ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending December 31, 2008

$15,000,000
The County of DuPage, Illinois
Special Service Area Number 31
Special Tax Bonds, Series 2006
(Monarch Landing Project)

Prepared by:

MUNICAP

February 25, 2009

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending December 31, 2008

I. *UPDATED INFORMATION*

Information updated from the Limited Offering Memorandum, dated June 7, 2006, is as follows:

- Calendar year 2007 special taxes in the amount of $676,000 were to be collected in 2008. The special taxes for calendar year 2007 were not included in the DuPage County property tax bill and the developer agreed to forward payment directly to the trustee prior to February 13, 2009. The trustee reports that calendar year 2007 special taxes in the amount of $676,000 were received on February 13, 2009. As a result, there are no delinquent calendar year 2007 special taxes outstanding at this time.

- Calendar year 2008 special taxes in the amount of $1,020,000 are to be collected in 2009. The special taxes for calendar year 2008 are expected to be included in the DuPage County property tax bills in 2009. Taxes are due in two installments in June and September 2009. As a result, there are no delinquent calendar year 2008 special taxes outstanding at this time.

- As of December 31, 2008, the developer reports that all permit approvals for the development of the project have been obtained.

- As of December 31, 2008, the developer reports that $12,385,421 had been expended for the construction of the public improvements, representing 100 percent of the amount to be funded with the Series 2006 Bonds. The developer also reports that the public improvements funded with the Series 2006 Bonds are complete.

- As of December 31, 2008, the developer reports that demand and inventory is being re-evaluated to determine the most prudent building schedule for the construction of the retirement community development. As of the date of this report, the revised construction schedule for the development had not been finalized.

- As of December 31, 2008, the developer reports that the Monarch Landing development ended December with seven initial deposits and eight settlements for residential units. The developer also reports that the community continues to focus on strengthening sales of residential units. As a result of the December sales, the developer reports that Monarch Landing finished the year with an aggregate total of 45 reservations, 81 standbys and 128 futures for residential units.

- As of December 31, 2008, the developer reports that the LaSalle Bank construction loan was repaid in full in December 2007. The developer also reports that the outstanding balance on the community loan was $35,775,000. According to the Community Loan Agreement, the loan carries an interest rate of 4.5 percent and matures June 30, 2035.

- As of December 31, 2008, according to the assessor for Naperville Township, the aggregate assessed value of all taxable property in the special service area was $10,163,551. The estimated market value is three times the assessed value of the property. As a result, the estimated market value of the development is $30,490,653. As of December 31, 2008 the total amount of Series 2006 Bonds outstanding was $15,000,000. Accordingly, the estimated value-to-lien ratio for the Series 2006 Bonds is 2.03 to 1.

II. *INTRODUCTION*

The Special Service Area Number 31 Series 2006 Special Tax Bonds (Monarch Landing Project) were issued by the County of DuPage, Illinois (the "County") pursuant to (i) Section 7 of Article VII of the Illinois Constitution of 1970; (ii) the Local Government Debt Reform Act of the State of Illinois (the "Debt Reform Act"); (iii) the Special Service Area Tax Law of the State of Illinois, 35 ILCS 200/27-5 et seq. (the "Special Service Area Act"); (iv) Ordinance No. OFI-002-06, duly adopted by the County Board on May 23, 2006, and (v) the Trust Indenture, dated as of June 1, 2006 (the "Indenture"), by and between the county and U.S. Bank National Association (formerly LaSalle Bank National Association), Chicago, Illinois, as trustee (the "Trustee").

The Monarch Landing Project is located in Naperville, Illinois. The property is accessible by Route 59 from the north and south and Interstate 88 from the east or west. The project is bounded by the DuPage County Parkway (also known as IL Prairie Path) and Town Line Road to the north, Corporate Lane and DART properties to the east, Route 59 to the west and Ferry Road to the south.

