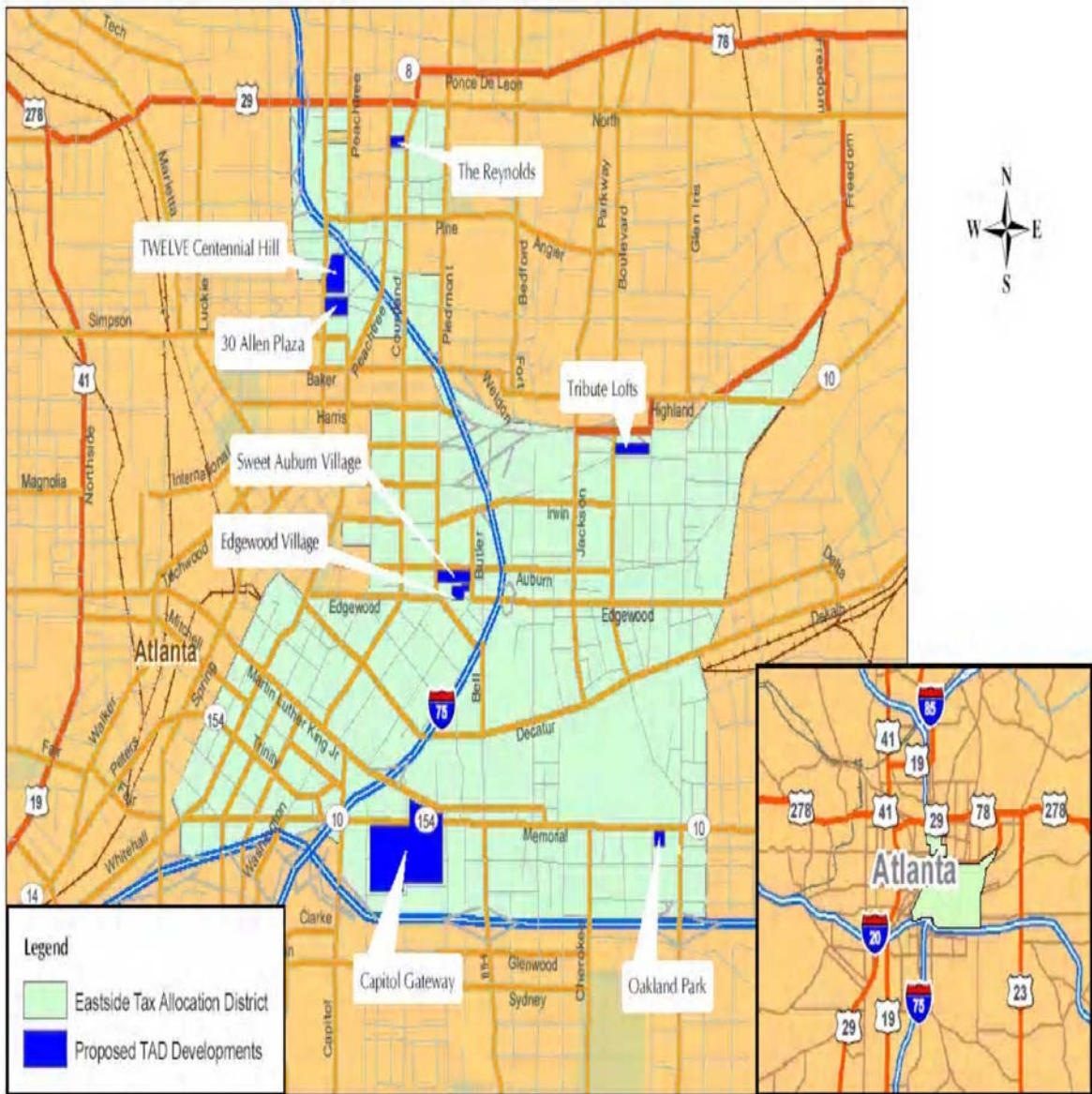
The developers and the Atlanta Development Authority have agreed to provide certain information regarding the development of the property and the operations of the district pursuant to the development and continuing disclosure agreements. These reports are not, however, provided pursuant to Rule 15c2-12.

