

**ANNUAL CONTINUING DISCLOSURE REPORT**  
**For the Period Ending June 30, 2018**

*\$7,620,000 City of Portage, Indiana*  
*Marina Shores Project*  
*Special Improvement District Bonds, Series 2005*

*CUSIP Number:*  
*735742 AA6*

Prepared by:

**MUNICAP, INC.**

July 28, 2018

**DEVELOPMENT ACTIVITY AND  
DISCLOSURE REPORT  
FOR THE PERIOD ENDING JUNE 30, 2018**

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

The following information is updated from the Annual Continuing Disclosure Report for the period ending June 30, 2017:

- As of June 30, 2018, the Current Developer reports that 45 building permits have been issued and 37 residential units and 255 marina slips have been constructed.
- According to the Current Developer, all of the 255 completed marina slips are currently being leased for the 2018 boating season.
- As of June 30, 2018, the Current Developer reports that the restaurant renewed their lease for an additional five years on September 30, 2017.
- The Current Developer reports that 36 homes/lots have been sold and closed on as of June 30, 2018.
- As of September 29, 2017, the Porter County Auditor reports that \$7,402,308.79 in Annual Assessments and penalties associated with late payments have been collected and remitted to the trustee. Of this amount \$6,064,771.00 represents Annual Assessments, \$1,242,176.68 represents penalties associated with late payments and \$94,801.56 represents overcollections due to various billing errors made by the County. The amount of overcollections of \$94,801.56 was provided as a credit against the Annual Assessments to be collected in 2018 for parcels within the district that were erroneously overbilled in prior years.
- Annual Assessments imposed for 2016, which were to be collected in 2017 were to equal \$567,707.54. However, according to the Porter County Auditor, the amount of Annual Assessments imposed for 2016 was equal to \$620,331.04. That being said, the difference of \$52,623.50 will be provided as a credit against the Annual Assessments to be imposed in 2018 for collection in 2019 for parcels that were overbilled for the Annual Assessments imposed in 2016. According to Porter County Auditor, as of June 19, 2018, of the \$620,331.04 imposed for 2016 an amount of \$616,848.57 has been collected, representing 99.44 percent of the amount imposed for 2016.
- Annual Assessments imposed in 2017, which are to be collected in 2018, equal \$471,026.04. As of June 19, 2018, the Porter County Auditor's Office reports, \$236,159.71 of the first half installment and a portion of the second half installment of the Annual Assessments imposed for 2017 (collected in 2018) have been collected, representing 50.14 percent of the total due. It is anticipated that the balance of \$234,866.33 will be collected with the second half installment of assessments.
- As of June 30, 2018, the outstanding principal amount of the Series 2005 Bonds was \$5,511,000.00.
- According to the City of Portage Building Department, 117 building permits were issued for residential units in the City for fiscal year 2018 and the total estimated construction value of the permits was equal to \$17,997,910.00.
- According to the Porter County Auditor's Office, ad valorem real property taxes to be collected in 2017 for the City of Portage were equal to \$16,997,231.00. According to the Porter County Auditor's Office, annual ad valorem taxes in the amount of \$15,889,183.09 have been collected for 2017, representing 93.48 percent of the total amount to be collected.

- According to the Porter County Auditor's Office, ad valorem real property taxes to be collected in 2017 for Porter County were equal to \$40,604,349.00. According to Porter County Auditor's Office, annual ad valorem taxes in the amount of \$39,731,897.80 have been collected for 2017, representing 97.84 percent of the total amount to be collected.
- According to the Porter County 2017 Budget Order, the 2017 assessed value of property within Porter County was \$9,260,740,605.00, which is a 3.39 percent increase from the 2016 assessed value of property within Porter County for 2016.
- According to Porter County 2017 Budget Order, the 2017 assessed value of property within the City of Portage was \$1,397,109,254.00, which is a 2.53 percent increase from the assessed value of property within the City of Portage for 2016.
- According to the Porter County Auditor's Office, the 2017 total ad valorem tax rates for the City of Portage was 2.9716 per \$100 of assessed value, which is 0.02 percent decrease from 2016.
- According to the Porter County Auditor's Office, the 2017 corporate ad valorem tax rates for the City of Portage was 1.2166 per \$100 of assessed value, which is a 0.46 percent increase from 2016.

## **II. INTRODUCTION**

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The Series 2005 Special Improvement District Bonds were issued by the Portage Redevelopment Commission (the “Issuer”) under the name of the City of Portage, Indiana (the “City”), pursuant to (i) Indiana Code 36-7-21-1, et seq. (the “Act”); (ii) Resolution No. 05-04 of the Issuer adopted on August 24, 2005 (the “Bond Resolution”) providing for the issuance of the bonds; (iii) Resolution No. 10 of the Common Council adopted on October 4, 2005 approving the creation of the City of Portage Marina Shores Special Improvement District (the “District”) and the issuance of the bonds by the Issuer; and (iv) the Trust Indenture between the Issuer and Wells Fargo Bank, National Association, as trustee, dated as of October 1, 2005 (the “Indenture”).

According to the Limited Offering Memorandum, the District consists of approximately 66 acres of land located on the south side of Dunes Highway and the east side of Stagecoach Road in the City of Portage, Porter County, Indiana. The District is commonly known as the Marina Shores Development Area. The development is expected to include single-family lots, residential condominiums, marina slips and a clubhouse/office.

The District was owned and was being developed by Dune Harbor, LLC (the “Former Developer”). The Former Developer was expected to develop the District in two phases, which consisted of 61 single-family lots, 368 residential condominiums, 302 marina slips and a clubhouse/office. On January 30, 2014, the Former Developer (Brant Co) informed the Administrator that all of the properties within the Marina Shores Special Improvement District had been sold to Capital VI, LLC (the “Current Developer”) on October 18, 2013.

