

# ANNUAL CONTINUING DISCLOSURE REPORT

For the Period Ending December 31, 2013

*\$15,980,000 Hanover County, Virginia  
Bell Creek Community Development Authority  
Special Assessment Bonds, Series 2003 A and B*

## CUSIP NUMBERS

**078068AA1**

**078068AB9**

Prepared by

**MUNICAP, INC.**

March 31, 2014

**ANNUAL CONTINUING DISCLOSURE REPORT**  
For the Period Ending December 31, 2013

<b>I.</b>	<b>UPDATED INFORMATION</b>	<b>1</b>
<b>II.</b>	<b>INTRODUCTION</b>	<b>2</b>
<b>III.</b>	<b>THE DEVELOPMENT</b>	<b>3</b>
<b>A.</b>	<b>Background Information</b>	<b>3</b>
<b>B.</b>	<b>Governmental Approvals</b>	<b>4</b>
<b>C.</b>	<b>Status of Construction</b>	<b>4</b>
<b>D.</b>	<b>Status of Sales</b>	<b>5</b>
<b>E.</b>	<b>Status of Financing</b>	<b>6</b>
<b>IV.</b>	<b>TRUSTEE ACCOUNTS</b>	<b>7</b>
<b>V.</b>	<b>AUTHORITY OPERATIONS</b>	<b>9</b>
	<b>A. Levy of Special Assessments</b>	<b>9</b>
	<b>B. Delinquent Special Taxes</b>	<b>12</b>
	<b>C. Collection Efforts</b>	<b>12</b>
<b>VI.</b>	<b>AUTHORITY FINANCIAL INFORMATION</b>	<b>13</b>
	<b>A. Summary of Administrative Expenses</b>	<b>13</b>
	<b>B. Changes to the Identity of the Administrator</b>	<b>13</b>
	<b>C. Amount of Special Assessments</b>	<b>13</b>
	<b>D. Amount of Special Assessments Levied</b>	<b>13</b>
	<b>E. Amount of Special Assessments Collected</b>	<b>13</b>
	<b>F. Delinquent Special Assessments by Fiscal Year</b>	<b>14</b>
	<b>G. Foreclosure Proceedings</b>	<b>14</b>
	<b>H. Special Tax Prepayments</b>	<b>14</b>
	<b>I. Fund Balances</b>	<b>15</b>
	<b>J. Bonds Outstanding</b>	<b>15</b>
	<b>K. Principal and Interest Paid and Due on the Bonds</b>	<b>15</b>
	<b>L. Changes to the Methodology for Levying Special Assessments</b>	<b>16</b>
	<b>M. Assessed Valuation and Special Assessments</b>	<b>16</b>
	<b>N. Principal District Taxpayers</b>	<b>16</b>
	<b>O. Land Use Amendments</b>	<b>17</b>
	<b>P. District Tax Sales</b>	<b>17</b>
	<b>Q. Material Changes to the Facilities</b>	<b>17</b>
	<b>R. Amendments to the Disclosure Agreement</b>	<b>17</b>
<b>VII.</b>	<b>LISTED EVENTS</b>	<b>18</b>
	<b>A. Developer Significant Events</b>	<b>18</b>
	<b>B. Listed Events</b>	<b>18</b>
<b>VIII.</b>	<b>APPENDIX A</b>	
	<b>A. 2013 Assessment Roll</b>	

## ***I.      UPDATED INFORMATION***

---

Information updated as of December 31, 2013, is as follows:

- The remaining unplatted residential parcel in the district, which was zoned for Class 2 property was subdivided and a plat recorded for 52 units of the Bluffs at Bell Creek Section 7 during 2013.
- As of December 31, 2013, Babcock, LLC reports that all 72 residential lots within Section VI have been sold to Ryan Homes, an independent home builder. An additional 23 residential lots within Section VII have been sold to Ryan Homes. According to Ryan Homes, 97 homes in Section V, VI and VII have already been settled with homebuyers.
- As of December 31, 2013, the developer reports that there is a total of 71.542 acres of land available for sale in the other commercial/light industrial parcels in the district. According to the developer, the available commercial/retail section consists of 30.991 acres in Parcel C and 39.079 acres in Parcel D. Developer has prepaid special assessment liens on Parcel D and additional 12.139 acres on Parcel C.
- Special assessments in the amount of \$340,000 were due on June 5 and December 5, 2012. As of February 26, 2014, the treasurer's office for Hanover County reports that special assessments in the amount of \$337,377 have been collected in fiscal year 2012, representing 99.23 percent of the amount to be collected. Special assessments in the aggregate amount of \$2,623 on one parcel remain to be collected. The county is still pursuing the collection of these delinquent special assessments.
- Special assessments in the amount of \$300,000 were due on June 5 and October 5, 2013. As of February 26, 2014, the Hanover County treasurer's office reports that special assessments in the amount of \$293,760 have been collected for fiscal year 2013. This represents 97.92 percent of the amount due for collection in 2013. Special assessments in the aggregate amount of \$6,240 on three properties remain to be collected. The county is still pursuing the collection of these delinquent special assessments.
- As of January 1, 2013, the total assessed value for the property in the District was \$126,033,100 as compared to \$16,870,000 at the time of Series 2003 Bond issuance.

## ***II. INTRODUCTION***

---

The Bell Creek Community Development Authority (the “Authority”) issued the \$12,135,000 Special Assessment Bonds, series 2003 A (the “2003 A Bonds”) and the \$3,845,000 Special Assessment Bonds, Series 2003 B (the “2003 B Bonds” and together with the 2003 A bonds, the “2003 Bonds”) pursuant to an Indenture of Trust dated as of January 15, 2003 (the “Indenture”), between the Authority and Wachovia Bank, National Association, Richmond, Virginia, as trustee (the “Trustee”).

The Bell Creek Community Development Authority District (the “District”) consists of approximately 325 acres of land within Hanover County, Virginia (“Hanover County”), on a site located approximately 10 miles north of the city of Richmond’s central business district. From a nearby interchange at the Interstate 295 beltway, the district is located within 4.8 miles from Interstate 95 and 8 miles from Interstate 64.