According to the Limited Offering Memorandum, the development is expected to be undertaken in three phases, with each phase expected to be comprised of one community building and four to five residential buildings. In addition, an extended care health facility containing skilled nursing beds and assisted living units are anticipated to be constructed as part of the second and third phases of the development. At build out, the development is expected consist of approximately 1,502 residential units, three major common area buildings, approximately 132 skilled nursing beds and approximately 96 assisted living units.

Monarch Landing is being developed by Erickson Retirement Communities, LLC, a Maryland limited liability company, on behalf of Naperville Campus, LLC. Naperville Campus LLC is wholly owned by the developer.

Special tax bonds in the amount of $15,000,000 (Series 2006) were issued in June 2006. Bond proceeds in the amount of $12,385,421 were used to construct public improvements consisting of roadways, erosion control improvements, water retention ponds, fencing, water and sanitary utilities, lighting, walkways, recreational improvements, landscaping, irrigation and related earthwork, and other eligible costs.

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, 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.

III. *DEVELOPMENT ACTIVITY*

A. OVERVIEW

According to the Limited Offering Memorandum, the development is expected to be undertaken in three phases. At the time of bond issuance, Phase I was expected to consist of three five- and six-story congregate residential retirement buildings containing approximately 516 residential units and a two-story common area building. Phase II is anticipated to consist of four five- and six-story congregate retirement apartment buildings containing approximately 403 residential units, a two-story common area building and a two- to four-story extended care health center building containing approximately 88 skilled nursing beds and approximately 44 assisted living units. Phase III is expected to consist of four five- to six-story congregate retirement buildings containing approximately 583 residential units, a two-story common area building, and a two- to four-story extension to the Phase II extended care health center building with up to 44 skilled nursing beds and 52 assisted living units. According to the Limited Offering Memorandum, upon completion of Phase III, the development is expected to have a total of approximately 1,502 residential units, three major common area buildings, approximately 132 skilled nursing beds and approximately 96 assisted living units.

Monarch Landing is being developed by Erickson Retirement Communities, LLC, a Maryland limited liability company, on behalf of Naperville Campus, LLC (the "Development Owner"). Naperville Campus, LLC is wholly owned by the developer. According to the Limited Offering Memorandum, at the time of bond issuance, the land was owned by Strategic Naperville Landholder, LLC (the "Land Owner"), a Delaware limited liability company. The development owner had leased the real property in the special service area from the land owner pursuant to a Ground Lease Agreement, dated as of May 26, 2005, between the land owner, as leaser, and the development owner, as lessee, as amended by the First Amendment to Ground Lease, dated October 11, 2005, and the development owner was expected to initially own all of the improvements as they were constructed. Under the terms of the lease, the development owner is contractually obligated to pay all taxes and assessments levied against the land and the improvements constructed thereon, including the special taxes.

B. GOVERNMENTAL APPROVALS

According to the Limited Offering Memorandum, the following permits and approvals are expected to be required for the Monarch Landing Special Service Area:

FEMA Letter of Map Amendment
FEMA Letter of Map Revision
Illinois Historical Preservation Agency Review
Illinois Department of Natural Resources (IDNR) Endangered Species Consultation
Illinois Environmental Protection Agency (IEPA) Notice of Intent
IEPA Watermain Permit
IEPA Sanitary Permit
DuPage County Economic Planning and Development Certification
The City of Naperville Grading Permit
The City of Warrenville Grading Permit
DuPage County Department of Transportation Permit
Illinois Department of Transportation (IDOT) Drainage Permit

At the time of bond issuance, the developer had received all of the approvals required from the Illinois Historic Preservation Agency and the IDNP. The developer had also received permits for the construction of site work and certain Phase I Buildings (Residential Building 1.1, Community Building 1.0, Parking Deck 1.0).

As of December 31, 2008, the developer reports that all required permit approvals for the development of the project have been obtained.

C. STATUS OF THE PUBLIC IMPROVEMENTS

As of December 31, 2008, the developer reports that $12,385,421 had been expended for the construction of the public improvements, representing 100 percent of the amount to be funded with the Series 2006 Bonds. The developer also reports that all improvements funded with the Series 2006 Bonds are complete. Table III-1 below shows the public improvements, the original budget, the revised budget, and the amount spent by line item as reported by the developer as of December 31, 2008.