Pursuant to the Limited Offering Memorandum, Special Improvement District Bonds (Series 2005) in the amount of \$7,620,000.00 were sold to finance public improvements to serve the property located within the Special Improvement District.

The information in this report on development activity was provided by the Current Developer and is believed to be accurate; however, no effort has been made to independently verify the information.

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 June 30, 2018, 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**

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#### **A. OVERVIEW**

According to the Limited Offering Memorandum, the District is being developed as an upscale, private gated residential community in two phases. The first phase of Marina Shores at Dune Harbor consists of approximately 51 acres and is expected to include 61 single family lots on the western portion of the property, 164 multi-family dwellings on the north side of the marina, 255 marina slips, a yacht club, and a fuel dock ("Phase I"). The second phase of the development consists of approximately fifteen acres and is expected to include 204 multi-family dwellings on the south side of the marina, an additional 47 marina slips, and open space along the Burns Waterway ("Phase II"). As of July 27, 2017, the Current Developer reports Phase II of the development will be privately funded. As a result, the Current Developer does not anticipate issuing additional bonds to fund the Phase II public improvements. As of July 27, 2018, the Current Developer has given no indication of a date set for the completion of the Phase II development.

#### **B. GOVERNMENT APPROVALS**

According to the Limited Offering Memorandum, at the time the Series 2005 Bonds were issued, the City had adopted ordinances approving the Preliminary Plat Subdivision for the project, the Final Engineering Plans, and approval of the Final Plat of Subdivision. Final plat had been approved and recorded as required by the covenants regarding the District zoning contained in the Agreement for Public Improvements. The developer had applied for all permits necessary to construct the public improvements and the other improvements that make up the project.

Previously the Current Developer reports that 230 lots have been platted within the District. The Developer has received approval for splitting the previous 2-12 lots into two parcels per lot. According to the Current Developer, 22 lots will remain in the plan, lot 13 will be removed from the Development plan.

#### **C. STATUS OF PUBLIC IMPROVEMENTS**

According to the Limited Offering Memorandum, the final development plan provides that utility services to the site would be provided by the appropriate utility company. A 16-inch water main was available for tie-in of the proposed water mains. Sanitary sewers and a sanitary lift station were expected to be provided for the site; the lift station was anticipated to pump via a force main to an existing pump station located on the north side of Route 12 and east of Burns Waterway. The existing pump station had been designed to accommodate the flow from the proposed site. A storm sewer was expected to discharge directly into the proposed marina, after being routed through a filtration area. It was anticipated that the sanitary sewers, pump station, force main and easements would be dedicated to the City of Portage.

As of June 30, 2018 and as previously reported, the Current Developer reports that the public improvements are complete. The Current Developer also reports that \$5,779,922.00 had been expended for the construction of the public improvements. The Current Developer completed the public improvements under budget and filed a Certificate of Completion with the original trustee on October 29, 2007, pursuant to Section 7.3 of the Trust Indenture. Table III-1 on the following page shows the public improvements, the original budget, budget changes, the revised budget and the amount spent by line item as previously reported by the Current Developer.

**Table III-1**  
**Status of Public Improvements**

<b>Public Improvement</b>	<b>Original Budget</b>	<b>Budget Changes</b>	<b>Revised Budget</b>	<b>Spent to Date</b>	<b>Percent Complete</b>
Land	\$240,876	\$0	\$240,876	\$240,876	100%
Mobilization	\$12,534	\$0	\$12,534	\$12,534	100%
Tree Clearing	\$7,546	\$0	\$7,546	\$7,546	100%
Storm & Sanitary Sewers	\$1,378,165	\$0	\$1,378,165	\$1,378,165	100%
Entryway Excavation	\$13,200	\$0	\$13,200	\$13,200	100%
Excavation	\$28,779	\$0	\$28,779	\$28,779	100%
Architectural & Engineering	\$39,766	\$0	\$39,766	\$39,766	100%
Revetment at River	\$78,000	\$0	\$78,000	\$78,000	100%
U.S. Rte 12 Improvements	\$115,000	\$0	\$115,000	\$115,000	100%
Landscaping	\$152,391	\$0	\$152,391	\$152,391	100%
Curbs	\$58,231	\$0	\$58,231	\$58,231	100%
Asphalt	\$164,517	\$0	\$164,517	\$164,517	100%
Street Lighting	\$92,273	\$0	\$92,273	\$92,273	100%
Entrance Monument	\$60,000	\$0	\$60,000	\$60,000	100%
Fencing	\$115,000	\$0	\$115,000	\$115,000	100%
Pond/Stream at Harbor	\$65,000	(\$65,000)	\$0	\$0	0%
Marina	\$2,973,684	\$65,000	\$3,038,684	\$3,038,684	100%
Construction Management Fee	\$115,811	\$0	\$115,811	\$115,811	100%
Contingency	\$69,149	\$0	\$69,149	\$69,149	100%
<b>Total</b>	<b>\$5,779,922</b>	<b>\$0</b>	<b>\$5,779,922</b>	<b>\$5,779,922</b>	<b>100%</b>

**D. STATUS OF DEVELOPMENT**

As of June 30, 2018, the Current Developer reports that 45 building permits have been issued and 37 residential units and 255 marina slips have been constructed. According to the Current Developer, all of the 255 completed marina slips are currently being leased for the 2018 boating season. As of June 30, 2018, the Current Developer reports that the restaurant renewed their lease for an additional five years on September 30, 2017. Table III-2 on the following page shows the anticipated number of units, the number of units platted, the number of building permits issued and the number of units constructed by residential product type, as reported by the Current Developer, as of June 30, 2018.