The district encompasses a mixed-use development including (a) a planned residential development of approximately 535 residential units on approximately 167 acres to be known as “The Bluffs at Bell Creek” (collectively referred to herein as “Bell Creek Residential”), (b) a planned commercial development on approximately 20 acres and offering approximately 200,000 gross square feet of retail space, including a 64,000 square foot shopping center to be known as “The Shoppes at Bell Creek” (collectively referred to herein as “Bell Creek Commercial”) and (c) a planned commercial/light industrial park with sites from 1 to 30 acres encompassing a total 157-acre site to be known as “Bell Creek Park” (collectively referred to as “Bell Creek Industrial”).

The bond proceeds will be used for the acquisition and construction of certain infrastructure improvements to benefit the district, including roads and road improvements, water and sanitary sewer facilities, storm water management improvements and certain other amenities.

Continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission is not required for the bonds. However, the developer and administrator have agreed to provide information regarding the development of the property and the operations of the authority. These reports are not provided pursuant to Rule 15c2-12.

The information provided herein is not intended to supplement or otherwise relate to the information provided in the Limited Offering Memorandum and any such intent is expressly disavowed. Rather, this report responds to the specific requirements of the continuing disclosure agreement.

**No representation is made as to the materiality or completeness of the information provided herein or as to whether other relevant information exists with respect to the period covered by this report. Other matters or events may have occurred or become known during or since that period that may be material. All information is provided as of December 31, 2013, 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.**

### ***III. THE DEVELOPMENT***

---

#### **A. BACKGROUND INFORMATION**

##### *Bell Creek Commercial*

The 20-acre retail property parcel for Bell Creek Commercial is located near the intersection of Bell Creek Road and Pole Green Road. The property has been zoned B-2 to allow for banks, clinics, neighborhood retail uses, convenience stores, offices, professional buildings, restaurants, retail, hotels, repair shops and certain other uses.

At the time of Bond issuance, the developer had sold one 8.005-acre subdivided parcel to an affiliated entity, The Shoppes at Bell Creek, for the development of a shopping center. The shopping center is expected to include a 37,000 square foot Food Lion grocery store and 27,000 square feet of additional retail space. The Shoppes at Bell Creek had entered into a lease with Food Lion for a term of twenty years and approximately seven additional leases for terms ranging from three to five years, representing approximately 49,000 square feet of leased retail space (or 77 percent of total retail square footage available). The Shoppes at Bell Creek had entered into a contract with Ashland Construction Company, Raleigh, North Carolina, to construct the shopping center.

As of December 31, 2013, the developer reports that there is a total of 6.896 acres of land available for sale in the retail property section. According to the developer, the available retail property consists of 3.505 acres in Parcel A and 3.391 acres in Parcel B.

##### *Other Commercial Property*

The 157-acre parcel for Bell Creek Industrial is located north the 20-acre retail property of Bell Creek Commercial and extends to Verdi Lane. The property is zoned M-1 for light industrial uses such as banks, offices, neighborhood retail, restaurants and retail as well as manufacturing, research, printing, warehousing and certain other uses. The applicable zoning includes special conditions limiting operations to enclosed buildings, setback and height limits, special parking requirements, front yard buffer requirements and building material requirements. The dimensions of the property are such that a variety of lot sizes, ranging from 1 acre to 30 acres, can be accommodated.

At the time of Bond issuance, one 1.07-acre corner site within Bell Creek Industrial had been sold. The buyer had expressed his intent to use the site for a veterinary clinic.

As of December 31, 2013, the developer reports that there is a total of 71.542 acres of land available for sale in the other commercial/light industrial parcels in the district. According to the developer, the available commercial/retail section consists of 30.991 acres in Parcel C and 39.079 acres in Parcel D.

##### *Bell Creek Residential*

The approximately 167-acre parcel for Bell Creek Residential is located in the northwest portion of the district along roads constructed within the district. This development has been zoned RS and approved for 535 residential units:

As of December 31, 2013, the developer reports that the final plat for Sections V, VI and VII of the development was recorded to include 135 lots on 26 acres of the residential portion of the development. At bond issuance, the proposed number of lots for this acreage was 129 lots.

As of December 31, 2013, the developer reports that seven residential lots in Sections I to Section IV

that have not sold to individual homebuyers. According to the developer, Bell Creek Residential Section V, VI and Section VII was sold to Babcock, LLC, an independent developer, who is in turn marketing to independent home builders. According to Babcock LLC, three subdivision of plats have been recorded with the county for 11 lots under Section V, 72 lots under Section VI and 52 lots under Section VII.

As of December 31, 2013, Babcock, LLC reports that all 83 residential lots within Section V and Section VI have been sold to Ryan Homes, an independent home builder. An additional 23 residential lots within Section VII have also been sold to Ryan Homes. According to Ryan Homes, 97 homes in Section V, VI and VII have already been settled with homebuyers.

Hanover County had restricted the number of building permit applications for single-family units within the development to no more than 25 percent of the total number of single-family residential units approved (449) in any twelve month period (which equates to a maximum of 122 units per year). If less than the allowed number of building permits has been issued in a twelve-month period, during the next succeeding twelve month period, the developer may seek approval for an additional 10 building permits beyond that number by which the permitted number of building permits exceeds the number of building permits actually issued. The issuance of building permits for the age-restricted housing units was not subject to this limitation. As of December 31, 2013, the Hanover County department of Planning reports that the building permit restriction remains in place.

## **B. GOVERNMENTAL APPROVALS**

As of December 31, 2013, the developer reports that all permits and approvals necessary to complete the public improvements have been obtained except for final approval of the construction plan for a connector road between Verdi Lane and Pole Green Road.

## **C. STATUS OF CONSTRUCTION**

As of December 31, 2013, the public improvements funded with the Series 2003 Bond proceeds are complete except for traffic signalization on a portion of road to be constructed in Bell Creek Park. It is expected that the road will be completed following the approval of all plat subdivisions.

