

ANNUAL CONTINUING DISCLOSURE REPORT

For the Period Ending December 31, 2008

*\$14,815,000 Grove City, Ohio
Pinnacle Community Infrastructure Financing Authority
Community Facilities Bonds
Series 2004A*

Prepared by

MUNICAP, INC.

April 10, 2009

**ANNUAL CONTINUING
DISCLOSURE REPORT**
For the Period Ending December 31, 2008

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I. UPDATED INFORMATION

Information updated as of December 31, 2008 is as follows:

- As of December 31, 2008, the M/I Homes reports that \$16,660,202 had been expended for the construction of the public improvements related to the residential project, representing 94 percent of the total amount of the budgeted funds. Of this amount, \$7,079,954 was funded with the Series 2004A Bonds.
- As of December 31, 2008, M/I Homes reports that the residential project public improvements to be funded with the proceeds of the Series 2004A Bonds are complete and operational.
- As of December 31, 2008, Pinnacle Development Company (PDC) reports that \$4,046,058 had been expended for the construction of the storm sewer project, representing 100 percent of the amount to be funded with the Series 2004A Bonds.
- As of December 31, 2008, PDC reports that the storm sewer project public improvements to be funded with the proceeds of the Series 2004A Bonds are complete and operational.
- As of December 31, 2008, the developers report that 489 building permits have been issued for the development. The developers also report that five additional building permits have been submitted to Franklin County for approval.
- As of December 31, 2008, the developers report that 323 homes within the development have been sold and closed to individual homebuyers.
- As of December 31, 2008, the M/I Homes reports that 239 lots have been sold and closed with builders.
- As of December 31, 2008, the developers report that there have been 323 occupancy permits issued for homes within the development.
- Development charges in the amount of \$1,090,000 were to be collected in 2008. As of March 6, 2009, charges in the amount of \$1,063,630 have been collected by Franklin County and transferred to the trustee. This represents 97.6 percent of the total amount of charges to be collected in 2008. The remaining balance totaling \$26,370 is outstanding on twenty-three parcels owned by ten separate taxpayers. According to the auditor's office, the collection process for the delinquent charges is still ongoing.
- Development charges in the amount of \$1,090,000 are to be collected in 2009. Tax year 2008 charges are collected in two installments in January and June of 2009. As of March 6, 2008, the auditor's office for Franklin County reports that first installment charges in the amount of \$569,424 were collected in January 2009, representing 52.2 percent of the total amount of charges to be collected in 2009. The county also reports that first installment charges in the amount of \$567,766 have been remitted to the trustee. The remaining balance will be collected with the second installment due in June 2009.
- As of December 31, 2008, the auditor's office for Franklin County reports that the 2008 assessed value of property in the district was \$142,006,900. According to the auditor's office, the 2007 assessed value was \$108,487,400. Accordingly, the assessed value of property in the district has increased by \$33,519,500. This represents a 30.9 percent increase in the assessed value of the property in the district.

II. INTRODUCTION

Pinnacle Community Infrastructure Financing Authority (“the Authority”), (Grove City, Ohio) authorized and issued the \$14,815,000 Community Facility Bonds Series 2004A, pursuant to Chapter 349 of the Ohio Revised Code (the “Act”). The Series 2004A Bonds are authorized by (i) a General Bond Resolution (the General Bond Resolution) adopted by the Board of Trustees of the Authority (the Board) on May 19, 2004, and a Series 2004 Bond Resolution (the Series Resolution) adopted by that Board on May 19, 2004. The Series 2004 A Bonds were issued pursuant to a Master Trust Agreement by and between Pinnacle Community Infrastructure Financing Authority (the Authority) and the Huntington National Bank (the Trustee), dated as of July 15, 2004 and a limited offering memorandum for the bonds dated August 4, 2004.

The Pinnacle Community Infrastructure Financing Authority consists of approximately 597 acres of land in Grove City, Ohio, which is in southwestern Franklin County and is located east of Interstate 71 and south of the Stringtown Road interchange. The district is located approximately seven miles from downtown Columbus, Ohio, and approximately twenty miles from Port Columbus International Airport.