**Table III-2**  
**Status of Construction**

Residential Unit Type	Unit Type	Planned Number of Units				Units Platted	Building Permits Issued	Units and Slips Under Construction
		Original Phase I	Revised Phase I	Phase II	Total			
Single-Family Lots	Admiral Lots	5	5	0	5	5	2	0
	Estate Lots	16	4	0	4	4	2	2
	Estate Lot- Villas	0	22	0	22	22	0	0
	Cottage Home Lots	40	40	0	40	40	11	7
Condominiums	Harbor Pointe	28	23	36	59	23	14	12
	Bayshore	88	88	40	128	88	16	16
	Williamsport	48	48	128	176	48	0	0
Marina	Marina slips	255	255	47	302	0	N/A	255
<b>Total</b>		<b>480</b>	<b>485</b>	<b>251</b>	<b>736</b>	<b>230</b>	<b>45</b>	<b>292</b>

**E. STATUS OF SALES**

The Current Developer reports that 36 homes/lots have been sold and closed on as of June 30, 2018. Table III-3 on the following page provides a list of the number of homes sold and closed by residential product type, as reported by the Current Developer, as of July 30, 2018.

**Table III-3**  
**Home Construction and Sales**

Residential Unit Type	Unit Type	Phase I Total Units	Number of Homes/Lots Sold	Number of Homes/Lots Closed
Single-Family Lots	Admiral Lots	5	2	2
	Estate Lots	26	2	2
	Cottage Home Lots	40	8	8
Condominiums	Harbor Pointe Lots	23	11	11
	Bayshore Lots	88	13	13
	Williamsport Lots	48	0	0
Marina	Marina slips	255	N/A	N/A
<b>Total</b>		<b>485</b>	<b>36</b>	<b>36</b>

**F. STATUS OF FINANCING**

As of the date of this report, the Current Developer has not provided any information on loans secured by the development, if any.



#### IV. TRUSTEE ACCOUNTS

The Trustee for the Series 2005 Bonds is Manufacturers and Traders Trust Company (the “Trustee”). The balances as of June 30, 2017, investment income, additional proceeds, disbursements, and account balances for each fund as of June 30, 2018, are shown by the following table.

**Table IV-1**  
**Account Balances**

Fund	Balance 06/30/17	Investment Income	Additional Proceeds	Disburse- ments	Balance 06/30/18
Bond and Interest Fund	\$1,224,189	\$9,471	\$629,582	\$1,437,315	\$425,927
Reserve Fund	\$123,987	\$1,080	\$0	\$0	\$125,067
Administrative Expense Fund	\$54,914	\$377	\$0	\$24,891	\$30,400
<b>Total</b>	<b>\$1,403,090</b>	<b>\$10,928</b>	<b>\$629,582</b>	<b>\$1,462,206</b>	<b>\$581,394</b>

- Additional proceeds to the Bond and Interest Fund represent annual assessment collections received from the City of Portage and used to pay debt service.
- Disbursements from the Administrative Expense Fund represents the payments of Administrative Expenses.

Bond proceeds are invested in Federated Government Obligations Funds are currently earning approximately 1.38 percent per annum. Table IV-2 below shows the rate of return on the funds and accounts held by the Trustee as of June 30, 2018.

According to the Indenture of Trust dated October 1, 2005, all interest and other investment earnings on the Bond and Interest Fund shall become, when received, a part of the Bond and Interest Fund and shall be used solely for the purpose of paying the principal of and interest and redemption premium on the bonds. Investment income in the Reserve Fund will be made available, first, to pay principal of and interest on the Series 2005 Bonds as the same become due at any time when there are insufficient funds available for such purpose in the Bond and Interest Fund; and second, applied to the payment of debt service. Investment earnings on amounts on deposit in the Administrative Expense Fund after September 1, 2007 will be retained in the Administrative Expense Fund and be used to pay administrative expenses.

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

Account	Rate of Return
Bond and Interest Fund	1.38%
Reserve Fund	1.38%
Administrative Expense Fund	1.38%

## V. *DISTRICT OPERATIONS*

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The information provided in this section is taken from the annual assessment report for the Marina Shores Special Improvement District dated November 27, 2017. The information herein reflects information available as of the same date and may not contain the most updated information regarding special assessment collections, delinquencies, deferrals of debt service payments or other updates to the expected debt service on the Series 2005 Bonds as of the date of this annual continuing disclosure report.

### A. ANNUAL ASSESSMENT

The Annual Assessment is the portion of the Assessment due to be collected and payable each year and is an amount equal to the Annual Assessment as shown on the Assessment Roll less the Annual Credit. The Annual Assessment is the amount due and payable from the Assessed Property each year. The Annual Credit is described in the next section.

#### *Annual Credit*

The Annual Credit for each year is equal to the Annual Assessment less the Annual Revenue Requirement.

#### *Annual Revenue Requirement*

The Annual Revenue Requirement is defined as follows:

For any year, the sum of the following, (1) regularly scheduled debt service on the bonds to be paid from the Annual Assessments; (2) periodic costs associated with such bonds, including but not limited to rebate payments and credit enhancements on the bonds; (3) administrative expenses equal to five percent of (1) and (2) above; less (a) any credits applied under the bond indenture, such as interest earnings on any account balances or surplus revenues from the previous year, and (b) any other funds available to the district that may be applied to the Annual Revenue Requirement.

Table V-1 provides a summary of the Annual Revenue Requirement for collection in 2018. Each of these numbers is explained in the following sections. Annual assessments of \$565,828.00 are to be imposed in 2017 for collection in 2018 in order to meet the Annual Revenue Requirement.