The information about development activity in this report was provided by the developers (Auburn Avenue Village, LLC; Oakland Park Development, LLC; Novare Centennial Park, LLC; 565 Development, LLC; Capitol Gateway, LLC; The InVision Group, LLC; Barry Real Estate Companies, Inc.; and E.W. Bowen & Company, LLC) 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**

June 30, 2008, 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.

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### ***III. DEVELOPMENT ACTIVITY***

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#### **A. OVERVIEW**

The Eastside Tax Allocation District is located in the City of Atlanta, Georgia with boundaries consisting of North Avenue, Piedmont Avenue, and Freedom Parkway to the north; the CSX Railroad Line, and Berean Avenue to the east; US I-20 to the south; and Cooper Street, Forsyth Street, Peachtree Center Avenue, Baker Street, Courtland Street, Spring Street, Alexander Street, and Williams Street to the west. The mixed-use developments include residential apartments, condominiums, parking facilities as well as retail, restaurant, and office spaces. The proposed development in the district includes eight separate developments with a total of 1,560 condos, 859 apartments, 250,000 square feet of office space, and 147,110 square feet of retail space.

The Reynolds is a mixed-use development located in the transition area between the Central Business District and Midtown. Plans for the Reynolds Development include 130 one and two-bedroom condominiums in an 18-storey tower, with six levels of parking, one of which will be below grade at Peachtree Street. The specific development mix consists of 106 two-bedroom condominiums averaging 1,143 square feet, of which 21 units are below-market-rate affordable homes, and 24 one-bedroom condominiums averaging 850 square feet, of which five units are below-market-rate affordable homes. Community amenities will include a swimming pool, a fitness center, and a conference area. Plans for the ground floor at the Reynolds include 8,000 square feet of restaurant/retail space, in addition to approximately 3,000 square feet of street-accessed commercial loft space. Forty-nine spaces will be provided in the deck to support retail development and for guest usage. Proceeds of the Series 2005 Bonds will be used to reimburse the Reynolds developer, 565 Development, LLC (an affiliate of Urban Realty Partners, LLC), for costs incurred in connection with (a) land acquisition; (b) demolition, utility relocation and site preparation; (c) storm water sewer installation; (d) streetscapes, sidewalks and landscaping; (e) the structured parking facility; and (f) the retail space (collectively, the “Reynolds Project”).

TWELVE Centennial Park is a high-density mixed-use development located in the transition area between the Central Business District and Midtown. Plans for TWELVE Centennial Park include 1,034 one and two-bedroom condominiums in two 39-storey towers. The specific development mix consists of 358 two-bedroom condominiums averaging 1,464 square feet, of which 40 units are below-market-rate affordable homes, and 676 one-bedroom condominiums averaging 727 square feet, of which 164 units are below-market-rate affordable homes. Plans for the ground floor at TWELVE Centennial Park include approximately 21,700 square feet of retail including restaurants and shops and approximately 12,900 square feet of loft-style office space creating a live/work environment. Proceeds of the Series 2005 Bonds will be used to reimburse the TWELVE Centennial Park developer, Novare Centennial Park, LLC (a Georgia limited liability company), for costs incurred in connection with (a) site acquisition; (b) site preparation; (c) streetscapes and landscaping; and (d) the structured parking facility (collectively, the “TWELVE Centennial Park Project”).

The Sweet Auburn Village is another mixed-use development located in the Central Business District. Plans for the Sweet Auburn Village include 158 one and two-bedroom condominiums above retail. The specific development mix consists of 54 two-bedroom condominiums averaging 1,209 square feet, of which 12 units are below-market-rate affordable homes, and 104 one-bedroom condominiums averaging 870 square feet, of which 21 units are below-market-rate affordable homes. The retail space will consist of specialty shops and convenience stores. Proceeds of the

Series 2005 Bonds will be used to reimburse the Sweet Auburn Village developer, Auburn Avenue Village, LLC (which consists two members, Integral Real Estate Group, LLC, a division of The Integral Group, LLC, and Proceed, Inc.), for costs incurred in connection with (a) the acquisition of land; (b) demolition, utility relocation and site preparation; (c) storm water sewer installation; (d) streetscapes, sidewalks and landscaping; and (e) the structured parking facility (collectively, the “Sweet Auburn Village Project”).