The construction budget and bond proceeds expended for construction of public improvements are provided in Table III-1 on the following page. As of December 31, 2013, the developer reports that \$12,739,786 had been expended for the construction of the public improvements, representing 100.0 percent of the amount to be funded with the Series 2003 Bonds.

**Table III-1**  
**Budget for Public Improvements**

<b>Public Improvement</b>	<b>Original Budget</b>	<b>Budget Percentage</b>	<b>Spent to Date</b>	<b>Percent Complete</b>
<b>Bell Creek Park</b>				
Roads	\$2,797,610	41.0%	\$2,797,610	100.0%
Storm sewer	\$1,032,324	15.1%	\$1,032,324	100.0%
SWM Basin	\$290,000	4.2%	\$290,000	100.0%
On-site sanitary sewer	\$455,000	6.7%	\$455,000	100.0%
Academy Creek Trunk sewer	\$1,395,000	20.4%	\$1,395,000	100.0%
Water lines	\$260,541	3.8%	\$260,541	100.0%
Fiber optic & utility relocation	\$400,000	5.9%	\$400,000	100.0%
Wetland mitigation	\$195,000	2.9%	\$195,000	100.0%
<i>Subtotal Bell Creek Park</i>	\$6,825,475	100.0%	\$6,825,475	
<b>Bluffs at Bell Creek (Section 1)</b>				
Roads	\$831,718	37.9%	\$831,718	100.0%
Storm sewer	\$709,673	32.3%	\$709,673	100.0%
Sanitary sewer	\$462,411	21.1%	\$462,411	100.0%
Water lines	\$192,179	8.8%	\$192,179	100.0%
<i>Subtotal Section I</i>	\$2,195,981	100.0%	\$2,195,981	
<b>Bluffs at Bell Creek (Age Restricted)</b>				
Roads	\$708,734	52.0%	\$708,734	100.0%
Storm sewer	\$137,025	10.1%	\$137,025	100.0%
Sanitary sewer	\$222,750	16.4%	\$222,750	100.0%
Water lines	\$103,140	7.6%	\$103,140	100.0%
Footbridge & other amenities	\$190,000	14.0%	\$190,000	100.0%
<i>Subtotal age restricted</i>	\$1,361,649	100.0%	\$1,361,649	
<b>Engineering &amp; permitting</b>	\$1,750,000		\$1,750,000	100.0%
Developer management fee	\$606,681		\$606,681	100.0%
<b>Total</b>	<b>\$12,739,786</b>		<b>\$12,739,786</b>	

#### **D. STATUS OF SALES**

As of December 31, 2013, a total of 512 lots of the residential development have been platted and sold to individual homebuyers. Land in Bell Creek Residential Section V, Section VI and Section VI, which has an aggregate 135 platted units was sold to an independent developer (Babcock, LLC) who is in turn marketing lots to independent home builders.

As of December 31, 2013, Babcock, LLC reports that all 83 residential lots within Section V and VII have been sold to Ryan Homes, an independent home builder. An additional 23 residential lots within Section VII have also been sold to Ryan Homes. According to Ryan Homes, 97 homes in Section V, VI and VII have already been settled with homebuyers.

Table III-2 on the following page shows the number of lots sold to individuals and builders as reported by the developer as of December 31, 2013.

**Table III-2**  
**Residential Sales Status**

	<b>Lots Sold</b>	<b>Lots Remaining</b>	<b>Total</b>
Sections I-IV	406	0	406
Section V & VI	83	0	83
Section VII	23	29	52
<b>Total</b>	<b>512</b>	<b>29</b>	<b>541</b>

As of December 31, 2013, the developer reports that 71.572 acres of retail/commercial land has been sold to individual entities. According to the developer, there is a total of 76.261 acres of land available for sale in the commercial/retail section. According to the developer, the commercial/retail section consists of 3.505 acres in Parcel A, 2.686 acres in Parcel B, 30.991 acres in Parcel C and 39.079 acres in Parcel D. Developer has prepaid special assessment liens on the remaining Parcel A, Parcel B and Parcel D. Developer has also made partial prepayments of special assessment liens on 12.139 acres of Parcel C.

**Table III-3**  
**Retail/Commercial Sales Status**

<b>Block</b>	<b>Property Class</b>	<b>Acres Sold</b>	<b>Remaining Acres</b>	<b>Total</b>
A	Retail	1.500	3.505	5.005
B	Retail	12.132	2.686	14.818
C	Other Commercial	35.089	30.991	66.080
D	Other Commercial	22.851	39.079	61.930
<b>Total</b>		<b>71.572</b>	<b>76.261</b>	<b>147.833</b>

## **E. STATUS OF FINANCING**

At the time of Bond issuance, the developer had obtained a revolving line of credit in an amount up to \$8,000,000 from Union Bank & Trust Company for the acquisition and construction of the Bell Creek Development and one or more letters of credit in the aggregate amount of \$3,500,000. The interest rate on the acquisition and construction line of credit is 5.00 percent. As of December 31, 2013, the developer reports that the balance on the acquisition and construction line of credit is zero.

At the time of bond issuance, the developer had obtained a \$4,000,000 loan from Union Bank & Trust for the construction financing of single-family homes within Bell Creek residential. As of December 31, 2013, the developer reports that the balance on the \$4,000,000 loan from Union Bank & Trust is zero.

According to the developer, First Market Bank had also provided a loan commitment of a \$3,000,000 revolving line of credit for the construction financing of single-family homes within Bell Creek Residential. As of December 31, 2013, the developer had not drawn on the \$3,000,000 revolving line of credit from First Market Bank. According to the developer, there are no other deeds of trust or other similar encumbrances against the property owned by the developer within the CDA and no event of default on the development and acquisition loan has occurred.



#### ***IV. TRUSTEE ACCOUNTS***

---

The trustee for the Series 2003A and B Bonds is U.S. Bank (formerly Wachovia Bank). The account balances as December 31, 2012, interest paid, disbursements, special assessment prepayments, additional proceeds, and account balances for each fund as of December 31, 2013, are shown by the following table.