**Table V-1**  
**Annual Revenue Requirement**

Interest payment on September 1, 2018	\$175,663
Interest payment on March 1, 2019	\$175,663
Principal payment on March 1, 2019	\$189,000
Subtotal annual payments	\$540,326
Administrative expenses	\$27,017
<i>Subtotal expenses</i>	\$567,343
Reserve Fund investment income	\$0
Surplus from prior year	(\$1,515)
<i>Subtotal funds available</i>	(\$1,515)
<b>Annual Revenue Requirement</b>	<b>\$565,828</b>

### *Debt Service*

Regularly scheduled debt service includes the semi-annual interest payments due on September 1, 2018 and March 1, 2019. Each semi-annual interest payment on the bonds is \$175,663.13 and represents interest at an annual coupon of 6.375 percent on bonds of \$5,511,000.00. (Please note that the outstanding Series 2005 Bonds were redeemed with an additional \$557,000.00 on March 1, 2015 with surplus funds associated with the late payment of Annual Assessments.) There is a principal payment of \$189,000.00 on the bonds due on March 1, 2019. As a result, total debt service is \$540,326.25 for 2018.

### *Administrative Expenses*

Administrative expenses are equal to five percent of regularly scheduled debt service on the bonds to be paid from the Annual Assessments and periodic costs associated with such bonds, including but not limited to rebate payments and credit enhancements on the bonds. As a result, total administrative expenses for 2018 are estimated to be \$27,016.31.

### *Reserve Fund Investment Income*

As of August 31, 2017, the balance in the Reserve Fund was \$124,104.51. The Reserve Requirement is equal to \$555,398.75. Pursuant to Section 1.2 of the Trust Indenture, the Reserve Requirement is equal to the maximum annual debt service on the Series 2005 Bonds. Draws on the Reserve Fund were made to pay debt service on March 1, 2009 and September 1, 2009. As a result, there is currently a \$431,294.24 shortfall in the Reserve Fund. Pursuant to correspondence between the current bondholder and trustee dated May 1, 2014, the bondholder has elected not to replenish the Reserve Fund up to the Reserve Requirement.

Bond proceeds in the Reserve Fund are invested in a Federated Government Obligation Money Market Fund currently earning 0.42 percent per annum as of August 31, 2017. The yield on the bond proceeds in the Reserve Fund will result in estimated annual investment income of \$521.24 from March 1, 2018 through March 1, 2019. According to Section 7.2 of the Trust Indenture, on the business day proceeding each semi-annual interest payment date on the bonds, moneys in the Reserve Fund in excess of the Reserve Requirement shall be transferred by the trustee from the Reserve Fund to the Capitalized Interest Account of the Bond and Interest Fund on or prior to September 1, 2007 and thereafter to the Bond and Interest Fund to be used to pay interest on the bonds on the next following debt service date. However, as a result of the previous draws on the Reserve Fund, investment income earned from March 1, 2018 through March 1, 2019 will remain in the fund and be used to replenish the Reserve Requirement.

### *Surplus from the Prior Year*

The estimated surplus from the prior year that may be applied to reduce the Annual Revenue Requirement is shown in Table B on the following page. As of August 31, 2017, the available balance in the Bond and Interest Account and the total balance in the Administrative Expense Fund were \$541,630.32 and \$53,1.28, respectively. A portion of these funds are to be made available to pay debt service due on September 1, 2017 and March 1, 2018 and pay the remaining administrative expenses for 2017.

As of September 29, 2017, the Porter County Auditor reports that \$7,402,308.79 in Annual Assessments and penalties associated with late payments have been collected and remitted to the trustee. Of this amount, \$6,064,771.00 represents Annual Assessments, \$1,242,176.68 represents penalties associated with late payments and \$94,801.56 represents overcollections due to various billing errors made by the County. As of July 28, 2017, the Porter County Auditor reports that Annual Assessments

billed for 2015 in the amount of \$8,360.55 are delinquent. As of June 19, 2017, the Porter County Auditor reports that Annual Assessments billed for 2016 in the amount of \$306,173.31 remain outstanding.

The Administrator has determined that Annual Assessments and penalties associated with late payments in the amount of \$94,801.56 in excess of the Annual Assessment Requirement due to various billing errors made by the County. To correct these errors, funds currently on deposit in the Bond and Interest Fund in the amount of \$94,801.56 will be used to provide a credit to the parcels that were erroneously overbilled in prior years. The credit for each parcel is equal to the aggregate difference between the amount to be billed per the Annual Assessment Levy Reports and the amounts actually billed by the County in 2010 to 2015. The Administrator anticipates that an additional credit will need to be provided for the overbilling of 2016 Annual Assessments. In addition, a refund totaling \$17,586.40 will be provided to tax parcel number 64-02-36-152.000-016, which is an outparcel classified as Non-Benefited Property that was erroneously billed in 2010 and 2011. The Administrator will instruct the trustee to provide a refund to the property owner of tax parcel number 64-02-36-152-010.000-016. This refund represents both Annual Assessments and penalties collected from this parcel for each year.

Pursuant to Section 4.2 of the Trust Indenture, the Series 2005 Bonds are subject to optional redemption prior to maturity at the option of the Issuer, in whole or in part, in thousand dollar increments on any date on or after March 1, 2017. It is anticipated that surplus funds associated the late payment of Annual Assessments in the amount of \$885,000.00 will be used to redeem bonds on March 1, 2018.