Table III-1
Public Improvement Budget

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Land	*$8,204,983*	*$0*	*$8,204,983*	*$8,204,983*	*100%*
Sitework Attributable Costs					
Earthwork for Berms	$178,250	$0	$178,250	$178,250	100%
Earthwork for SWM Areas	$575,000	$0	$575,000	$575,000	100%
Erosion Control	$80,000	$0	$80,000	$80,000	100%
Corporate Lane	$1,100,000	$0	$1,100,000	$1,100,000	100%
Ferry Rd. Improvements	$230,000	$0	$230,000	$230,000	100%
Landscaping Atop Berms	$483,000	$0	$483,000	$483,000	100%
Wetland Mitigation Costs	$201,250	$0	$201,250	$201,250	100%
Public Water	$238,103	$0	$238,103	$238,103	100%
Public Sanitary	$402,336	$0	$402,336	$402,336	100%
Sanitary Lift Station	$172,500	$0	$172,500	$172,500	100%
Surveying	$115,000	$0	$115,000	$115,000	100%
Recreational Improvements	$55,200	$0	$55,200	$55,200	100%
Irrigation	$255,000	$0	$255,000	$255,000	100%
Electrical, Mechanical and other services	$94,800	$0	$94,800	$94,800	100%
Subtotal Attributable Costs	*$4,180,439*	*$0*	*$4,180,439*	*$4,180,438*	*100%*
Total Land & Sitework Attributable Costs	**$12,385,422**	**$0**	**$12,385,422**	**$12,385,421**	**100%**

D. STATUS OF THE DEVELOPMENT

As of December 31, 2008, the developer reports that demand and inventory is being re-evaluated to determine the most prudent building schedule for the construction of the retirement community development. As of the date of this report, the revised construction schedule for the development had not been finalized. Table III-2 below shows the status of the vertical construction for Monarch Landing as reported by the developer as of December 31, 2008.

Table III-2
Project Schedule

Project	Original Scheduled Completion Date	Substantially Complete	Variance (in Months)
Community Building 1.0	June 2006	July 2006	(1.0)
Transitional Spaces	September 2008	October 2010	(25.0)
Residential Building 1.1	June 2006	July 2006	(1.0)
Residential Building 1.2	March 2007	September 2007	(6.0)
Residential Building 1.3	March 2008	April 2010	(25.0)
Community Building 2.0	September 2008	October 2010	(25.0)
Residential Building 2.1	September 2008	October 2010	(25.0)
Residential Building 2.2	September 2008	September 2011	(36.0)
Residential Building 2.3	July 2009	June 2012	(35.0)
Residential Building 2.4	March 2010	March 2013	(36.0)
Community Building 3.0	March 2011	October 2013	(31.0)
Residential Building 3.1	August 2010	October 2013	(38.0)
Residential Building 3.2	October 2011	September 2014	(35.0)
Residential Building 3.3	March 2012	April 2015	(37.0)
Residential Building 3.4	July 2012	March 2016	(44.0)
Master Planning	April 2005	April 2005	-
Bridge 10	March 2007	September 2007	(6.0)
Bridge 20	September 2008	September 2011	(36.0)
Bridge 30	September 2008	October 2010	(25.0)
Bridge 40	March 2010	March 2013	(36.0)
Bridge 50	July 2012	March 2016	(44.0)
Bridge 60	July 2012	March 2016	(44.0)
Chapel 1	October 2011	September 2014	(35.0)
Gate House 1	June 2006	June 2006	-
Maintenance Building	December 2006	December 2006	-
Marketing Center	October 2004	October 2004	-
Extended Care 1.0	March 2010	June 2012	(5.0)
Extended Care 2.0	July 2012	March 2016	(44.0)

As of December 31, 2008, the developer reports that the Monarch Landing development ended December with seven initial deposits and eight settlements for residential units. The developer also reports that the community continues to focus on strengthening sales of residential units. As a result of the December sales, the developer reports that Monarch Landing finished the year with an aggregate total of 45 reservations, 81 standbys and 128 futures for residential units.

