

CONTINUING DISCLOSURE INFORMATION
DATED AS OF FEBRUARY 12, 2010

Pursuant to the Continuing Disclosure Agreement dated as of November 22, 2006 (the "Agreement") by the Georgetown Special Taxing District (the "District"), entered into in connection with the marketing of the District's \$14,450,000 General Obligation Bonds, Series 2006A (the "Bonds"), the following information is hereby provided.

On February 10, 2010, the Developer provided to the District the continuing disclosure information for the period ended September 30, 2009 that the Developer is required to provide under its Continuing Disclosure Agreement. The District filed that information, dated November 30, 2009, with the SEC EMMA System on February 10, 2010.

As of February 12, 2010, the Developer had not provided to the District the continuing disclosure information for the period ended December 31, 2009 that the Developer is required to provide under its Continuing Disclosure Agreement. The District has requested that the Developer provide this information as soon as possible. The District will file this information with the SEC EMMA System as soon as it is received from the Developer.

Section 2(a) of the Agreement provides that the District is to provide annual financial information commencing with the fiscal year ending June 30, 2007. However, pursuant to Section 8(a) of the Agreement the District is providing additional information in connection with the Bonds, as follows:

1. Section 2(a)(iii).

- (r) The balances of the funds and accounts created under the Resolution as of January 31, 2010 are as follows:

Construction fund - \$0
Debt service fund - \$1,165.86
Debt service reserve fund - \$961,090.37

- (s) At the District's Annual Meeting on May 12, 2009, the District adopted an operating budget of \$1,526,000 for the fiscal year ending June 30, 2010. A mill rate of 108.72 was established based on the District's taxable Grand List of \$14,037,530. Tax bills in the aggregate amount of \$763,000 were sent to the District taxpayer on or about July 1, 2009.
- (t) The taxable assessed valuation of all parcels in the District as of the October 1, 2008 Grand List is \$14,037,530. A mill rate of 108.72 mills was set on the \$14,037,530 taxable Grand List. This is expected to generate \$1,526,000 of property tax revenue to fund the Expenditure Budget.

The District has been informed by the Town of Redding Assessor that the taxable assessed valuation of all parcels in the District was \$13,699,330 as of the October 1, 2008 Grand List. The District has reviewed this information and has determined that the mill rate for 2009-2010 should be revised to 111.39 in

order to generate \$1,526,000 of budgeted revenues. The District is in the process of scheduling a special District meeting to revise the mill rate to 111.39.

- (u) The only taxpayer in the District is the Georgetown Land Development Company, LLC (“GLDC”). Georgetown Redevelopment Corporation has been recognized as a non-stock corporation organized under Section 501(c)(3) of the Internal Revenue Code and is exempt from paying real estate taxes. GLDC represents more than 5% of the levy of taxes in the District.
- (v) The projected debt service coverage table included in the Private Placement Memorandum dated November 15, 2006, has not changed.
- (w) GLDC has paid the District for all real estate taxes due for the District’s fiscal year ended June 30, 2008. GLDC has not paid the first or second installment of its real estate taxes due to the District on August 6, 2008 and January 1, 2009. The taxes due total \$539,443 plus interest at 1.5% per month until paid. GLDC has not paid the first half installment of its real estate taxes due to the District on July 1, 2009 or the second installment due the District on January 1, 2010. The taxes due total \$1,526,000 plus interest at 1.5% per month until paid.
- (x) No notice of an Event of Default has been delivered by the District to the Developer under the Completion Agreement.
- (y) See the Developer’s Continuing Disclosure Statement for any significant amendments to the land use authorizations or permits or legal challenges to the construction or development of the Development.
- (z) There have been no changes in the types of public facilities to be constructed as stated in the Private Placement Memorandum dated November 15, 2006.

2. Other Information.

In accordance with Section 2(b) of the Agreement, attached is the Continuing Disclosure Information provided to the District by the Developer as more particularly set forth in Sections 2 and 3 of the Developer’s Continuing Disclosure Agreement dated as of November 22, 2006.

3. Miscellaneous

In accordance with Section 8(a) of the Agreement, the following additional information is provided.

At a Special District Meeting held on February 26, 2008, the following resolutions were approved:

ITEM 1 - Resolution to Appropriate \$2,890,000 for Additional Capital Infrastructure Improvements within the District and to Authorize the Issuance of the District’s Bonds, Notes or Temporary Notes in an Amount not to Exceed \$2,890,000 to Finance the

Appropriation. A copy of the full text of the Resolution is on file and available for public inspection at the Office of the District Clerk.

ITEM 2 – Resolution to Appropriate \$20,000,000 for Capital Projects and Open Space Acquisitions within the District and to Authorize the Issuance of the District’s Benefit Assessment Bonds, Notes or Temporary Notes in an Amount not to Exceed \$20,000,000 to Finance the Appropriation. A copy of the full text of the Resolution is on file and available for public inspection at the Office of the District Clerk.