As mentioned above, as of August 31, 2017, the balance in the Reserve Fund was \$124,104.51, which is less than the Reserve Requirement of \$555,398.75. The balance in the Reserve Fund is invested in a Federated Government Obligation Money Market Fund currently earning 0.42 percent per annum as of August 31, 2017. The yield on the bond proceeds in the Reserve Fund will result in estimated annual investment income of \$260.62 from August 31, 2017 through March 1, 2018. As a result of the previous draws on the Reserve Fund, investment income earned on the Reserve Fund through March 1, 2018 will remain in the fund and be used to replenish the Reserve Requirement.

**Table V-2**  
**Surplus from Prior Year**

Prior year annual assessments collected to be remitted from the county	\$0
Available Bond and Interest Account balance as of August 31, 2017	(\$542,190)
Administrative Expense Fund balance as of August 31, 2017	(\$53,120)
Available Reserve Fund investment income at August 31, 2017	\$0
Estimated Reserve Fund investment income through March 1, 2018	\$0
<i>Available funds</i>	<i>(\$595,310)</i>
Interest payment due on September 1, 2017	\$181,337
Interest payment due on March 1, 2018	\$181,337
Principal payment on March 1, 2018	\$178,000
<i>Subtotal debt service</i>	<i>\$359,337</i>
Estimated special assessment refund	\$540,674
Estimated administrative expenses	\$53,120
<i>Subtotal estimated expenses</i>	<i>\$593,794</i>
<b>Surplus from prior year</b>	<b>(\$1,516)</b>

Debt service includes the semi-annual interest payment due on September 1, 2017 and semi-annual interest payment and principal payment due on March 1, 2018. The semi-annual interest payments

on the bonds are \$181,336.88 each and represent interest at an annual coupon of 6.375 percent on bonds of \$5,689,000.00. There is a principal payment of \$178,000.00 on the bonds due on March 1, 2018. As a result, total debt service is \$540,637.75 for 2017.

The budget for administrative expenses for 2017 was \$27,033.69. As of August 31, 2017, administrative expenses totaling \$3,197.50 had been paid to the Administrator. In order to maintain an available amount sufficient to pay future anticipated administrative expenses as they are incurred, an amount equal to \$53,119.28 is to be set aside in the Administrative Expense Fund. A portion of these funds will be used to pay the balance of administrative expenses for 2017 and the anticipated administrative expenses for future years.

As shown in Table V-2 above, estimated total expenses remaining for 2017 are equal to \$593,794.03. The total amount of funds available to pay the expenses is equal to \$595,310.22. As a result, there is an estimated surplus of \$1,515.17 that may be made available to reduce the Annual Revenue Requirement for 2018.

*Summary Annual Credit*

The Annual Credit for each year is equal to the Annual Assessment less the Annual Revenue Requirement. A summary of the Annual Credit is shown in table V-3 below.

**Table V-3  
Summary Annual Credit**

	<b>Annual Credit</b>
Annual Assessment on the Series 2005 Bonds	\$567,342
Less: Annual Revenue Requirement	\$565,827
<b>Annual Credit</b>	<b>\$1,515</b>

*Summary Annual Assessment to be Collected*

The Annual Assessment to be collected each year is equal to the Annual Assessment less the Annual Credit which is equal to \$565,827.25. However, due to the county's billing error, as further described above, \$94,801.56 is being applied as a credit against the 2018 Annual Assessment. As a result, the total amount of Annual Assessments to be collected in 2018 is equal to \$471,025.69 (\$565,827.25 – \$94,801.56 = \$471,025.69). A summary of the Annual Assessment to be collected is shown in Table V-4 below.

**Table V-4  
Summary Annual Assessment to be Collected**

	<b>Annual Assessment</b>
Annual Assessment on the Series 2005 Bonds	\$567,342
Less: Billing Error Credit	\$94,801
Less: Annual Credit	\$1,515
<b>Annual Assessment to be Collected</b>	<b>\$471,026</b>

## B. DELINQUENT ANNUAL ASSESSMENTS

As of September 29, 2017, the Porter County Auditor's Office reported the following collections of for annual assessment imposed in 2014 and 2015.

**Table V-5**  
**Annual Assessment Collections**

<b>Year</b>	<b>Levied</b>	<b>Collected</b>	<b>Percent</b>
2014-2015	\$620,331	\$617,833	99.60%
2015-2016	\$620,331	\$613,029	98.82%
<b>Total</b>	<b>\$1,240,662</b>	<b>\$1,230,862</b>	

Annual Assessments in the amount of \$567,336.75 were to be imposed in 2015 for collection in 2016. However, according to the Porter County Auditor, Annual Assessments in the amount of \$620,331.04 were imposed. As further described below, the administrator and Porter County Auditor analyzed the billing errors for several collection periods and determined the difference in what was actually imposed versus what should have been imposed would be provided as a credit to the parcels within the district.

As of September 29, 2017, the Porter County Auditor reports that \$7,402,308.79 in Annual Assessments and penalties associated with late payments have been collected and remitted to the trustee. Of this amount \$6,064,771.00 represents Annual Assessments, \$1,242,176.68 represents penalties associated with late payments and \$94,801.56 represents overcollections due to various billing errors made by the County. The amount of overcollections of \$94,801.56 was provided as a credit against the Annual Assessments to be collected in 2018 for parcels within the district that were erroneously overbilled in prior years.

Annual Assessments imposed for 2016, which were to be collected in 2017 were to equal \$567,707.54. However, according to the Porter County Auditor, the amount of Annual Assessments imposed for 2016 was equal to \$620,331.04. That being said, the difference of \$52,623.50 will be provided as a credit against the Annual Assessments to be imposed in 2018 for collection in 2019 for parcels that were overbilled for the Annual Assessments imposed in 2016. According to Porter County Auditor, as of June 19, 2018, of the \$620,331.04 imposed for 2016 an amount of \$616,848.57 has been collected, representing 99.44 percent of the amount imposed for 2016.