E. STATUS OF FINANCING

The development, apart from the Series 2006 Bonds, is expected to be financed from amounts made available from: (i) a $68,000,000 revolving loan and letter of credit facility provided to the development owner by LaSalle Bank National Association, as a lender and administrative agent, and the other lenders named therein (collectively, the "Construction Lender") pursuant to the terms of a Construction Loan Agreement, dated as of July 8, 2005 (the "Construction Loan Agreement"), by and between the development owner and the construction lender, (ii) a loan to the development owner by the non-profit (the "Community Loan") of certain initial entrance deposits received by the non-profit at the time residence and care agreements are entered into with residents of Monarch Landing and the initial residents occupy the development and (iii) $25,000,000 in sale proceeds from the previous sale of the land by the development owner to the land owner.

As of December 31, 2008, the developer reports that the LaSalle Bank construction loan was repaid in full in December 2007. The developer also reports that the outstanding balance on the community loan was $35,775,000. According to the Community Loan Agreement, the loan carries an interest rate of 4.5 percent and matures June 30, 2035.

IV. *TRUSTEE ACCOUNTS*

The trustee for the Series 2006 Bonds is U.S. Bank National Association (formerly LaSalle Bank National Association). The following table shows the balance as of December 31, 2007, interest paid, additional proceeds, disbursements and account balances as of December 31, 2008.

Table V-1
Series 2006 Bonds

	Balance 12/31/07	Interest Income	Additional Proceeds	Disburse-ments	Balance 12/31/08
Project Fund	$619,160	$12,091	$0	$627,673	$3,578
Debt Service Fund	$774,998	$28,954	$77,113	$853,958	$27,108
Administrative Expense Fund	$2,165	$0	$15,450	$16,876	$739
Reserve Fund	$1,084,226	$51,698	$0	$51,714	$1,084,210
Total	**$2,480,549**	**$92,743**	**$92,563**	**$1,550,221**	**$1,115,635**

Disbursements from the Project Fund represent payments for the costs of the public improvements. Disbursements from the Debt Service Fund are payments of semi-annual interest due on the Series 2006 Bonds. Additional proceeds to the Debt Service Fund are transfers of investment income from the Reserve Fund. Additional proceeds to the Administrative Expense Fund are transfers of investment income from the Debt Service Fund to pay administrative service expenses.

The interest paid through December 31, 2008 does not include interest accrued but not yet paid. Proceeds in the Reserve Fund are invested in a Bayerische LandesBank repurchase agreement currently earning 4.77 percent and matures March 1, 2036. Bond proceeds in the Debt Service Fund are invested in a government money market fund earning 0.09 percent. Table IV-2 shows the rate of return on each fund and account as of December 31, 2008.

Interest income on the Reserve Fund in excess of the reserve requirement will be transferred in the following order of priority (i) to the Debt Service Fund to be applied to the payment of the principal of and redemption premium, if any, or interest on the bonds, or (ii) transferred to the Administrative Expense Fund. Interest income on the Project Fund will be used for the purposes of the account. Investment income on the Debt Service Fund will be used for the payment of debt service on the bonds.

Table IV-2
Rates of Return

Account	Rate of Return
Debt Service Fund	0.09%
Reserve Fund	4.77%

V. *DISTRICT OPERATIONS*

A. SPECIAL TAXES LEVIED

To finance the cost of the project, the Establishing Ordinance called for the issuance of bonds in an amount not to exceed $15,000,000. These bonds are to be repaid by levy of a direct annual tax sufficient to pay interest as it falls due and to discharge the principal thereof at maturity. Special taxes on all taxable property in the special service area will be levied on an ad valorem basis.