**Table IV-1**  
**Trustee Accounts**

	<b>Balance 12/31/12</b>	<b>Interest Paid</b>	<b>Additional Proceeds</b>	<b>Disburse- ments</b>	<b>Balance 12/31/13</b>
Revenue Fund	\$301,883	\$6	\$252,111	\$350,420	\$203,579
Principal Account	\$0	\$0	\$130,000	\$130,000	\$0
Interest Account	\$0	\$0	\$188,759	\$181,568	\$7,191
Administrative Expense Fund	\$7,647	\$1	\$46,452	\$38,033	\$16,067
Reserve Fund	\$339,299	\$13,494	\$0	\$68,593	\$284,200
Optional Redemption Account	\$0	\$0	\$291,000	\$291,000	\$0
Series A Prepayment Account	\$244,149	\$0	\$405,668	\$244,000	\$405,817
Series B Prepayment Account	\$146	\$0	\$59,748	\$47,000	\$12,894
<b>Total</b>	<b>\$893,125</b>	<b>\$13,500</b>	<b>\$1,373,737</b>	<b>\$1,350,613</b>	<b>\$929,748</b>

- Additional proceeds to the Revenue Fund are receipts of special assessments revenue collected by the county.
- Additional proceeds to the Principal Account are transfers of special assessment revenue from the Revenue Fund for sinking fund redemptions on Series A and B Bonds on March 1, 2013.
- Additional proceeds to the Interest Account are transfers of special assessments from the Revenue Fund and interest income on the Reserve Fund and Series A Prepayment Account to pay interest due on both the Series A and B bonds.
- Additional proceeds to the Administrative Expense Fund were transfers of special assessment revenue from the Revenue Fund to fund the Administrative Expense Fund.
- Additional proceeds to the Optional Redemption Account are transfers of reserve credits from the Reserve Fund and special assessment prepayments from Series A Prepayment Account and Series B Prepayment Account used to redeemed bonds on March 1, 2013.
- Additional proceeds to the Series A Prepayment Account and Series B Prepayment Account were special assessment prepayments received during fiscal year 2013.
- Disbursements from the Project Fund were for the cost of construction.
- Disbursements from the Administrative Expense Fund were for administrative expenses.
- Disbursements from the Series A Prepayment Account and Series B Prepayment Account were funds used to call some of the Series A and B Bonds from prepayments on residential property and commercial property prepaid during the course of the year and prepayments forwarded to the trustee.

The interest paid through December 31, 2013 does not include interest accrued but not yet paid. The majority of the Reserve Fund is invested in a Societe Generale repurchase agreement (REPO) that pays interest of 4.46 percent semi-annually and matures March 1, 2032. Amounts in the other funds and accounts are invested in money market accounts currently earning 0.01 percent. Table IV-2 on the following page shows the approximate rate of return on the investments as of December 31, 2013.

Investment income on the Interest Account and the Administrative Expense Fund will remain in the respective fund and be used for the purposes of such fund or account. Investment income on the Reserve Fund account will be transferred to the Interest Account of the Bond Fund to pay debt service on the Series 2003 Bonds.

**Table IV-2**  
**Rate of Return**

<b>Account</b>	<b>Rate of Return</b>
Interest Account	0%
Administrative Expense Fund	0.01%
Reserve Fund	4.46%
Series A Prepayment Account	0%
Series B Prepayment Account	0%
Revenue Fund	0.01%

## V. *AUTHORITY OPERATIONS*

---

### A. ANNUAL REVENUE REQUIREMENT

The information provided in this section is taken from the annual special assessment report for the Bell Creek Community Development Authority dated February 18, 2013. The information herein reflects information available as of the same date and may not contain the most updated information regarding special assessment collections, delinquencies or other updates to the expected debt service on the Series 2003 Bonds as of the date of this annual continuing disclosure report.

An annual installment of special assessments is to be collected from each parcel of taxable property within the CDA (except those for which the assessment lien has been prepaid) each year in an amount equal to the “Annual Revenue Requirement.” The annual revenue requirement, generally, is equal to: (i) annual debt service and administrative expenses, less (ii) available investment income and surplus funds from prior year.

Annual installments to be collected in 2013 will be due on June 5 and October 5, 2013. The special assessments due on June 5, 2013 will be available to pay debt service on the bonds on September 1, 2013 and the special assessments due on October 5, 2013 will be available to pay debt service on the bonds on March 1, 2014. Accordingly, the payments on the bonds to be covered by the special assessments to be collected in 2013 are the payments due on September 1, 2013, and March 1, 2014.

The annual revenue requirement is to be calculated for both Series A and B Bonds. Annual installments in the amount of \$300,000 for the Series 2003 Bonds need to be collected in 2013 in order to meet the annual revenue requirement. The balance of this report explains the methodology for determining the annual revenue requirement.

Table V-1 below provides a summary of the annual revenue requirement for 2013.

**Table V-1**  
**Annual Revenue Requirement**  
**Fiscal Year 2013**

	<b>Series 2003 Bonds</b>
Interest payment, September 2013	\$83,625.00
Interest payment, March 2014	\$83,625.00
Principal payment, March 2014	\$117,000.00
Total debt service	\$284,250.00
CDA operations	\$42,875.00
Contingency	\$10,075.76
<i>Sub-total expenses</i>	\$337,200.76
Reserve fund investment income	(\$12,675.32)
Surplus funds from prior year	(\$24,525.44)
<i>Sub-total available funds</i>	(\$37,200.76)
<b>Annual revenue requirement for 2013</b>	<b>\$300,000.00</b>

#### *Debt Service*

Debt service includes interest on the Series 2003 Bonds payable on September 1, 2013 and March 1, 2014. Each interest payment on the Series 2003 Bonds is \$83,625.00 and is equal to a semi-annual coupon

rate of 6.75% on the outstanding principal balance of \$888,000 on Series 2003A Bonds and a semi-annual coupon rate of 7.00% on the outstanding principal balance of \$1,533,000.