Annual Assessments imposed in 2017, which are to be collected in 2018, equal \$471,026.04. As of June 19, 2018, the Porter County Auditor's Office reports, \$236,159.71 of the first half installment and a portion of the second half installment of the Annual Assessments imposed for 2017 (collected in 2018) have been collected, representing 50.14 percent of the total due. It is anticipated that the balance of \$234,866.33 will be collected with the second half installment of assessments.

## C. COLLECTION EFFORTS

According to the Porter County Auditor, there are no collection efforts underway for delinquent Annual Assessments, as this time.

## **VI. *DISTRICT FINANCIAL INFORMATION***

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The information provided in this section is intended to meet the requirements for the annual report as provided for in Section (5) 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 June 30, 2018, unless otherwise stated.

### **A. FINANCIAL STATEMENTS**

The fiscal year 2017 audited financial statements for the City of Portage are expected to be completed in late 2019 or early 2020 and will be provided under separate cover when made available by the City.

### **B. DEBT SERVICE REQUIREMENTS**

Table VI-1 on the following page provides the debt service schedule for the Series 2005 Bonds, assuming no other redemptions other than mandatory sinking fund redemptions are made. As of June 30, 2018, the outstanding principal amount of the Series 2005 Bonds was \$5,511,000.00.

**Table VI-1**  
**Debt Service Schedule<sup>1</sup>**

<b>Bond Year Ending (March 1)</b>	<b>Principal</b>	<b>Interest</b>	<b>Annual Debt Service</b>
2006	\$0	\$160,576	\$160,576
2007	\$0	\$485,775	\$485,775
2008	\$105,000	\$485,775	\$590,775
2009	\$111,000	\$479,081	\$590,081
2010	\$118,000	\$472,005	\$590,005
2011	\$126,000	\$464,482	\$590,482
2012	\$134,000	\$456,450	\$590,450
2013	\$143,000	\$447,908	\$590,908
2014	\$152,000	\$438,791	\$590,791
2015	\$161,000	\$429,101	\$590,101
2016	\$157,000	\$383,329	\$540,329
2017	\$167,000	\$373,320	\$540,320
2018	\$178,000	\$362,674	\$540,674
2019	\$189,000	\$351,326	\$540,326
2020	\$201,000	\$339,278	\$540,278
2021	\$214,000	\$326,464	\$540,464
2022	\$228,000	\$312,821	\$540,821
2023	\$242,000	\$298,286	\$540,286
2024	\$257,000	\$282,859	\$539,859
2025	\$274,000	\$266,475	\$540,475
2026	\$291,000	\$249,008	\$540,008
2027	\$310,000	\$230,456	\$540,456
2028	\$329,000	\$210,694	\$539,694
2029	\$351,000	\$189,720	\$540,720
2030	\$373,000	\$167,344	\$540,344
2031	\$396,000	\$143,565	\$539,565
2032	\$422,000	\$118,320	\$540,320
2033	\$448,000	\$91,418	\$539,418
2034	\$478,000	\$62,858	\$540,858
2035	\$508,000	\$32,385	\$540,385
<b>Total</b>	<b>\$6,729,000</b>	<b>\$7,029,332</b>	<b>\$13,758,332</b>

<sup>1</sup>Represents the revised debt service schedule as of March 1, 2015.

Table VI-2 on the following page sets forth the expected Assessments and debt service coverage for the Bonds. For bond years 2006 through 2019, Administrative Expenses and reserve fund investment income represent budgeted figures. As of June 30, 2018, the outstanding principal amount of the Series 2005 Bonds was \$5,511,000.00.