Special Service Area Special Taxes

The SSA special tax is the aggregate amount levied each calendar year on all taxable parcels within the SSA. Special taxes in the amount of $2,628,000 have been levied for the years 2006 - 2034. Special taxes levied in 2008 are for collection in 2009. After accounting for funds currently available to pay debt service in 2008 and 2009, the special tax requirement for 2008 (for collection in 2009) is $1,020,000.

Special Taxes as Abated for the Calendar Year

As mentioned above, special taxes have been levied on all taxable parcels in the special service area in an amount sufficient to pay and discharge the principal of bonds at maturity. The Series 2006 bonds were issued pursuant to Ordinance No. OFI-002-06 (Bond Ordinance), which was adopted by the County Board on May 23, 2006 together with the Board Order dated June 7, 2006. The special tax levied by the Bond Ordinance shall be abated each year to the extent the taxes levied pursuant to the Bond Ordinance and to the extent of other moneys deposited by the trustee in the Debt Service Fund exceed the special tax requirement as calculated by administrator on behalf of the County in accordance with the terms of the Establishing Ordinance. The Chief Financial Officer of the County is authorized and directed pursuant to the Bond Ordinance to abate the taxes to the extent the current year's special taxes levied pursuant to this Bond Ordinance exceed the Special Tax Requirement by filing a certificate with the County Clerk, which certificate upon filing shall be full authority for the County Clerk to effect such abatement.

Abatement of Special Taxes

The special tax is to be abated each year so that the amount collected is equal to the special tax requirement. The special tax requirement is, generally, equal to (A) the sum of the following: (i) regularly scheduled debt service on the bonds and other periodic costs associated with such bonds, including but not limited to, rebate payments and credit enhancement fees, if any, on the bonds; (ii) Administrative Expenses for the current year or unpaid from a previous year; (iii) any amounts required to establish or replenish any reserve funds associated with the bonds; and (iv) anticipated delinquencies in the special tax not taken into consideration in the replenishment of the reserve fund, less (B) any credits available pursuant to the Establishing Ordinance, such as debt service fund and investment earnings on account balances.

Table V-1 provides a summary of the special tax requirement for calendar year 2008 for the Series 2006 Bonds. Special taxes are to be abated such that the amount to be collected in 2009 is equal to $1,020,000. The special tax requirement for the Series 2006 Bonds is explained in the following sections.

<u>Table V-1</u>
Special Tax Requirement for 2008
Series 2006 Bonds

Debt service:	
Interest payment September 1, 2009	$412,639
Interest payment March 1, 2010	$412,639
Principal payment March 1, 2010	$255,000
Total debt service	*$1,080,278*
Special service area operations	$16,391
Contingency	$24,437
Sub-total expenses	*$1,121,105*
Reserve fund investment income	($51,683)
Available debt service fund	($49,422)
Total funds available	*($101,105)*
Special tax requirement for calendar year	**$1,020,000**

Debt Service

Debt service payments for calendar year 2009 for the Series 2006 Bonds are due on September 1, 2009 and March 1, 2010. The outstanding bonds include $2,085,000 in Term 2016 Bonds that have an interest rate of 5.40 percent and $12,670,000 in Term 2036 Bonds that have an interest rate of 5.625 percent. Debt service is calculated based on the current outstanding Term 2016 Bonds and Term 2036 Bonds of $2,085,000 and $12,670,000, respectively. Accordingly, the interest on the outstanding bonds for each six months is equal to $412,639 as shown below:

Term 2016 Bonds of $2,330,000 at 5.400%	$56,295
Term 2036 Bonds of $12,670,000 at 5.625%	$356,344
Total:	$412,639

A principal payment of $255,000 is due on the Term 2016 Bonds on March 1, 2010. As a result, total annual debt service is equal to $1,080,278.

Special Service Area Operations

Special service area operations generally include the charges of the trustee, administrator and miscellaneous expenses of the special service area. The annual charge of the trustee is estimated to be $2,000. The annual charge of the administrator is estimated to be $12,000, plus $500 for expenses. Miscellaneous expenses of the SSA are estimated to be $1,891. Accordingly, total administrative expenses for 2009 are estimated at $16,391.