Series 2003A Bonds in the amount of \$10,913,000 have been redeemed as of September 1, 2012 with special assessment prepayments, reserve fund credits and sinking fund payments. Additional Series 2003A Bonds in the amount of \$334,000 are scheduled to be redeemed with special assessment prepayments and sinking fund payments on March 1, 2013. As a result, the outstanding principal balance on Series 2003A Bonds is equal to \$888,000 ( $\$12,135,000 - \$10,913,000 - \$334,000 = \$888,000$ ) as shown in Table V-2 below.

Series 2003B Bonds in the amount of \$2,225,000 have been redeemed as of September 1, 2012 with special assessment prepayments, reserve fund credits and sinking fund payments. Additional Series 2003B Bonds in the amount of \$87,000 are scheduled to be redeemed with special assessment prepayments and sinking fund payments on March 1, 2013. As a result, the outstanding principal balance on Series 2003B Bonds is equal to \$1,533,000 ( $\$3,845,000 - \$2,225,000 - \$87,000 = \$1,533,000$ ) as shown in Table V-2 below.

**Table V-2**  
**Bonds Outstanding**

Series	2003A	2003B
Current Bond	\$1,222,000	\$1,620,000
3/1/12 Redemption		
Prepayments	\$244,000	\$47,000
Sinking fund	\$90,000	\$40,000
Total redemption	<b>\$334,000</b>	<b>\$87,000</b>
Bond outstanding	<b>\$888,000</b>	<b>\$1,533,000</b>

#### *CDA Operations*

The estimated expenses for CDA operations in fiscal year 2013 are shown in Table V-3.

**Table V-3**  
**Estimated Expenses of CDA Operations**  
**Fiscal Year 2013**

Annual CDA meeting	\$1,500
CDA counsel	\$4,800
Trustee	\$2,500
Administrator	\$12,000
Co-administrator ( <i>County</i> )	\$5,000
Annual Audit	\$10,000
Arbitrage rebate calculation	\$1,250
CDA insurance	\$825
Contingency (additional legal fees, etc)	\$5,000
<b>Total administrative expenses 2013</b>	<b>\$42,875</b>

An aggregate principal payment in the amount of \$117,000 on Series 2003A and 2003B is due on March 1, 2014. As a result, total debt service on the Series 2003 Bonds to be paid from special assessments collected in 2013 is \$284,250.00.

### *Contingency*

A contingency equal to approximately three percent of expenses and an additional amount to round the annual revenue requirement to the nearest ten thousand has been added in the event that there are special assessment delinquencies, unanticipated expenses or if investment income is less than estimated.

### *Reserve Fund Investment Income*

As of February 26, 2013, the balance in the Reserve Fund was \$331,700. Bond proceeds in the reserve fund are invested in a Societe Generale Repurchase Agreement (REPO) that is earning 4.46 percent per annum and matures on March 1, 2032. The yield on the current reserve balance of \$331,700 will result in an investment income of \$7,598.70 through March 1, 2013 and will be available to pay debt service on March 1, 2013.

Following the optional redemption of bonds on March 1, 2012, the trustee performed a valuation of the reserve fund and the current reserve fund requirement is \$284,200. As a result, there are excess funds in the Reserve Fund in the amount of \$47,500 ( $\$331,700 - \$284,200 = \$47,500$ ). The trust indenture provides for excess Reserve Fund proceeds to be transferred to the bond fund. Once transferred, these funds will be used to redeemed bonds on March 1, 2013 pursuant to the terms of the trust indenture. At the current investment rate of 4.46%, the reserve requirement of \$284,200 will result in annual investment income of \$12,675.32, which will be available to pay debt service in 2013 and 2014

### *Surplus from Prior Year*

Table V-4 below outlines the surplus from the prior year that will be made available to pay debt service and administrative expenses for fiscal year 2013. The annual revenue requirement for fiscal year 2012 was \$340,000. Annual installments were due on June 5th and October 5th of 2012. As of February 26, 2013, special assessments in the amount of \$336,979.83 for the fiscal year 2012 have been collected and transferred to the trustee by Hanover County. Special assessments in the aggregate amount of \$3,020.13 remain to be collected. The county is still pursuing the collection of these delinquent special assessments.

As of February 26, 2013, the balance in the Revenue Fund was \$301,883.25. Reserve Fund investment income in the amount of \$7,598.70 will be available on March 1, 2013. A portion of these funds and the aggregate interest income earned through March 1, 2013 will be transferred to the Interest Account and Principal Account to pay debt service, which includes interest payment of \$97,942.50 and a principal payment of \$130,000 that are due on March 1, 2013.

The administrative budget for fiscal year 2012 was \$42,875.00. This budget was to be funded with annual installments collected in 2012. The Administrative Expenses Fund was funded with the 2012 first-half annual installments in the amount of \$17,860.99 on September 1, 2012. As a result, second-half annual installments in the amount of \$25,014.01 ( $\$42,875.00 - \$17,860.99 = \$25,014.01$ ) will be transferred to the Administrative Expenses Fund to pay the balance of fiscal year 2012 expenses. An additional \$32,000 in surplus revenues will be retained in the Revenue Fund to be applied as credit against the annual revenue requirement in the future. Accordingly, surplus funds from prior year that will be made available to pay debt service and administrative expenses for the fiscal year 2013 is equal to \$25,525.44 as shown in Table V-4 in the following page.

**Table V-4**  
**Surplus from Prior Year**

<b>Available Funds 1/31/2013:</b>	
Available Revenue Fund	\$301,883.25
Reserve Fund income on 2/28/13	\$7,598.70
<b><i>Total funds available</i></b>	<b>\$309,481.95</b>
Debt service payment, March 1, 2013	
Interest payment	(\$97,942.50)
Principal payment	(\$130,000.00)
Administrative expenses budget	(\$25,041.01)
<b><i>Total expenses</i></b>	<b>(\$252,956.51)</b>
Excess Funds for future credit	(\$32,000.00)
<b>Surplus from prior year</b>	<b>\$25,525.44</b>

#### **B. DELINQUENT SPECIAL ASSESSMENTS**

Special assessments in the amount of \$340,000 were due on June 5 and December 5, 2012. The treasurer's office for Hanover County reports that special assessments in the amount of \$337,376.68 have been collected in fiscal year 2012, representing 99.2 percent of the amount to be collected for fiscal year 2012. Special assessments in the aggregate amount of \$2,623.32 on one parcel remain to be collected. The county is still pursuing the collection of these delinquent special assessments.