The property in the district is being developed as a planned unit development (PUD) encompassing a 201-acre, 18-hole golf course, and a residential community, including approximately 1,574 residential units. Other planned amenities include a community center, swimming pool, tennis courts and a clubhouse. The planned mix of units includes estate homes, single-family homes, town homes, and cluster home condominiums. As the time the Series 2007 Bonds were issued, M/I Homes estimated that the residential property would be sold out by the year 2011 and that the golf course would be open no later than 2006.

The land within the district was initially owned by nine separate entities. Pursuant to the Acquisition Agreements, this land has been transferred to Jim Hendrix, Joseph Ciminello and JBJ Venture (collectively, the Assignors). On November 5, 2003, the Assignor entered into an Agreement of Sale and Assignment of Purchase Contract (the Purchase Agreement) with M/I Homes. Under this Purchase Agreement, M/I Homes agreed to purchase and assume the rights of the Assignors to acquire the district lands pursuant to the Acquisition Agreements. The Purchase Agreement allocated certain development rights and obligations relating to the district lands between M/I Homes and the Assignors. The Assignors subsequently designated Pinnacle Development to carry out their development rights and obligations under the Purchase Agreement.

M/I Homes is an Ohio Limited Liability Company who, together with its affiliates M/I Inc., is one of the nation’s leading homebuilders. M/I Homes and its affiliates sell single family homes in the following ten geographic markets: Columbus and Cincinnati, Ohio; Tampa, Orlando and West Palm Beach, Florida; Charlotte and Raleigh, North Carolina; Indianapolis, Indiana; and the Virginia and Maryland suburbs of Washington, D.C. M/I Homes is the leading homebuilder in the Columbus, Ohio market, based on revenue, and has been the number one or two builder of single-family detached homes in this market for each of the last fourteen years. In addition, M/I Homes or its affiliates are currently one of the top ten homebuilders in several of the other markets they serve. The web site for M/I Homes Corporation is www.mihome.com.

Pinnacle Development Company was created in December 2003 to develop the golf course and the estate lots and market and sell one of the condominium sub-areas in the development. Pinnacle Development is an Ohio Limited Liability Company with four members — Joseph Ciminello, Mark Ciminello, Jim Hendrix and Brooke Bodney. Mr. Ciminello has been involved in the residential development of over 1320 acres in the central Ohio area, including over 3100 residential units, and the commercial development of close to 30 acres in the central Ohio area. Mr. Ciminello regularly works with homebuilders in central Ohio, including M/I Homes, to develop these properties.