Capitol Gateway is a mixed-use rental community located in the Central Business District. Plans for Capitol Gateway include 857 apartment homes, ranging from one to four-bedrooms ranging in size from 666 to 1,526 square feet. Sixty percent (514) of the apartments will be dedicated to low- income qualifying residents and will be offered below market rate. The initial plan for Capitol Gateway also includes 45,000 square feet of retail space, including restaurants, service shops, and convenience stores. Proceeds of the Series 2005 Bonds will be used to reimburse the Housing Authority of the City of Atlanta, Georgia (“AHA”) for funds paid to the Capitol Gateway developer, Capitol Gateway, LLC (which consists three members who are affiliates of Trammell Crow Residential, Integral Properties and Urban Realty Partners), for costs incurred in connection with the public infrastructure associated with the Capitol Gateway development, which includes (a) street improvements; (b) water and sewer upgrades; (c) utility installation; and (d) streetscapes, sidewalks and landscaping (collectively, the “Capitol Gateway Project”).

30 Allen Plaza is a Class-A office building located in the transition area between the Central Business District and Midtown. Plans for 30 Allen Plaza include approximately 256,862 square feet of class-A office space on eight floors. The office space will be constructed above a seven-level parking deck. The development also includes 10,127 square feet of retail space along Alexander Street, giving the area some pedestrian-friendly retail areas in this corridor. Proceeds of the Series 2005 Bonds will be used to reimburse the 30 Allen Plaza developer, Barry Real Estate Companies, Inc. for costs incurred in connection with (a) utility installation; (b) streetscapes, sidewalks and landscaping; (c) right of way acquisition and on street parking and (d) the structured parking facility (collectively, the “30 Allen Plaza Project”).

Tribute Lofts is a mixed-use development located in the Central Business District. Plans for Tribute Lofts include 147 residential condominium units, of which 29 units, or 20 percent, will be affordable units priced below market rate. The mix of one and two-bedroom units will average 1,036 square feet, the market rate units will average \$237,514 and the affordably priced units will average \$143,611. The proposed project will feature such amenities as ten-foot ceilings, large windows, stylish fixtures, a public lobby, a “cyber center,” an activity room, an exercise facility, and an outdoor roof deck with pool and skyline views. Plans for the Shops at Tribute Lofts include 7,500 square feet of retail. Tentative developer plans include a lead tenant at approximately 4,500 square feet, with the remaining square footage leased to several additional tenants. Proceeds of the Series 2005 Bonds will be used to reimburse the Tribute Lofts developer, the InVision Group, LLC for costs incurred in connection with the public improvements, which include (a) demolition and site preparation; (b) water and sewer upgrades; (c) utility relocation and installation; (d) streetscapes, sidewalks and landscaping; and (e) the structured parking facility (collectively, the “Tribute Lofts Project”).

Oakland Park is a mixed-use development located in the Central Business District. Plans for Oakland Park include 65 one and two-bedroom condominiums in a six storey structure, with two levels of parking, one of which will be below grade at Memorial Street. The specific development mix consists of 32 two-bedroom condominiums averaging 1,091 square feet, of which six units are

below-market-rate affordable homes, and 33 one-bedroom condominiums averaging 731 square feet, of which seven units are below-market-rate affordable homes. Plans for the ground floor at Oakland Park include 5,560 square feet of retail and restaurant/retail space. Fifty-six spaces are to be provided in the deck to support retail development and for guest usage. Proceeds of the Series 2005 Bonds will be used to reimburse the Oakland Park developer, Oakland Park Development, LLC (an affiliate of Urban Realty Partners, LLC), for costs incurred in connection with the public improvements, which include (a) demolition, utility relocation and site preparation; (b) storm water drainage relocation; (c) streetscapes, sidewalks and landscaping; and (d) the structured parking facility (collectively, the “Oakland Park Project”).

The Edgewood Village development will consist of 44 unit condominium building with a 700 space parking garage which will include approximately 12,500 square feet of retail space. Proceeds of the Series 2005 Bonds will be used to reimburse the Edgewood Park developer, E.W. Bowen & Company for costs incurred in connection with the public improvements, which include (a) demolition and site preparation; (b) utility relocation; (c) storm water sewer installation; (d) streetscapes, sidewalks and landscaping; and (e) the structured parking facility (collectively, the “Edgewood Village Project”).