**Table VI-2**  
**Expected Assessments and Debt Service Schedule<sup>1</sup>**

<b>Bond Year Ending (March 1)</b>	<b>Annual Debt Service</b>	<b>Admin Expense</b>	<b>Total Annual Obligations</b>	<b>Maximum Assessment<sup>3</sup></b>	<b>Reserve Fund Income</b>	<b>Total Available Revenue</b>	<b>Maximum Coverage</b>	<b>Gross Coverage</b>	<b>Net Coverage</b>
2006	\$160,576	\$20,000	\$180,576	\$189,604	\$17,727	\$207,331	–	–	–
2007	\$485,775	\$20,400	\$506,175	\$531,484	\$17,727	\$549,211	1.13	1.09	1.09
2008	\$590,775	\$47,954 <sup>2</sup>	\$638,729	\$609,001	\$29,727	\$638,728	1.08	1.03	1.00
2009	\$590,081	\$59,631 <sup>2</sup>	\$649,712	\$619,513	\$30,200	\$649,713	1.10	1.05	1.00
2010	\$590,005	\$29,500	\$619,505	\$619,505	\$0	\$619,505	1.05	1.05	1.00
2011	\$590,482	\$29,524	\$620,006	\$620,007	\$0	\$620,007	1.05	1.05	1.00
2012	\$590,450	\$29,523	\$619,973	\$619,973	\$0	\$619,973	1.05	1.05	1.00
2013	\$590,908	\$29,545	\$620,453	\$620,453	\$0	\$620,453	1.05	1.05	1.00
2014	\$590,791	\$29,540	\$620,331	\$620,331	\$0	\$620,331	1.05	1.05	1.00
2015	\$590,101	\$29,505	\$619,606	\$619,606	\$0	\$619,606	1.05	1.05	1.00
2016	\$540,329	\$27,016	\$567,345	\$566,972	\$12	\$566,960	1.05	1.05	1.00
2017	\$540,320	\$27,016	\$567,336	\$567,336	\$0	\$567,336	1.05	1.05	1.00
2018	\$540,674	\$27,034	\$567,708	\$567,707	\$0	\$567,707	1.05	1.05	1.00
2019	\$540,326	\$27,016	\$567,343	\$471,026	\$0	\$471,026	0.87	0.87	0.83
2020	\$540,278	\$27,014	\$567,291	\$567,291	\$0	\$567,291	1.05	1.05	1.00
2021	\$540,464	\$27,023	\$567,487	\$567,487	\$0	\$567,487	1.05	1.05	1.00
2022	\$540,821	\$27,041	\$567,862	\$567,862	\$0	\$567,862	1.05	1.05	1.00
2023	\$540,286	\$27,014	\$567,301	\$567,301	\$0	\$567,301	1.05	1.05	1.00
2024	\$539,859	\$26,993	\$566,852	\$566,852	\$0	\$566,852	1.05	1.05	1.00
2025	\$540,475	\$27,024	\$567,499	\$567,499	\$0	\$567,499	1.05	1.05	1.00
2026	\$540,008	\$27,000	\$567,008	\$567,008	\$0	\$567,008	1.05	1.05	1.00
2027	\$540,456	\$27,023	\$567,479	\$567,479	\$0	\$567,479	1.05	1.05	1.00
2028	\$539,694	\$26,985	\$566,678	\$566,678	\$0	\$566,678	1.05	1.05	1.00
2029	\$540,720	\$27,036	\$567,756	\$567,756	\$0	\$567,756	1.05	1.05	1.00
2030	\$540,344	\$27,017	\$567,361	\$567,361	\$0	\$567,361	1.05	1.05	1.00
2031	\$539,565	\$26,978	\$566,543	\$566,543	\$0	\$566,543	1.05	1.05	1.00
2032	\$540,320	\$27,016	\$567,336	\$567,336	\$0	\$567,336	1.05	1.05	1.00
2033	\$539,418	\$26,971	\$566,388	\$566,388	\$0	\$566,388	1.05	1.05	1.00
2034	\$540,858	\$27,043	\$567,900	\$567,900	\$0	\$567,900	1.05	1.05	1.00
2035	\$540,385	\$27,019	\$567,404	\$567,404	\$0	\$567,404	1.05	1.05	1.00

<sup>1</sup>Amounts shown for Bond Years 2006 through 2019 represent budgeted figures as outlined in the Annual Assessment Reports.

<sup>2</sup>Amounts shown include the budgeted contingency.

<sup>3</sup>Maximum assessments for years 2006 through 2019 represent the maximum annual assessment plus the annual credit for the respective bond year. The maximum assessment for bond year 2019 represents the maximum annual assessment less the annual credit and billing error credit. It is expected that debt service for bond year 2019 will be paid with annual assessments imposed for 2017 and with funds currently in deposit in the Bond and Interest Fund.

**C. SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**

Table VI-3 below sets forth a statement of general ad valorem taxes based on the collection year 2017 rates that would be expected to be assessed against the single-family lots, residential condominiums and marina slips in the District based on the assessed value for such properties. According to the Porter County Auditor’s Office, the 2017 estimated ad valorem property tax rate for the development is 2.9716 mills (\$2.9716 per \$100 of assessed value). As such, figures in Table VI-3 represent estimates for ad valorem property tax rates. (Please note: the assessed value is estimated to be 100.00 percent of the market value of the parcels.)

**Table VI-3  
Comparative Ad Valorem Tax Rates  
Collection Year 2017**

<b>City of Portage</b>	<b>Marina Facility</b>	<b>Single-Family Estate Lots</b>	<b>Single-Family Waterfront Lots<sup>2</sup></b>	<b>Cottage Homes</b>	<b>Harbor Pointe Condos</b>	<b>Williamsport Condos</b>	<b>Bayshore Condos</b>
Market Value <sup>1</sup>	\$768,800	\$411,600	\$330,400	\$342,800	\$265,200	\$26,138	\$163,200
Assessed Value	\$768,800	\$411,600	\$330,400	\$342,800	\$265,200	\$26,138	\$163,200
Porter County	0.4385	0.4385	0.4385	0.4385	0.4385	0.4385	0.4385
Airport	0.0079	0.0079	0.0079	0.0079	0.0079	0.0079	0.0079
Portage Township	0.3656	0.3656	0.3656	0.3656	0.3656	0.3656	0.3656
Portage Schools	0.8755	0.8755	0.8755	0.8755	0.8755	0.8755	0.8755
Library	0.0675	0.0675	0.0675	0.0675	0.0675	0.0675	0.0675
Corporation	1.2166	1.2166	1.2166	1.2166	1.2166	1.2166	1.2166
<b>Total Gross Rate</b>	<b>2.9716</b>	<b>2.9716</b>	<b>2.9716</b>	<b>2.9716</b>	<b>2.9716</b>	<b>2.9716</b>	<b>2.9716</b>
<b>Estimated Ad Valorem Tax</b>	<b>\$22,846</b>	<b>\$12,231</b>	<b>\$9,818</b>	<b>\$10,187</b>	<b>\$7,881</b>	<b>\$777</b>	<b>\$4,850</b>

Source: Porter County Auditor’s Office and the City of Portage Assessor’s Office

<sup>1</sup>Market values for each property classification represent the highest market value for that classification. Market values for individual units vary.

<sup>2</sup>Represents undeveloped lots in the District.

**D. BUILDING PERMITS**

Table VI-4 on the following page shows the number and estimated construction value of building permits issued by the City of Portage from 2005 to 2017. According to the City of Portage Building Department, 117 residential building permits were issued in the City for fiscal year 2018. The total estimated construction value of the permits was equal to \$17,997,910.00 for fiscal year 2018.