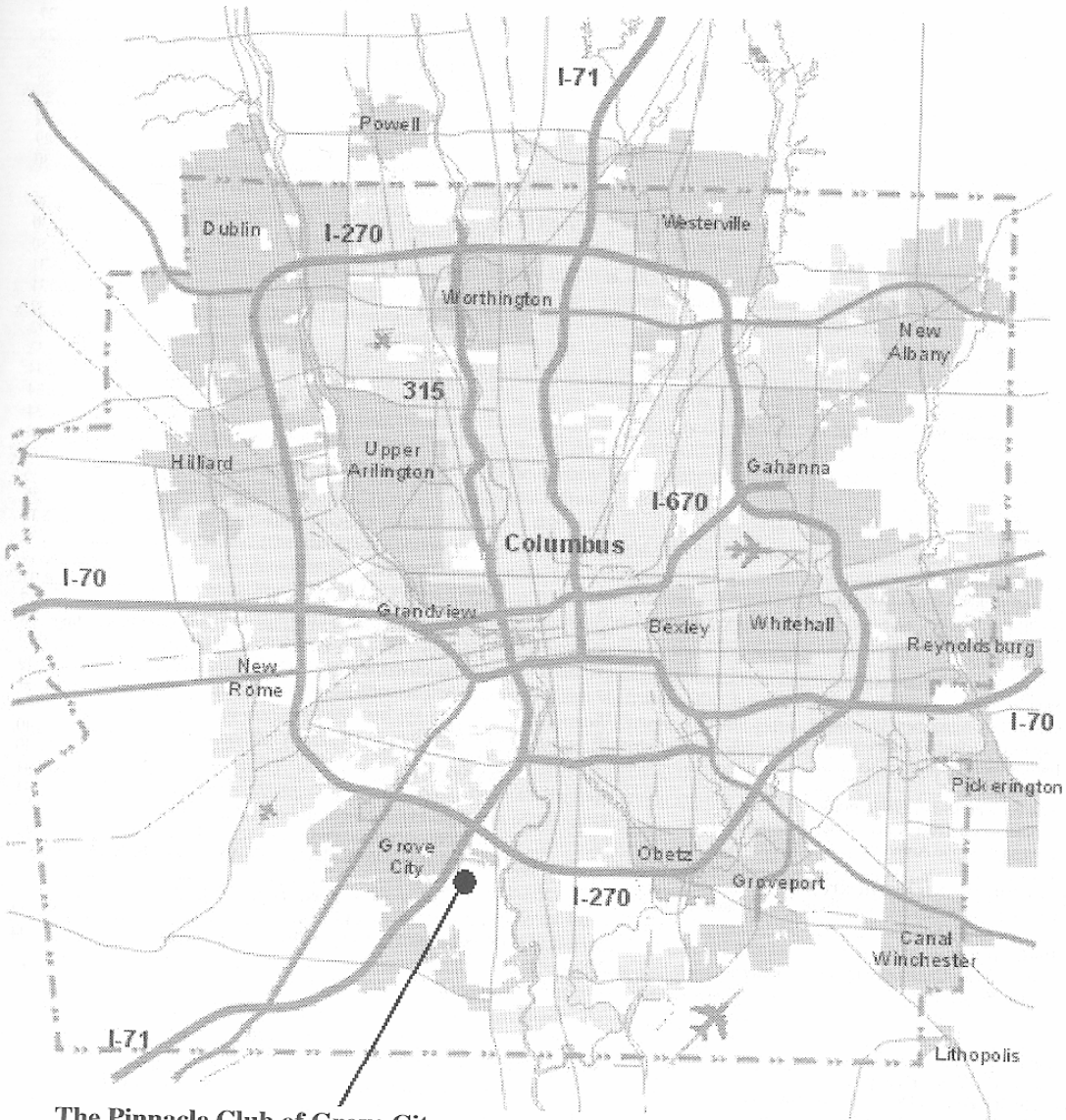
Community Facilities Bonds in the amount of \$14,815,000 (Series 2004A) were sold in July 2004. Bond proceeds in the amount of \$6,846,600 are to be used to construct the public improvements of residential section known as Part I and bonds in the amount of \$4,000,000 are to be used for construction of the storm sewer project known as Part II. Part I of the development, which is known as the Residential Project is being undertaken by M/I Homes. Pinnacle Development Company is in charge Part II of the

development, which is referred to as the Storm Sewer Project.

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.

VICINITY MAP



The Pinnacle Club of Grove City
(Pinnacle Community Infrastructure Financing Authority)

III. DEVELOPMENT ACTIVITY

A. OVERVIEW

The development referred to as the “Pinnacle Club” is designed as a master planned community to be developed around a championship golf course. Lot layout is designed not to interfere with golf or to distract from the public views into the golf course from public right-of-ways. The natural beauty of the land east of the proposed Buckeye Parkway extension is captured and preserved by the golf course. Lots and condominium sites are located in areas that compliment the golf course design.

The general land use design of the property is to step down residential densities from Interstate 71 eastward, with densities east of Buckeye Parkway being extremely low. The land west of Buckeye Parkway, including condominium Sub-areas F, G and J, has a combined density of 585 dwelling units per acre. Not including the Sub-areas F, G and J, the density west of Buckeye Parkway is 4.56 dwelling units per acre. Although multi-family apartments are typically located on land along freeways, all dwelling units within the Pinnacle Club development will be for sale to individual owners. The residential property is being developed by M/I Homes Corporation (“MI”) and Pinnacle Development Corporation (“PDC”). At completion, the project is expected to include approximately 1,800 homes. This figure includes the anticipated number of homes in sub-area G, which is not within the authority boundaries. A majority of the homes in the project except for sub-area A-1 and A-2 are being built by M/I Homes. Homes in sub-area A-1 and A-2 are being built by Pinnacle Development Corporation. In addition, M/I Homes has sold sub-areas I and J to individual home builders.