## **B. GOVERNMENTAL APPROVALS AND PERMITS**

The developer for the TWELVE Centennial Park Project, Novare Centennial Park, LLC, reported obtaining a site, foundation and frame permit from the City of Atlanta on August 31, 2005. The developer also obtained a full building permit from the City of Atlanta on November 10, 2005. Similarly, the developer for the Oakland Park Project, Oakland Park Development, LLC, reported that site development and foundation permits were obtained during the second quarter of 2006.

The developer for the Sweet Auburn Village Project, Auburn Avenue Village, LLC, reported that the demolition permit for complete demolition of the Palamont Hotel and a gas station was obtained on December 30, 2005. The developer also reported that the demolition permit to partially demolish the Casino building and the 4B9 building was obtained on January 4, 2006, while the site permit for underground utilities and grading was obtained on March 24, 2006. The developer also reported that the foundation permit and the building permit were obtained on April 24, 2006 and June 19, 2006, respectively.

The developer for the Capitol Gateway Project, Capitol Gateway, LLC, reported that permits for utility work were obtained from the Georgia Department of Transportation (GDOT) during the fourth quarter of 2005 and the permit for land disturbance was approved as of September 30, 2006. As of June 30, 2007, the Capitol Gateway developer also reported that permits for Phase II apartments, Phase II, III and IV public improvement permits, and GDOT permit for sidewalk along Memorial Drive/ King Street were received. The developer for the Tribute Lofts Project, the InVision Group, LLC, reported that demolition permits were issued and construction documents were approved by the City of Atlanta during the fourth quarter of 2005. The InVision Group also reported that building permits were issued to Choate Construction Company on February 26, 2006.

The remaining developers reported that no additional permits were issued since the issuance of the Series 2005 Bonds.

## **C. STATUS OF DEVELOPMENT**

According to the developer for the Reynolds Project, the project was completed and a Certificate of Occupancy was issued on October 20, 2006. (The Reynolds developer is no longer required to provide quarterly continuing disclosure statements). The TWELVE Centennial Park developer, Novare Centennial Park, LLC, reports that substantial completion of the project is scheduled for September 2007. The Sweet Auburn Village developer, Auburn Avenue Village, LLC, reports that the anticipated completion date has changed to November 30, 2007. As of June 30, 2007, the Capitol Gateway developer, Capitol Gateway, LLC, reports that the temporary completion of closing was received on June 21, 2007. According to the ADA, the Certificate of Occupancy was issued for the Tribute Lofts project during the second quarter of 2007.

### **(i.) Leasing Status**

According to the Limited Offering Memorandum, plans for the ground floor at the Reynolds include 8,000 square feet of restaurant/retail space in addition to approximately 3,000 square feet of street-accessed commercial loft space.

According to the Limited Offering Memorandum, plans for the ground floor at TWELVE Centennial Park include approximately 21,700 square feet of retail including restaurants and shops and approximately 12,900 square feet of loft-style office space, creating a live/work environment. As June 30, 2008, the developer reports that 9,765 square feet of retail space has been leased, representing 78% of the total available retail space. Tenants include: Mellow Mushroom, Panchero's Mexican Grill, Jimmy John's Gourmet Sandwiches, and TCP Residential Sales Center.

According to the Limited Offering Memorandum, plans for the Sweet Auburn Village development include specialty shops and convenience stores. As of June 30, 2008 the Sweet Auburn Village developer reports that five 1-bedroom units were sold at an average price of \$169,876 and 15 2-bedroom units were sold at an average price of \$285,563. Three retail leases have been signed: Glenn Law occupies 4,137 square feet, Peabody, LLC has leased 2,181 square feet, and Forever Young and Healthy Inc. has leased 1,062 square feet representing, 27% of the total available retail space.

According to the Limited Offering Memorandum, plans for the Capitol Gateway include 857 apartment homes, ranging from one to four-bedrooms ranging in size from 666 to 1,526 square feet. Sixty percent (514) of the apartments will be dedicated to low-income qualifying residents and will be offered below market rate as well as 45,000 square feet of retail space, including restaurants, service shops, and convenience stores. As of June 30, 2008, the Capitol Gateway developer reported renting 366 of 421 completed apartment units in phases I and II. The developer also reported that no leases were signed on the retail space.

According to the Limited Offering Memorandum, the tentative developer plans for the Tribute Lofts include 7,500 square feet of retail including a lead tenant at approximately 4,500 square feet, with the remaining square footage leased to several additional tenants. As of June 30, 2008, the developer reports that there were no leases been signed for the retail space.