Special assessments in the amount of \$300,000 were due on June 5 and October 5, 2013. As of February 26, 2014, the Hanover County treasurer's office reports that special assessments in the amount of \$336,979.83 have been collected for fiscal year 2013, which represents 97.9 percent of the amount to be collected in 2013. Special assessments in the aggregate amount of \$6,240.39 on three parcels remain to be collected. The county is still pursuing the collection of these delinquent special assessments. Table V-5 on below shows the amount of special assessments due and collected for each fiscal year as reported by the county as of February 26, 2014.

**Table V-5**  
**Delinquent Special Assessments**

<b>Year</b>	<b>Amount Due</b>	<b>Amount Collected</b>	<b>Amount Delinquent</b>
2012	\$340,000	\$337,377	\$2,623
2013	\$300,000	\$293,760	\$6,240
<b>Total</b>	<b>\$640,000</b>	<b>\$631,136</b>	<b>\$8,864</b>

#### **C. COLLECTION EFFORTS**

All special assessments have been collected and as result, there are no collection efforts underway.

## ***VI. AUTHORITY FINANCIAL INFORMATION***

---

The information provided in this section is provided to meet the requirements on the annual report as provided for in Section 2(ii) 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 information in this section is provided as of December 31, 2013, unless otherwise stated.

### **A. SUMMARY OF ADMINISTRATIVE EXPENSES**

Table VI-1 shows the administrative expenses for the past several years. Fiscal year 2012-2013 includes administrative expenses from July 1, 2012 to June 30, 2013.

**Table VI-1**  
**Administrative Expenses per Year**

<b>Fiscal Year</b>	<b>Administrative Expenses</b>
2003-2004	\$33,165
2004-2005	\$47,375
2005-2006	\$38,823
2006-2007	\$37,894
2007-2008	\$35,999
2008-2009	\$68,323
2009-2010	\$49,968
2010-2011	\$44,689
2011-2012	\$51,123
2012-2013	\$45,572

### **B. CHANGES TO THE IDENTITY OF THE ADMINISTRATOR**

There has been no change in the identity of the administrator.

### **C. AMOUNT OF SPECIAL ASSESSMENT**

As of March 1, 2014, the outstanding special assessment lien for property in the district was \$2,428,297. Special assessment prepayments in the amount of \$324,016 were paid to the trustee through December 31, 2013, and will be used to redeem bonds on March 1, 2014. As a result, the outstanding assessment lien for property in the district, as of December 31, 2013, was \$2,517,984.

### **D. AMOUNT OF SPECIAL ASSESSMENT LEVIED**

Special assessments in the amount of \$300,000 were to be collected for fiscal year 2013.

### **E. AMOUNT OF SPECIAL ASSESSMENTS COLLECTED**

Special assessments in the amount of \$340,000 were due on June 5 and December 5, 2012. The treasurer's office for Hanover County reports that special assessments in the amount of \$337,376.68 have been collected in fiscal year 2012, representing 99.23% percent of the amount to be collected for fiscal year 2012. Special assessments in the aggregate amount of \$2,623.32 on one parcel remain to be collected. The county is still pursuing the collection of these delinquent special assessments.

Special assessments in the amount of \$300,000 were due on June 5 and October 5, 2013. As of February 26, 2014, the Hanover County treasurer's office reports that special assessments in the amount of \$293,760 have been collected for fiscal year 2013, which represents 97.92 percent of the amount to be collected in 2013. Special assessments in the aggregate amount of \$6,240 remain to be collected. The county is still pursuing the collection of these delinquent special assessments.

#### **F. DELINQUENT SPECIAL ASSESSMENTS BY FISCAL YEAR**

Table VI-2 below shows the amount of annual assessment delinquencies greater than six months, one year and two years.

**Table VI-2**  
**Delinquent Special Assessments**

	<b>Total</b>
Six months delinquent	\$6,240
One year delinquent	\$2,623
Two years delinquent	\$0
<b>Total</b>	<b>\$8,863</b>

#### **G. FORECLOSURE PROCEEDINGS**

According to the county, a lien is placed on delinquent parcels if the annual assessment is not paid by April 30th. According to the treasurer's office website for Hanover County, Virginia localities may initiate the sale of delinquent tax property on October 31 following the first anniversary of the date on which such taxes have become due. As of December 31, 2013, there are no annual assessments subject to foreclosure proceedings as shown on Table VI-3 below.

**Table VI-3**  
**Special Taxes Subject  
to Foreclosure Proceedings**

	<b>Total</b>
Subject to foreclosure but not yet instituted	\$0
Foreclosure instituted but not concluded	\$0
Judgment obtained but not yet collected	\$0
Judgment collected	\$0
<b>Total</b>	<b>\$0</b>

#### **H. SPECIAL ASSESSMENT PREPAYMENTS**

As of January 30, 2014, special assessment prepayments in the aggregate amount of \$13,123,000 have been received by the trustee. The amount of bonds redeemed with these special assessment prepayments (*including reserve fund credits*) received each fiscal year since the issuance of the Series 2003 Bonds is shown in Table VI-4 on the following page.



**Table VI-4**  
**Prepayments per Year**

<b>Fiscal Year</b>	<b>Prepayment Amount</b>
2004	\$1,410,000
2005	\$1,320,000
2006	\$3,482,000
2007	\$2,461,000
2008	\$856,000
2009	\$1,556,000
2010	\$432,000
2011	\$451,000
2012	\$344,000
2013	\$811,000
<b>Total</b>	<b>\$13,123,000</b>

#### **I. FUND BALANCES**

The fund balances in all of the funds and accounts provided for in the Indenture of Trust is included in Table IV-1 of Section IV, "Trustee Accounts," of this report.