The Pinnacle Club project consists of residential units and a golf course. Because of the size of the development, multiple sub-areas are expected to be developed simultaneously. Buckeye Parkway and Pinnacle Club Drive will be constructed in their entirety at the beginning of development. The traditional concept of phasing sequence is not applicable with this development.

As of December 31, 2008, the developer reports that the 1,662 units originally planned to be constructed had been reduced by 88 units. Accordingly, the estimated number of units currently planned to be constructed in the district is 1,574. This reduction will not have any effect on aggregate charges to be collected each year. Table III-1 below shows the estimated number and type of homes expected to be constructed in each sub-area as outlined in the Limited Offering Memorandum and the current estimated number of homes to be constructed by product type and developer.

**Table III-1
Pinnacle Club**

Sub-Area	Product Type	Developer	2006 Estimated Number of Units	Current Estimated Number of Units
A-1	Estate Homes	PDC	77	77
A-2	Estate Homes	PDC	57	58
B	Medium Single Family	MI	45	45
C	Medium Single Family	MI	140	138
D	Small Single Family	MI	168	168
E	Neo-Traditional	MI	575	571
F	Condominium	MI	285	285
H	Condominium	MI	207	20
I	Condominium	MI	20	75
J	Condominium	MI	88	137
Total			1,662	1,574

B. STATUS OF CONSTRUCTION

According to the engineer's report included in the Limited Offering Memorandum, a portion of the Series 2004A Bonds was expected to be used to finance certain public improvements. The public improvements were expected to be completed in two phases. Phase I infrastructure improvements (the "Residential Project Improvements") were expected to include the extension of Buckeye Parkway and Pinnacle Drive, internal roadways complete with sidewalks, sanitary sewer extensions and a community center, swimming pool and tennis courts. Phase II infrastructure improvements (the "Storm Sewer Project Improvements") were expected to include the construction of a master storm water management system designed within the eighteen-hole golf course that was expected to provide attenuation and treatment to storm water runoff from the proposed areas of the development.

Public Improvements— Residential Project Part I

As of December 31, 2008, M/I Homes reports that the residential project public improvements to be funded with the proceeds of the Series 2004A Bonds are complete and operational.

As of December 31, 2008, M/I Homes reports that \$16,660,202 had been expended for the construction of the public improvements related to the residential project, representing 94 percent of the total amount of budgeted funds. Of this amount, \$7,079,954 was funded with the Series 2004A Bonds. Table III-2 below shows the public improvements, the original budget, the revised budget and the amount spent by line item as reported by MI Homes as of December 31, 2008.

Table III-2
Summary of Financed Construction - Part I

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Buckeye Parkway Extension	\$2,930,000	\$590,350	\$3,520,350	\$3,520,350	100%
Pinnacle Club Drive	\$2,547,000	\$531,650	\$3,078,650	\$3,078,650	100%
State Route 104 turn lane	\$100,000	\$400,000	\$500,000	\$0	0%
Traffic Signals	\$220,000	\$66,400	\$286,400	\$138,162	48%
Sanitary Sewer Extensions	\$350,000	\$916,040	\$1,266,040	\$1,016,040	80%
Landscaping right of Way	\$450,000	\$754,000	\$1,204,000	\$1,204,000	100%
Entrance Features	\$664,000	\$82,000	\$746,000	\$619,000	83%
Layout/ Staking	\$200,000	(\$50,000)	\$150,000	\$135,000	90%
Inspection Fees	\$430,000	\$365,149	\$795,149	\$755,149	95%
Buckeye Parkway/ Pinnacle Club Drive					
Engineering	\$500,000	\$120,773	\$620,773	\$580,773	94%
Community Center	\$2,000,000	\$628,078	\$2,628,078	\$2,628,078	100%
Subareas B, C, D & E Improvements	\$2,985,000	\$0	\$2,985,000	\$2,985,000	100%
10% Contingency	\$1,737,600	(\$1,737,600)	\$0	\$0	
Total Residential Project Costs	\$15,113,600	\$2,666,840	\$17,780,440	\$16,660,202	94%
Less: City Commitment	(\$8,250,000)	-	(\$8,250,000)	(\$8,250,000)	100%
Private Funding	-	\$2,450,486	(\$2,450,486)	(\$1,330,248)	54%
Total Part I Bond Funded Costs	\$6,863,600	\$216,354	\$7,079,954	\$7,079,954	100%

Public Improvements - Storm Sewer Project Part II

As of December 31, 2008, Pinnacle Development Company reports that the storm sewer project public improvements to be funded with the proceeds of the Series 2004A Bonds are complete and operational.