**Table VI-4**  
**City Building Permits**

<b>Year</b>	<b>Number of Permits</b>	<b>Value</b>
2005	245	\$34,110,163
2006	204	\$31,619,232
2007	108	\$21,997,775
2008	36	\$4,462,292
2009	33	\$4,598,564
2010	13	\$1,932,045
2011	9	\$1,259,456
2012	28	\$1,078,613
2013	20	\$2,475,800
2014	29	\$4,583,156
2015	22	\$4,265,220
2016	83	\$13,536,613
2017	117	\$17,997,910

*Source: City of Portage Building Department*

**E. RECORD OF TAXES LEVIED AND COLLECTED**

According to the Porter County Auditor's Office, ad valorem real property taxes to be collected in 2017 for the City of Portage were equal to \$16,997,231.00. The 2017 ad valorem real property taxes were due on May 10<sup>th</sup> and November 10<sup>th</sup> of 2017. Based on the tax distribution summaries available from the Porter County Auditor's Office, annual ad valorem taxes in the amount of \$15,889,183.09 have been collected for 2017, representing 93.48 percent of the total amount to be collected.

According to the Porter County Auditor's Office, ad valorem real property taxes to be collected in 2017 for Porter County were equal to \$40,908,349.00. Based on the tax distribution summaries available from the Porter County Auditor's Office, annual ad valorem taxes in the amount of \$39,731,897.80 have been collected for 2017, representing 97.84 percent of the total amount to be collected.

Table VI-5 below shows the record of property taxes imposed in 2016 for collection in 2017 in the City of Portage and Porter County.

**Table VI-5**  
**2017 Ad Valorem Real Property Taxes Levied and Collected**

<b>Area</b>	<b>Levied</b>	<b>Collected</b>	<b>Percent</b>
City of Portage	\$16,997,231.00	15,889,183.09	93.48%
Porter County	\$40,608,349.00	39,731,897.80	97.84%

*Source: Porter County Auditor's Office*

**F. ASSESSED VALUE**

Table VI-6 on the following page shows the assessed value of property in Porter County and the City of Portage from 2005 to 2017. According to the Porter County 2017 Budget Order, the 2017 assessed value of property within Porter County was \$9,260,740,605.00. According to the 2017 Budget Order, the 2017 assessed value of property within the City of Portage was \$1,397,109,254. The 2016 assessed values for Porter County and the City of Portage were \$8,956,801,745.00 and \$1,362,628,398.00, respectively.

Accordingly, the assessed values of taxable property within Porter County and the City of Portage increased by 3.39 percent and 2.53 percent, respectively, from 2016 to 2017.

**Table VI-6**  
**Assessed Values**

<b>Payable Year</b>	<b>Porter County</b>	<b>City of Portage</b>
2017	\$9,260,740,605	\$1,397,109,254
2016	\$8,956,801,745	\$1,362,628,398
2015	\$8,659,657,430	\$1,332,558,976
2014	\$8,368,539,629	\$1,280,801,123
2013	\$8,659,657,437	\$1,326,858,389
2012	\$8,525,985,052	\$1,391,073,966
2011	\$8,669,441,639	\$1,442,004,394
2010	\$8,791,699,102	\$1,486,306,601
2009	\$9,445,650,268	\$1,522,391,159
2008	\$10,667,152,962	\$1,749,230,016
2007	\$10,708,149,875	\$1,823,195,160
2006	\$8,600,580,502	\$1,520,929,421
2005	\$7,820,921,284	\$1,429,519,465

*Source: Porter County 2017 Budget Order*

#### **G. CITY TAX RATES**

Table VI-7 on the following page provides the total city tax rates for 2016 and 2017. Values are expressed per \$100 of assessed value. According to the Porter County Auditor’s Office, the 2016 and 2017 total ad valorem tax rates for the City of Portage were 3.0326 and 2.9716 per \$100 of assessed value, respectively. Accordingly, the ad valorem tax rate decreased 0.02 percent from 2016 to 2017.

According to the Porter County Auditor’s Office, the 2016 and 2017 corporate ad valorem tax rates for the City of Portage were 1.1940 and 1.2166 per \$100 of assessed value, respectively. Accordingly, the corporate ad valorem tax rate increased 0.46 percent from 2016 to 2017.

**Table VI-7**  
**Total City Tax Rates**

<b>City of Portage</b>	<b>2016</b>	<b>2017</b>
State	0.000	0.000
County	0.4394	0.4385
Airport	0.0077	0.0079
Township	0.4005	0.3656
Schools	0.9233	0.8755
Library	0.0677	0.0675
Corporation	1.194	1.2166
<b>Total Tax Rate</b>	<b>3.0326</b>	<b>2.9716</b>
<b>Corporation</b>		
General	0.7323	0.6628
Debt Service	0.0433	0.051
Fire Pension	0.0003	0
Police Pension	0.0040	0
Insurance	0.0139	0.0138
Health Insurance	0.2006	0.2385
LR & S	0	0
MVH	0.1009	0.1431
Park & Recreation	0.0666	0.0754
Building Demolition	0	0
Cumulative Capital Improvements	0	0
Cumulative Capital Development	0.0321	0.032
<b>Total Corporation Rate</b>	<b>1.1940</b>	<b>1.2166</b>

*Source: Porter County Auditor's Office*

## ***VII. MATERIAL EVENTS***

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Pursuant to the continuing disclosure agreement, 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 the rights of bondholders;
- (viii) bond calls (other than scheduled mandatory sinking fund redemptions for which is given in accordance with the trust indenture);
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the bonds; and
- (xi) rating changes

Other than the Material Events mentioned in the body of the report, the Administrator is not aware of the occurrence of any other Material Event as of the date of this report.