According to the Limited Offering Memorandum, plans for the ground floor at Oakland Park include 6,375 square feet of retail and restaurant/retail spaces. Fifty-six spaces are to be provided in the deck to support retail development and for guest usage. As of June 30, 2008, the developer

reports that two leases have been signed with Stella Neighborhood Trattoria for 3,000 square feet and FoxGloves and Ivy for 2,456 square feet representing 83% of the total available retail space.

**(ii.) Status of Sales**

According to the Limited Offering Memorandum, plans for the Reynolds include 130 one and two-bedroom condominiums in one 18-story structure, with six levels of parking, one of which will be below grade at Peachtree Street. The specific development mix consists of 106 two-bedroom condominiums averaging 1,143 square feet, of which 21 units are below-market-rate affordable homes, and 24 one-bedroom condominiums averaging 850 square feet, of which five units are below-market-rate affordable homes. As of June 30, 2008, the ADA reports that four two-bedroom units were under contract for the Reynolds Project. The ADA also reported that eleven one-bedroom units were sold at an average price of \$269,000 and 65 two bedroom units were sold at an average price of \$412,000. Table III-2-A below shows the total number of units sold and average selling price as reported by the ADA as of June 30, 2008.

**Table III-1-A**  
**Condominium Sales**  
**The Reynolds Project**

Unit Type	Number of Units Sold	Average Sales Price	Total Units
One bedroom	11	\$269,000	24
Two bedroom	65	\$412,000	106
<b>Total</b>	<b>76</b>		<b>130</b>

According to the Limited Offering Memorandum, plans for the Sweet Auburn Village include 158 one and two-bedroom condominiums constructed above retail space. The specific development mix consists of 54 two-bedroom units averaging 1,209 square feet, of which 12 units are below-market-rate affordable homes and 104 one-bedroom units averaging 870 square feet, of which 21 units are below-market-rate affordable homes. As of June 30, 2008, the developer for the Sweet Auburn Village Project reports that five one-bedroom units and fifteen two-bedroom units were sold at an average price of \$169,876, and \$285,563, respectively.. Table III-2-A below shows the number units sold, units closed, average sales price, and total units for the Sweet Auburn Village Project as of June 30, 2008.

**Table III-3-B**  
**Condominium Sales**  
**The Sweet Auburn Village Project**

Unit Type	Number of Units Sold	Average Sales Price	Total Units
One bedroom	5	\$169,876	104
Two bedroom	15	\$285,563	56
<b>Total</b>	<b>20</b>		<b>160</b>

As described in the Limited Offering Memorandum, plans for TWELVE Centennial Park include 1,034 one and two-bedroom condominiums in two 39-storey towers. The specific development mix consists of 358 two-bedroom condominiums averaging 1,464 square feet, of which 40 units are below-market-rate affordable homes and 676 one-bedroom condominiums averaging 727 square feet, of which 164 units are below-market-rate affordable homes. As of June 30, 2008, the developer for TWELVE Centennial Park Project reports that 201 one-bedroom, 89 two-bedroom and nine Penthouse units were sold at an average sales price of \$232,058, \$374,545, and \$510,919, respectively.

According to the Limited Offering Memorandum, plans for Tribute Lofts include 147 residential condominium units, of which 29 or 20 percent are affordable units priced below market rate. Table III-2-C below shows the total number of units sold and average selling price as reported by the developer as of June 30, 2008.

**Table III-3-C**  
**Condominium Sales**  
**The Tribute Lofts Project**

Unit Type	Number of Units Sold	Average Sales Price
One bedroom	51	\$186,900
Two bedroom	26	\$330,400
<b>Total</b>	<b>77</b>	

According to the Limited Offering Memorandum, the development mix for Oakland Park consists of 32 two-bedroom units averaging 1,091 square feet, of which six units are below-market-rate affordable homes, and 33 one-bedroom condominiums averaging 731 square feet, of which seven units are below-market-rate affordable homes. As of June 30, 2008, the developer reports that six one-bedroom and five two-bedroom units were sold at an average sales price of \$195,000 and \$298,000, respectively.

According to the Limited Offering Memorandum, the Edgewood Village development will consist of a 44 unit condominium building.