As of December 31, 2008, PDC reports that \$4,046,058 had been expended for the construction of the storm sewer project, representing 100 percent of the amount to be funded with the Series 2004A Bonds. Table III-3 on the following page shows the public improvements, the original budget, the revised budget and the amount spent by line item as reported by PDC as of December 31, 2008.

Table III-3
Summary of Financed Construction - Part II

Public Improvements	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Master storm water management system	\$320,000	\$0	\$320,000	\$320,000	100%
Portion of street	\$1,380,850	\$0	\$1,380,850	\$1,380,850	100%
Storm water	\$99,606	\$0	\$99,606	\$99,606	100%
Water main	\$150,000	\$0	\$150,000	\$150,000	100%
Professional Fees	\$2,050,000	\$0	\$2,095,602	\$2,095,602	100%
Total Part II Bond Funded Costs	\$4,000,456	\$0	\$4,046,058	\$4,046,058	100%

C. STATUS OF SALES

Status of Home Construction

As of December 31, 2008, the developers report that 489 building permits have been issued for the development. The developers also report that five additional building permits have been submitted to Franklin County for approval. Table III-4 below shows the estimated number of units by sub-area and product type and the number of building permits issued and pending as reported by the developers as of December 31, 2008.

Table III-4
Pinnacle Club

Sub-Area	Product Type	Developer	Estimated Number of Units	Building Permits	
				Issued	Pending
A-1	Estate Home	PDC	77	16	0
A-2	Estate Home	PDC	58	2	0
B	Medium Single Family	MI	45	12	0
C	Medium Single Family	MI	138	0	0
D	Small Single Family	MI	168	148	0
E	Neo-traditional	MI	571	260	0
F	Condominium	MI	285	0	0
H	Condominium	MI	20	0	0
I	Condominium*	MI	75	20	0
J	Condominium**	MI	137	31	5
Total			1,574	489	5

*According to M/I Homes, as of December 31, 2008, Condominium Pod I (12.783 acres) was sold to Mews at Pinnacle Club, LLC on November 17, 2005.

**As of December 31, 2008, M/I Homes reports that Condominium Pod J (21.737 acres) was sold to Cottages at Pinnacle, LLC on July 26, 2005.

Status of Home and Lot Sales

As of December 31, 2008, the developers report that 323 homes within the development have been sold and closed to individual homebuyers. Table III-5 below shows the number of homes under contract and the number of homes sold and closed as reported by the developers as of December 31, 2008.

Table III-5
Status of Home Sales

Sub-Area	Product Type	Developer	Estimated Number of Units	Homes		
				Under Contract	Closed	Closed and Occupied
A-1	Estate Homes	PDC	77	0	13	13
A-2	Estate Homes	PDC	58	0	1	1
B	Medium Single Family	MI	45	1	7	7
C	Medium Single Family	MI	138	0	0	0
D	Small Single Family	MI	168	9	104	104
E	Neo-Traditional	MI	571	23	172	172
F	Condominium	MI	285	0	0	0
H	Condominium	MI	20	0	0	0
I	Condominium**	MI	75	0	17	17
J	Condominium*	MI	137	4	9	9
Total			1,574	37	323	323

*M/I Homes of Central Ohio, LLC is relying on information provided by the condominium developer, The Cottages at Pinnacle, LLC without an independent investigation and has not received any additional information since December 31, 2008.

** M/I Homes of Central Ohio, LLC is relying on information provided by the condominium developer, The Mews at Pinnacle Club, LLC without an independent investigation.