Contingency

A contingency equal to approximately two percent of annual expenses has been added in the event there are unanticipated expenses, or the interest income earned is less than estimated.

Reserve Fund

The reserve fund requirement for the Series 2006 Bonds is $1,083,508. Bonds proceeds in the Reserve Fund are invested in Bayerische LandesBank REPO, which is currently earning 4.77%. As of

November 30, 2008, the balance in the Reserve Fund was equal to $1,084,234, which includes the reserve requirement of $1,083,508 and accumulated interest in the amount of $727. At the current interest rate, the reserve fund requirement of $1,083,508 is expected to earn interest income in the amount of $25,842 through the debt service payment due on March 1, 2009. An additional interest income in the amount of $51,683 will be received through the debt service payment due on March 1, 2010 and will be made available to pay aggregate debt service and administrative service expenses.

Surplus from Prior Year

Table V-2 below outlines the surplus from the prior year that may be applied to pay debt service and administrative expenses for calendar year 2008. The special tax requirement for calendar year 2007 was $676,000. The calendar year 2007 real property taxes for county of DuPage were due on June 3rd and September 3rd of 2008. The special taxes for calendar year 2007 were not included in the regular county tax bill and the developer agreed to forward payment directly to the trustee prior to February 13, 2009. Accordingly, special taxes in the amount of $676,000 will be forwarded to the trustee by February 13, 2009. These special taxes will be required to make the debt service payment that is due on March 1, 2009.

As of November 30, 2008, the balance in the Debt Service Fund was $27,108. As mentioned above, as of November 30, 2008, there was $727 in investment income in the Reserve Fund. An additional $25,842 in investment income is estimated to be earned on the bond proceeds invested in the Reserve Fund by March 1, 2009, resulting in an estimated aggregate interest income of $26,568 ($25,842 + $727 = $26,568). These funds together with a portion of special taxes to be transferred in February will be transferred to the Bond Fund to pay debt service, which includes interest payment of $419,258 and a principal payment of $245,000 that are due on March 1, 2009.

Table V-2
Surplus from Prior Year
Calendar Year 2008

Available funds	
CY07 special taxes to be transferred in February	$676,000
Available debt service fund as of October 31, 2008	$27,108
Estimated interest income through March 1, 2009	$26,568
Total funds available	*$729,676*
Debt service payment due March 1, 2009	
Interest payment	($419,254)
Principal payment	($245,000)
Administrative expenses budget	($16,000)
Total expenses	*($680,254)*
Surplus from prior year	**$49,422**

The administrative expenses budget for 2008 was estimated to be $16,000. As a result, special taxes revenues in the amount of $16,000 will need to be transferred to the administrative expenses fund to fund the balance of 2008 administrative expenses and a portion of expenses incurred during 2009. As shown by Table V-2, the available funds exceed the remaining expenses for the year, resulting in an aggregate surplus of $49,422 that will be made available to pay debt service and administrative expenses for calendar year 2008.

Summary

Total special service area expenses to be paid from special taxes collected in 2009 are estimated to be $1,121,105. Funds available to pay these expenses, other than special taxes, are estimated at $101,105, resulting in a special tax requirement of $1,020,000.

B. DELINQUENT SPECIAL TAXES

Calendar year 2007 special taxes in the amount of $676,000 were to be collected in 2008. The special taxes for calendar year 2007 were not included in the DuPage County property tax bill and the developer agreed to forward payment directly to the trustee prior to February 13, 2009. The trustee reports that calendar year 2007 special taxes in the amount of $676,000 were received on February 13, 2009. As a result, there are no delinquent calendar year 2007 special taxes outstanding at this time.

Calendar year 2008 special taxes in the amount of $1,020,000 are to be collected in 2009. The special taxes for calendar year 2008 are expected to be included in the DuPage County property tax bills in 2009. Taxes are due in two installments in June and September 2009. As a result, there are no delinquent calendar year 2008 special taxes outstanding at this time.

C. COLLECTION EFFORTS

There are no collection efforts underway at this time.