#### **J. BONDS OUTSTANDING**

The bonds outstanding are shown in the following table:

**Table VI-5**  
**Bonds Outstanding**  
**As of December 31, 2013**

	<b>Par Value</b>	<b>Bonds Redeemed</b>	<b>Total</b>
Series A Bonds	\$12,135,000	\$11,247,000	\$888,000
Series B Bonds	\$3,845,000	\$2,312,000	\$1,533,000
<b>Total</b>	<b>\$15,980,000</b>	<b>\$13,559,000</b>	<b>\$2,421,000</b>

#### **K. PRINCIPAL AND INTEREST PAID AND DUE ON THE BONDS**

The principal and interest paid on the bonds in the bond year ending March 1, 2014 is shown on Table VI-6.

**Table VI-6**  
**Interest and Principal Paid**  
**Bond Year Ending March 1, 2014**

	<b>Series A Bonds</b>	<b>Series B Bonds</b>	<b>Total</b>
Interest September 1, 2013	\$41,243	\$56,700	\$97,943
Interest March 1, 2014	\$29,970	\$53,655	\$83,625
Principal March 1, 2014	\$75,000	\$42,000	\$117,000
<b>Total</b>	<b>\$146,213</b>	<b>\$152,355</b>	<b>\$298,568</b>

The principal and interest due on the bonds in the bond year ending March 1, 2015 is shown on Table VI-7.

**Table VI-7**  
**Interest and Principal Due**  
**Bond Year Ending March 1, 2015**

	Series A Bonds	Series B Bonds	Total
Interest September 1, 2014	\$10,361	\$51,695	\$62,056
Interest March 1, 2015	\$10,361	\$51,695	\$62,056
Principal March 1, 2015	\$29,000	\$46,000	\$75,000
<b>Total</b>	<b>\$49,723</b>	<b>\$149,390</b>	<b>\$199,113</b>

#### **L. CHANGES TO METHODOLOGY FOR LEVYING SPECIAL ASSESSMENTS**

There have been no changes to the methodology for levying the Special Assessments in the district.

#### **M. ASSESSED VALUATION AND SPECIAL ASSESSMENTS**

##### *Assessed Value and Value-to-Lien Ratio*

According to the appraisal report prepared at the time of Series 2003 Bond issuance, the assessed value for all parcels within the district was \$16,870,000. According to the Hanover County Assessor's Office, as of January 1, 2013, the total assessed value for the property in the District was \$126,033,100. As of January 1, 2013, the total assessed value for the parcels that has outstanding CDA special assessment liens was \$54,968,700. Table VI-8 below shows the value-to-lien ratio at issuance and as of January 1, 2013 based on the property with outstanding special assessment liens.

**Table VI-8**  
**Principal District Taxpayers**

Year	Assessed Value	Bonds Outstanding	Value-to-Lien Ratio
At Issuance (1/1/2003)	\$16,870,000	\$15,980,000	1.06 : 1
January 1, 2013	\$54,968,700	\$2,421,000	22.70 : 1

##### *Special Assessments*

The fiscal year 2013 special assessment lien and annual payment on each parcel within the district subject to special assessments is attached hereto as Appendix A.

#### **N. PRINCIPAL DISTRICT TAXPAYERS**

Table VI-9 lists the property owners responsible for payment of more than five percent of the special assessments to be collected in 2013, the amount of changes to be collected by property owner and the percentage of such special assessments relative to the total amount to be collected on the taxable property within the district.

**Table VI-9**  
**Principal District Taxpayers**

Property Owner	Assessment to be Collected	Percent of Total Assessments
Babcock, LLC	\$110,402	36.80%
Envoy Realty Partners, Llc	\$40,247	13.42%
Autumn Corporation	\$35,925	11.97%
The Hanover Group	\$25,612	8.54%
<b><i>Subtotal principal taxpayers</i></b>	<b><i>\$212,186</i></b>	<b><i>70.73%</i></b>
Other property owners	\$87,814	29.27%
<b>Total</b>	<b>\$300,000</b>	<b>100%</b>

**O. LAND USE AMENDMENTS**

There have been no other significant amendments to land use entitlements or legal challenges to the construction of the facilities.

**P. DISTRICT TAX SALES**

There were no tax sales of district property.

**Q. MATERIAL CHANGES TO THE FACILITIES**

There have been no material changes in the nature of the facilities.

**R. AMENDMENTS TO THE DISCLOSURE AGREEMENT**

There have been no changes to the Disclosure Agreement and no change in the financial statements of the Authority.

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

---

### **A. DEVELOPER SIGNIFICANT EVENTS**

Pursuant to the Continuing Disclosure Agreement, Developer significant events include the following:

- (i.) failure to pay any real property taxes or Special Assessments levied within the District on a parcel owned by the Developer;
- (ii.) material damage to or destruction of any development or improvements within the District;
- (iii.) material default by the Developer or any Affiliate on any loan with respect to the development or permanent financing of District development;
- (iv.) material default by the Developer or any Affiliate on any loan secured by property within the District owned by the Developer or any Affiliate;
- (v.) payment default by the Developer or any Affiliate on any loan to the Developer or by any Affiliate on any loan to such Affiliate (whether or not such loan is secured by the property within the District);
- (vi.) the filing of the Developer or any Affiliate or any owner of more than 25 percent interest in the Developer or any Affiliate in bankruptcy or any determination that the Developer or any Affiliate or any owner of more than 25 percent in the Developer or any Affiliate is unable to pay its debts as they become due;
- (vii.) the filing of any lawsuit with claim for damage, in excess of \$1,000,000 against the Developer or any Affiliate which may adversely affect the completion of the District development or litigation which would materially adversely affect the financial conditions of the Developer or Affiliate; and
- (viii.) any change in the legal structure, chief executive officer or ownership of the Developer.

To the knowledge of the administrator, no significant events have occurred as of the date of this report.