#### IV. TRUSTEE ACCOUNTS

The trustee for the Series 2005 Bonds is U.S. Bank, National Association (formerly Wachovia Bank). The balances as of December 31, 2007, interest paid, additional proceeds, disbursements, and account balances for each fund as of December 31, 2008, are shown in the following table:

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

	Balance as of 12/31/2007	Interest Paid	Additional Proceeds	Disbursements	Balance as of 12/31/2008
Tax Increment Account	\$9,681,848	\$26,410	\$8,024,500	\$9,601,779	\$8,130,979
Interest Account	\$31	\$501	\$2,642,549	\$2,642,580	\$501
Debt Service Reserve	\$3,745,885	\$151,936	\$0	\$151,933	\$3,745,889
Supplemental Reserve Fund	\$3,900,143	\$62,582	\$0	\$154,258	\$3,808,467
Project Account A	\$758,740	\$16,537	\$0	\$56,947	\$718,330
Project Account B	\$9,855,517	\$196,697	\$8,278	\$4,705,573	\$5,354,919
Capitalized Interest Account	\$367,434	\$6,840	\$75,967	\$450,241	\$0
<b>Total</b>	<b>\$28,309,598</b>	<b>\$461,503</b>	<b>\$10,751,294</b>	<b>\$17,763,312</b>	<b>\$21,759,083</b>

- Additional proceeds to the Tax Increment Account were transfers of tax allocation increments by the City of Atlanta.
- Additional proceeds to the Supplemental Reserve Fund were transfer of funds from the Tax Increment Account.
- Additional proceeds to the Capitalized Interest Account were transfers of excess investment income from Debt Service Reserve Fund.
- Disbursements from Project Accounts A and B are for payments related to developments to projects.
- Disbursements from the Supplemental Reserve Fund represent transfer of investment income to pay debt service.
- Disbursements from the Capitalized Interest Account represent debt service payments.

The interest paid through June 30, 2008 does not include interest accrued but not yet paid. Table IV-2 in the following page shows the approximate rate of return on the investments. Funds in the Debt Service Reserve Fund are invested in Bayerische Landesbank Guaranteed Investment contract (GIC) earning 4.056 percent per annum, which matures on January 1, 2030. The remaining bond proceeds are invested in U.S. Treasury money market accounts currently earning approximately 0.1 percent per annum.

**Table IV-2**  
**Rates of Return**

The outstanding Series 2005A and 2005B Bonds as of June 30, 2006 were \$9,000,000 and \$38,480,000 respectively. The Debt Service Reserve Requirement with respect to the Series 2005 Bonds, as per the trust indenture, is an amount equal to the Maximum Annual Debt Service on the Series 2005 Bonds outstanding as of the date of calculation, as certified by the City. Accordingly, the balance in the Debt Service Reserve Fund as of June 30, 2006 was \$3,745,885 representing the Maximum Annual Debt Service amount shown in the Limited Offering Memorandum.

<b>Account</b>	<b>Rate of Return</b>
Tax Increment Account	0.099%
Interest Account	0.096%
Debt Service Reserve Fund	4.056%
Supplemental Reserve Fund	0.102%
Project Account A	0.102%
Project Account B	0.102%

**V. DISTRICT OPERATIONS**

**A. TAX ALLOCATION INCREMENT COLLECTED**

According to the Fulton County Tax Commissioner’s office, as of May 1, 2009, gross taxes billed applicable to the Eastside TAD for fiscal year 2008 were \$10,681,893. The amount of tax allocation increments collected as of May 1, 2009 was \$9,750,105 and the amount outstanding was \$931,788. Table V-1 below shows the gross and net assessed values, gross and net taxes billed, and gross and net taxes due for Fulton County and the City of Atlanta tax allocation increment categories applicable for the Eastside TAD as of May 1, 2009, which are computed using the net millage rates available to service new debt in the TAD. (See Section VI (B) for details regarding the gross and net millage rates.)