VI. *DISTRICT FINANCIAL INFORMATION*

The information provided in this section is intended to meet the requirements for the annual report as provided for in Section 4(a) of the Continuing Disclosure Agreement. The items listed below are in the same 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, 2008, unless otherwise stated.

A. CHANGES TO THE RATE AND METHOD OF APPORTIONMENT

There have been no changes to the Rate and Method of Apportionment of Special Taxes.

B. ASSESSED VALUATION AND SPECIAL TAX LEVY AND COLLECTIONS

As of December 31, 2008, according to the assessor for Naperville Township, the aggregate assessed value of all taxable property in the special service area was $10,163,551. The estimated market value is three times the assessed value of the property. As a result, the estimated market value of the development was $30,490,653. As of December 31, 2008 the total amount of Series 2006 Bonds outstanding was $15,000,000. Accordingly, the estimated value-to-lien ratio for the Series 2006 Bonds is 2.03 to 1.

Table VI-1
Value to Lien Ratio

	Value
Estimated Market Value	$30,490,653
Bonds Outstanding	$15,000,000
Value-to-Lien Ratio	**2.03 to 1**

Calendar year 2007 special taxes in the amount of $676,000 were to be collected in 2008. The special taxes for calendar year 2007 were not included in the DuPage County property tax bill and the developer agreed to forward payment directly to the trustee prior to February 13, 2009. The trustee reports that calendar year 2007 special taxes in the amount of $676,000 were received on February 13, 2009. As a result, there are no delinquent calendar year 2007 special taxes outstanding at this time.

Calendar year 2008 special taxes in the amount of $1,020,000 are to be collected in 2009. The special taxes for calendar year 2008 are expected to be included in the DuPage County property tax bills in 2009. Taxes are due in two installments in June and September 2009. As a result, there are no delinquent calendar year 2008 special taxes outstanding at this time.

C. PRINCIPAL AREA TAXPAYERS

Table VI-2 on the following page provides a listing of the special service area taxpayers representing more than five percent of the levy of special taxes in fiscal year 2007-2008 and the amount of the levy of special taxes against such landowners.

Table VI-2
Principal District Taxpayers

Parcel Identification Number	Owner	Lot	Assessed Value	2008 Special Tax Levy	Percent of Total Levy
07-03-104-002	Erickson Retirement Communities, LLC	1	$10,163,550	$1,020,000	100.0%
07-03-104-003	Erickson Retirement Communities, LLC	2	$1	$0	0.0%
Total			**$10,163,551**	**$1,020,000**	**100.0%**

D. CHANGES IN THE TYPES OF PUBLIC FACILITIES

There have been no material changes in the types of public facilities constructed from those stated in the Limited Offering Memorandum. The status of completion of the public improvements is provided in Section III, "Development Activity," of this report.

VII. *SIGNIFICANT EVENTS*

Significant events generally include the following:

(i) failure to pay any real property taxes (including special taxes) levied within the development on a parcel owned by the development owner, the developer, the landowner or any affiliate thereof;

(ii) material damage to or destruction of any development or improvements within the development;

(iii) material default by the development owner, the developer or any affiliate thereof on any loan with respect to the construction or permanent financing of the development;

(iv) material default by the development owner, the developer, or any affiliate thereof on any loan secured by property within the development owned or leased by the development owner and the developer or any affiliate thereof;

(v) the filing of bankruptcy by the development owner, the developer or any affiliate thereof, or by any owner of more than 25 percent interest in the development owner or the developer, or any determination that the development owner, the developer or any affiliate thereof, or an owner of more than 25 percent in interest in the development owner or the developer is unable to pay its debts as they become due; and

(vi) the filing of any lawsuit with claim for damages in excess of $1,000,000 against the development owner, the developer, or the landowner which may adversely affect the completion of the development or litigation in excess of $1,000,000 which would materially adversely affect the financial condition of the development owners, the developer or the landowner.

The administrator is not aware of the occurrence of any other material event as of the date of this report.