### **B. LISTED EVENTS**

Pursuant to the Continuing Disclosure Agreement, Authority listed events include the following:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;

- (vii) modifications to rights of Holders;
- (viii) bond calls;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds;
- (xi) rating changes; and
- (xii) the failure of the Authority on or before the date required by this Disclosure Agreement to provide Annual Financial Information to the persons and in the manner required by this Disclosure Agreement.

To the knowledge of the administrator, no listed events have occurred as of the date of this report.

## ***VIII.* APPENDIX A**

---

**SPECIAL ASSESSMENT ROLL**  
**TAX YEAR 2013 - County Auditor's Copy**

**Bell Creek Community Development Authority**  
**Hanover County, Virginia**

<b>Parcel</b>	<b>Block/Building</b>	<b>Lot/Unit</b>	<b>Assessment Lien</b>	<b>Annual Installment FY2013</b>	<b>Semi-Annual Installment FY2013</b>
8715-46-1443	Union Bank		\$61,044.70	\$7,541.67	\$3,770.83
8715-36-8204	7-Eleven	1	\$64,178.33	\$7,928.81	\$3,964.40
8715-37-6293	Envoy (Shoppes)	2	\$325,775.23	\$40,247.37	\$20,123.68
8715-36-7882	Bruesters	1	\$18,394.80	\$2,272.56	\$1,136.28
8715-36-7557	Envoy	2	\$85,381.19	\$10,548.28	\$5,274.14
8715-48-0426	Remainder parcel C		\$207,312.71	\$25,612.11	\$12,806.05
8715-38-5170	EVB		\$38,233.53	\$4,723.50	\$2,361.75
8715-38-9799	Autumn Corporation		\$290,784.93	\$35,924.55	\$17,962.27
8715-37-5873	Day Care		\$54,086.00	\$6,681.97	\$3,340.98
8715-37-9762	Retail		\$41,479.06	\$5,124.46	\$2,562.23
8715-48-7503	Unit A	A	\$6,804.37	\$840.63	\$420.32
8715-48-7526	Unit B	B	\$6,804.37	\$840.63	\$420.32
8715-48-7549	Unit C	C	\$6,804.37	\$840.63	\$420.32
8715-48-7661	Unit D	D	\$6,804.37	\$840.63	\$420.32
8715-48-7674	Unit E	E	\$6,804.37	\$840.63	\$420.32
8715-48-7697	Unit F	F	\$6,804.37	\$840.63	\$420.32
8715-48-8619	Unit G	G	\$6,804.37	\$840.63	\$420.32
8715-48-8732	Unit H	H	\$1,179.05	\$145.66	\$72.83
8715-48-8744	Unit I	I	\$1,179.05	\$145.66	\$72.83
8715-48-8767	Unit J	J	\$1,179.05	\$145.66	\$72.83
8715-48-9952	Unit K	K	\$21,461.80	\$2,651.46	\$1,325.73
8715-56-1889	Building 5	500	\$8,958.87	\$1,106.81	\$553.40
8715-56-1890	Building 6	600	\$18,265.01	\$2,256.52	\$1,128.26
8715-56-2872	510		\$9,312.90	\$1,150.55	\$575.27
8715-56-3981	700		\$17,679.13	\$2,184.14	\$1,092.07
8715-47-2278	PCL A	PCL A	\$41,494.50	\$5,126.37	\$2,563.19
8715-58-0384	Lot 3	3	\$28,388.09	\$3,507.16	\$1,753.58
8715-46-6603	Building 1	100	\$5,294.38	\$654.09	\$327.04
8715-46-6655	Building 1	110	\$2,953.26	\$364.86	\$182.43
8715-46-7606	Building 1	120	\$8,013.88	\$990.06	\$495.03
8715-46-6724	Building 2		\$16,189.21	\$2,000.07	\$1,000.03
8715-46-9782	Building 3	300	\$6,493.37	\$802.21	\$401.11
8715-46-9793	Building 3	310	\$4,013.96	\$495.90	\$247.95
8715-56-0744	Building 3	320	\$5,690.30	\$703.00	\$351.50
8715-46-9835	Building 4		\$21,551.68	\$2,662.57	\$1,331.28
8715-47-1040	Vet	1	\$19,613.92	\$2,423.17	\$1,211.58
8715-46-3926	Dental office	2	\$18,316.08	\$2,262.83	\$1,131.41
8715-58-3445	Office site		\$43,139.66	\$5,329.62	\$2,664.81
8716-50-1578	Residential	Section 7	\$775,196.26	\$95,770.40	\$47,885.20
8716-50-4310	GG	1	\$10,766.62	\$1,330.14	\$665.07

**SPECIAL ASSESSMENT ROLL**  
**TAX YEAR 2013 - County Auditor's Copy**

**Bell Creek Community Development Authority**  
**Hanover County, Virginia**

Parcel	Block/Building	Lot/Unit	Assessment Lien	Annual Installment FY2013	Semi-Annual Installment FY2013
8716-50-3299	GG	2	\$10,766.62	\$1,330.14	\$665.07
8716-50-3279	GG	3	\$10,766.62	\$1,330.14	\$665.07
8716-50-3248	GG	4	\$10,766.62	\$1,330.14	\$665.07
8716-50-3207	FF	1	\$10,766.62	\$1,330.14	\$665.07
8716-50-2287	FF	2	\$10,766.62	\$1,330.14	\$665.07
8716-50-2257	FF	3	\$10,766.62	\$1,330.14	\$665.07
8716-50-2237	FF	4	\$10,766.62	\$1,330.14	\$665.07
8716-50-1287	EE	1	\$10,766.62	\$1,330.14	\$665.07
8716-50-1268	EE	2	\$10,766.62	\$1,330.14	\$665.07
8716-50-1248	EE	3	\$10,766.62	\$1,330.14	\$665.07
Total			\$2,428,297.25	\$300,000.00	\$149,999.98

Requirements:	\$300,000.00	\$150,000.00
Roundoff:		(\$0.02)