**Table V-1  
FY 2008 Assessments, Taxes Levied and Amounts Due  
Eastside TAD**

	Fulton Operating	Atlanta		Total
		Operating	Parks	
Net assessed <sup>1</sup>	\$601,589,360	\$593,112,245	\$601,859,360	
Net millage rates (per \$1,000 Assessed Value)	10.281	7.12	0.5	17.901
Net taxes billed	\$4,283,311	\$6,097,787	\$300,795	\$10,681,893
Net Taxes Collected as of 05/01/09	\$3,934,999	\$5,538,771	\$276,335	\$9,750,105
Net Taxes Due	\$348,312	\$559,016	\$24,460	\$931,788

<sup>1</sup> Gross Taxes Billed / Millage Rate

Table V-2 below shows the growth (increment) percentage used for fiscal year 2008 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.

**Table V-2  
FY 2008 Growth (Increment) Calculations  
Eastside TAD**

Net Assessment as of 04/15/2009 (A)	\$601,589,360
Less: Certified Base Non-Exempt Assessment (B)	(\$299,727,400)
Growth (Increment) (A-B)	\$301,861,960
Growth (Increment) % ((A-B)/A)	50.18%

## **B. DELINQUENT REAL PROPERTY TAXES**

According to the Fulton County Tax Commissioner's office, as of May 1, 2009, the total delinquent taxes for fiscal year 2008 were \$ 931,788.

## **C. 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.

According to the Fulton County Tax Administrator's office, the county is currently in the process of acquiring new title services that will enable them to pursue foreclosure actions on those properties that are delinquent at least one year, as a result of which information relating to the list of parcels and owners with delinquent amounts is not available at this time.

## VI. DISTRICT FINANCIAL INFORMATION

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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 June 30, 2006, 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," of this report.

### 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 of assessed value for 2004, 2005 and 2006 in the Eastside TAD are as follows:

**Table VI-1**  
**Atlanta Millage rates**

	2007 (mills)	2008 (mills)	Increases (Decreases) /2008 – 2007/
City of Atlanta millage	31.614	30.494	(1.120)
Fulton County millage	10.281	10.281	0.000
<i>Total Atlanta millage</i>	41.895	40.775	(1.120)
Less: Excluded mills			
City of Atlanta bond levy	1.330	1.180	(0.150)
School bond levy	0.054	0.054	0.000
Fulton County bond levy	0.000	0.000	0.000
State of Georgia levy	0.250	0.250	0.000
<i>Total Exclusions</i>	1.634	1.484	(0.150)
<b><i>Total net millage rate</i></b>	40.261	39.291	(0.970)

A portion of the tax rate relating to certain bond levies is not eligible for use to pay new debt service within the TAD. This millage equals 1.484 mills (1.18 City of Atlanta bond levy, 0.054 school bond levy, 0.000 Fulton County bond levy, and 0.25 State of Georgia levy). Therefore, the total net millage rate for fiscal year 2008 available to pay new debt service within the TAD is 39.291, which equals 40.775 total mills minus the 1.484 excluded mills.

**C. ASSESSED VALUE OF REAL PROPERTY AND INCREMENTAL TAXES**

Table VI-2 below shows the total taxable assessed value of the taxable property within the district as of May 1, 2009. Since the base year, January 1, 2003, the assessed value of the property within the TAD has increased by \$304,406,789. At its creation, the Eastside TAD consisted of 2,632 parcels, collectively assessed at \$299,727,400. In the time since then, appreciation and new development has brought about an increase of assessed values to \$604,134,189, resulting in *incremental value*, or the increase over the base value in the TAD, of \$304,406,789. As of May 1, 2009, there were 4,003 parcels with an assessed value of \$604,134,189. The base year value, 2008 assessed value, incremental value and incremental taxes are shown in the following table.

**Table VI-2  
Total Assessed and Incremental Values  
Eastside TAD**

<i>Base Value</i>	<i>2008 Net Assessed Value</i>	<i>Incremental Assessed Value</i>	<i>Incremental Taxes</i>
\$299,727,400	\$601,589,360	\$301,861,960	\$5,403,631