ITEM 3 – Resolution to amendment the Completion Agreement dated November 22, 2006 between the District and Georgetown Land Development Company, LLC to provide for the issuance of Additional Capital Infrastructure Improvements Bonds to complete the Series 2006A Project. A copy of the full text of the amendment is on file and available for public inspection at the Office of the District Clerk.

Items 1 and 3 allow the District to issue additional general obligation bonds in an amount not to exceed \$2,890,000 to complete the Series 2006A Project and to amend the Completion Agreement between the District and GLDC to provide for this additional financing by the District. Item 2 allows the District to issue benefit assessment bonds in an amount not to exceed \$20,000,000 to finance the cost of other Capital Projects of the District and Open Space acquisitions by the District. The District has taken no action on these resolutions.

At a Special District Meeting held on February 18, 2009, the following resolutions were approved:

ITEM 1 – Resolution to consider and act upon a resolution entitled “Resolution to Borrow \$500,000 in Anticipation of the Receipt of Tax Collections and to Authorize the Issuance of the District’s Notes in an Amount not to Exceed \$500,000 for said purpose.” A copy of the full text of the Resolution is on file and available for public inspection at the Office of the District Clerk.

ITEM 2 – Resolution to consider and act upon a resolution entitled “Resolution to Borrow \$1,925,000 in Anticipation of the Receipt of any Federal or State Grants with Respect to the District’s Projects and to Authorize the Issuance of the District’s Notes in an Amount up to \$1,925,000 for said purpose.” A copy of the full text of the Resolution is on file and available for public inspection at the Office of the District Clerk.

Item 1 allows the District to borrow \$500,000 in anticipation of the receipt of tax collections for the District’s fiscal year ending June 30, 2009. The borrowing may be expended for current expenses and obligations of the District, including payment of debt service on the District’s outstanding bonds and notes. The District has taken no action on Item 2.

On March 16, 2009, the District acted on Item 1 above and issued its \$500,000 Tax Anticipation Note (the “Note”). Thereafter, the District filed tax liens against the real property within the District for which property taxes levied by the District had not been paid. The District then attempted to sell or assign the tax liens to a third party to generate sufficient funds to pay the Note at its June 30, 2009 maturity date. The

District was unable to sell or assign the tax liens, and therefore was unable to pay the \$500,000 Note on June 30, 2009. The District had discussions with the holder of the Note, BRP Investments III, LLC (“BRP”) to negotiate the repayment of the Note by the sale or transfer of the tax liens to BRP. In connection with those negotiations, the parties executed four letters, the last one dated July 31, 2009 providing, generally, that in order for BRP to have the time to consider the District’s proposed assignment of the tax liens to it in satisfaction of the Note, BRP would take no action prior to September 30, 2009 to enforce the obligations of the District under the Note or other related documents. On September 29, 2009, the District sold the tax liens to RJ Tax Lien Investments, LLC for \$549,461.23, paid the amount of all principal, interest, expenses and costs due and owing to BRP pursuant to Note by making a payment of \$522,750.00 to BRP, and deposited the remaining funds into the District's operating account.

At a Special District Meeting held on March 31, 2009, the following resolutions were approved:

ITEM 1 – Resolution to revise the District’s 2008-2009 Annual Budget to re-allocate \$60,000 from the Contingency line item to a new line item titled Collection Costs on Tax Anticipation Notes, and provide that the \$60,000 may be expended to pay the reasonable costs of collection, if any, incurred by the purchaser of the District’s Tax Anticipation Note dated March 16, 2009, as determined by the President and Treasurer.

ITEM 2 – Resolution to revise the District’s 2008-2009 Annual Budget to include a new appropriation and line item titled Debt Service on 2006 General Obligation Bonds in the amount of \$155,000 to fully fund the Debt Service Fund for said Bonds; to provide that said appropriation may be may be paid from the proceeds of the District’s Tax Anticipation Note dated March 16, 2009; and to provide that said appropriation may be funded from re-allocations from other line items in the District’s approved Annual Budget, all as determined by the President and Treasurer.

These resolutions have been implemented by the District.

At a Special District Meeting held on October 7, 2009, the following resolution was approved:

ITEM 1 - Resolution to Borrow \$763,000 in Anticipation of Receipt of Tax Collections and to Authorize the Issuance of District Notes in an amount not to exceed \$763,000 for said purpose.