In accordance with Georgia statute, the incremental revenue is calculated by dividing incremental value by the total property value to get the “incremental ratio,” which is then multiplied by the total taxes. Currently, the total tax rate, expressed in mills, is 40.775 for property within the City of Atlanta. The entire total tax rate, however, is not eligible for use in paying debt service incurred by bonds issued on behalf of the TAD. As shown above, the millage not available equals 1.484 mills (1.18 City of Atlanta bond levy, 0.054 school bond levy, 0.000 Fulton County bond levy, and 0.25 State of Georgia levy. The City of Atlanta School levy of 21.64 mills is also excluded). Therefore, the applicable total net millage rate is 17.901, which equals 43.863 total mills minus 1.484 and 21.64 excluded mills. In the case of the Eastside TAD, the base property was assessed at \$299,727,400 when the TAD was created and was subsequently reassessed at \$601,589,360 as of May 1, 2009; therefore, the incremental value is \$301,861,960. This creates an incremental ratio of 50.18%. Total taxes on the property would then be \$10,769,051 ( $\$601,589,360 \div 1,000 \times 17.901$  mills). This results in raw incremental tax revenues (before exemptions and credits) of \$5,403,631 ( $\$10,769,051 \times 50.18\%$ ).

According to the Fulton County Tax Collector, the actual amount of tax allocation increments levied and applicable to the Eastside TAD is \$10,681,893. This difference is most likely the result of appeals, exempt properties and/or exemptions.

**D. TOP TAXPAYERS IN EASTSIDE TAD**

The 10 largest taxpayers in the Eastside Tad ranked by total tax due as of September 26, 2006 are shown in Table VI-3 on the following page.

**Table VI-3**  
**Top 10 Taxpayers**

<i>Owner Name</i>	<i>Total Assessed (Taxable)</i>	<i>Total Tax Due</i>	<i>% of Total Tax Due</i>
Courtland Hotel LLC	\$35,142,953	\$629,094	5.89%
Forward One Atlanta LLC	\$30,000,000	\$537,030	5.03%
Novare Centennial Park LLC	\$28,969,946	\$518,591	4.85%
Development Authority Of Fulton	\$15,978,493	\$286,031	2.68%
Hurt Financial Associates LLC	\$12,961,064	\$232,016	2.17%
Auburn Avenue Village LLC	\$12,500,140	\$223,765	2.09%
Georgia Pacific Corp Et Al	\$11,763,980	\$210,587	1.97%
One Seventy Five Piedmont Ave Holding I LLC	\$10,000,000	\$179,010	1.68%
Rreef America ReitIii Corp LLC	\$9,199,989	\$164,689	1.54%
Grieves Greg A	\$8,614,770	\$154,213	1.44%
<i>Total for top 10 Taxpayers</i>	<b>175,131,333</b>	<b>3,135,026</b>	<b>29.35%</b>
<i>Total for Eastside TAD</i>	<b>\$601,589,360</b>	<b>\$10,681,893</b>	<b>100.00%</b>

**E. APPEALS IN PROPERTY VALUES BY DEVELOPERS AND TOP TAXPAYERS**

Detailed information regarding appeals was not received in time from the Fulton County. It will be provided in a supplemental disclosure as soon as the information becomes available.

**F. EXEMPTION FROM TAXATION**

Detailed information regarding exemptions was not received in time from the Fulton County. It will be provided in a supplemental disclosure as soon as the information becomes available.

**G. TAX ALLOCATION INCREMENT COLLECTED AND DELINQUENCIES**

The information related to tax allocation increment levied for the 2005 tax year, delinquent taxes and collection efforts for delinquent taxes are explained in Section V (A,B, and C) above.

**H. FAILURE TO PAY TAXES**

According to the Fulton County Tax Commissioner's office website, all the top ten taxpayers paid their property taxes for the 2008 tax year in full and there are no delinquent property taxes due from these taxpayers.

**I. DEBT SERVICE COVERAGE**

Debt service coverage from tax increment revenues, special taxes and maximum special taxes are shown by the following table:

**Table VI-5**  
**Debt Service Coverage**

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Debt Service (FY 2008)	\$2,642,580
Base Year Assessed Value (January 1, 2003)	\$299,727,400
Total Taxable Assessed Value September 26, 2006	\$601,589,360
Incremental Assessed Value	\$301,860,960
Total Net Millage Rate (2008)	17.901
Tax Increment Revenues <sup>1</sup>	\$5,403,631
Debt Service Coverage	204.48%

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<sup>1</sup> The Tax Increment Revenues reported are calculated based on the actual levy reported by Fulton County.

## ***VII. SIGNIFICANT EVENTS***

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### **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 Eastside 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 Eastside 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.

The Disclosure Dissemination Agent is not aware of the occurrence of any significant events as of the date of this report.

### **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 Eastside 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 (June 30, 2009).