Pursuant to this resolution, the District issued its \$763,000 Tax Anticipation Note, Series 2009B, on December 17, 2009. The Note has a maturity date of March 31, 2010 and bears interest at 18% per annum. If the Note is not paid on March 31, 2010, the maturity date may be extended to June 30, 2010 at the sole option of the District. The proceeds of the Note were used as follows: \$468,178 was deposited in the Debt Service Reserve Fund under the 2006 Bonds to replenish that fund; \$80,000 was paid to the Redding Water Pollution Control Commission for past due costs (as described below); \$75,000 was paid to Shipman & Goodwin LLP for past due legal fees; \$19,815

was paid for issuance costs on the Note; and \$120,000 was deposited into the District's General Fund.

The District has been in discussions with an underwriter to structure and issue the benefit assessment bonds to allow the District to fund the costs of certain public roadways and other public infrastructure within the District. The District has also been in discussions with State officials to obtain State grants to fund certain infrastructure improvements outside of the District which are required to meet the conditions of the State Traffic Commission approval.

On July 29, 2008 the District held a Public Hearing for the purpose of discussion and to obtain public comment on the proposed benefit assessments to be made against the owner or owners of real property within the District for the costs of capital projects improvements to be made by the District, in accordance with a Resolution proposed by the District's Board of Directors on July 9, 2008 (the "Resolution"). The Board of Directors finalized and approved the benefit assessments at a meeting held on October 7, 2008.

On February 15, 2008, the District issued its \$5,000,000 General Obligation Bond to the United States of America, acting through the Rural Utilities Service, U.S.D.A., and retired the \$5,000,000 construction loan it had obtained from Union Savings Bank. The proceeds of this financing were utilized for the upgrade and expansion of the wastewater treatment plant that will provide sewage treatment services to the District. The debt service schedule provides for interest only payments of \$218,750 due on February 15, 2009 and 2010 and thereafter principal and interest payments of \$313,200 commencing February 15, 2011 and ending February 15, 2037, with one final installment of principal and interest of \$311,850.02 on February 15, 2038. The interest rate on the loan is 4.375%.

On October 1, 2009, there were insufficient funds in the Debt Service Fund to make the required payment of principal and interest due on the Bonds on that date. Therefore, the Trustee, acting pursuant to the Bond Resolution, withdrew funds from the Debt Service Reserve Fund to make the required payment. The letter from the Trustee describing this action was filed with the MSRB's EMMA reporting system on October 2, 2009. The amount drawn from the Debt Service Reserve Fund was restored from the proceeds of the Tax Anticipation Note issued on December 17, 2009, as described above.

As of January 31, 2010, the District is in default in its obligation to reimburse the Redding Water Pollution Control Commission (RWPCC) monthly operating costs of the wastewater treatment plant located at 19 North Main Street, Redding, CT under the Construction Agreement dated June 13, 2006. The amount of the default as of October 30, 2009 was \$121,246.70. As a result, the RWPCC has filed a lien against the plant and the abutting 4 acre parcel for this amount. The District made a payment of \$80,000 to the RWPCC in December 2009 from the proceeds of the Tax Anticipation Note issued on December 17, 2009 as described above.

In November of 2009 the principal taxpayer (GLDC) was served notice of foreclosure on a parcel of land secured by a mortgage to TCR Northeast Land Acquisitions. In January 2010 a motion for strict foreclosure was granted with a law date set for May 25, 2010. In this action, the District is a named defendant in the case.

In July of 2009 GLDC was served notice of foreclosure on residential parcels secured by a mortgage with TD Banknorth. That case is pending and subject to defenses by the taxpayer.

Board Member Changes

On July 22, 2009 Daniel Heller was unanimously accepted as a member of the Board to replace Pat Moio.

On September 14, 2009 Thomas Walsh resigned from the Board of the District. On September 21 Arthur Poltrack, nominated, by the First Selectman of the Town of Redding to replace Mr. Walsh, was unanimously accepted as a board member.

On September 21, 2009 Joseph Schmitz, a former board member, was unanimously accepted as a board member.

GLDC, the sole taxpayer in the District, has entered into a contract to sell all of its holdings within the District. In connection with that transaction, at a Special Meeting of the District Board of Directors on January 29, 2010, the following resolutions were adopted:

1. To accept the resignation of the Stephen Soler as District President and Director, to be held in escrow by the District's Counsel and delivered to the District Clerk and be effective upon the current District taxpayer's receipt of additional earnest money in connection with the proposed sale of property by the District taxpayer.
2. To appoint Rocco Trotta as District President, effective upon the resignation of Stephen Soler.
3. To accept the resignations of the Rocco Trotta as District President and Director, Joseph Schmitz as District Director, William Penn as District Vice President and Director and Daniel Heller as District Treasurer and Director, all to be held in escrow by the District's Counsel and delivered to the District Clerk and be effective upon the closing of the proposed sale of property by the District taxpayer.
4. To direct the District Clerk, as the sole remaining Board member after the resignations of all other Board members upon the closing of the proposed sale of property by the District taxpayer, to appoint new Board members and Officers as nominated by the new District taxpayer, which nominations may include current Board members and Officers.