As of December 31, 2008, M/I Homes reports that 239 lots have been sold and closed with builders. Table III-6 below shows the number of lots under contract and the number of lots sold and closed as reported by M/I Homes as of December 31, 2008.

Table III-6
Status of Lot Sales

Sub-Area	Product Type	Builder	Estimated Number of Units	Lot Sales	
				Under Contract	Closed
A-1	Estate Homes	PDC	77	0	21
A-2	Estate Homes	PDC	58	0	6
I	Condominium	Mews at Pinnacle	75	0	75
J	Condominium	Cottages At Pinnacle	137	0	137
Total			347	0	239

D. STATUS OF OCCUPANCY PERMITS

As of December 31, 2008, the developers report that there have been 323 occupancy permits issued for homes within the development. Table III-7 on the following page shows the number of occupancy permits issued and pending by product type and developer as reported by the developers as of December 31, 2008.

Table III-7
Status of Occupancy Permits

Sub-Area	Product Type	Developer	Estimated Number of Units	Occupancy Permits Issued
A-1	Estate Homes	PDC	77	13
A-2	Estate Homes	PDC	58	1
B	Medium Single Family	MI	45	7
C	Medium Single Family	MI	138	0
D	Small Single Family	MI	168	104
E	Neo-Traditional	MI	571	172
F	Condominium	MI	285	0
H	Condominium	MI	20	0
I	Condominium	MI	75	17
J	Condominium	MI	137	9
Total			1,574	323

E. GOLF COURSE

According to the Limited Offering Memorandum, an eighteen-hole golf course was expected to be constructed and opened by no later than 2006. Pinnacle Development Company was expected to initially own and operate the golf course. As of December 31, 2008, PDC reports that the golf course was completed and opened in July 2006.

IV. TRUSTEE ACCOUNTS

The trustee for the Series 2004A Bonds is Huntington National Bank. The balances as of December 31, 2007, interest paid, disbursements, additional proceeds, and account balances for each fund as of December 31, 2008 are shown by the following table:

Table IV-1
Account Balances

Fund	Balance 12/31/07	Interest Paid	Additional Proceeds	Disburse- ments	Balance 12/31/08
Debt Service Fund	\$6,613	\$1,019	\$1,099,122	\$1,098,950	\$7,803
Capitalized Interest Account	\$169	\$2	\$0	\$172	\$0
Residential Project Fund	\$911,920	\$8,920	\$0	\$920,810	\$30
Storm Sewer Project Fund	\$80,668	\$709	\$0	\$81,377	\$0
Revenue Fund	\$56,206	\$2,800	\$1,121,589	\$1,149,828	\$30,767
Reserve Fund	\$1,099,710	\$55,059	\$0	\$55,059	\$1,099,710
Administrative Expense Fund	\$1,205	\$21	\$50,878	\$45,542	\$6,562
Project Fund	\$28,433	\$389	\$0	\$1,947	\$26,875
Total	\$2,184,924	\$68,920	\$2,271,589	\$3,353,684	\$1,171,748

- Additional proceeds to the Debt Service Fund represent transfers from the Revenue Fund for the payment of debt service and the remaining balance on the Capitalized Interest Account to close the account.
- Additional proceeds to the Revenue Fund were receipt of development charges collected and transferred by the county and investment income on the Reserve Fund in excess of the reserve requirement.
- Additional proceeds to the Administrative Expense Fund represent transfers from the Revenue Fund for the payment of administrative expenses.
- Disbursements from the Residential Project Fund, the Storm Sewer Project Fund and the Project Fund were payment for the costs of the public improvements.

Bond proceeds in the Reserve Fund are invested in an Overnight Repurchase Agreement (REPO) earning 3.35 percent and mature December 1, 2010. Bond proceeds in the other funds and accounts are invested in money market funds that pay interest of between 0.16 and 0.45 percent. Table IV-2 below shows the average return on the investments in each fund or account as of December 31, 2008.

Investment income on each of the accounts except the Reserve Fund will remain on each account and be applied to the purpose of the respective account. If the reserve requirement is met, investment income on the Reserve Fund will be transferred to pay debt service on the bonds or be used to prepay the bonds. Investment income on the Project Fund will remain in the fund and may be disbursed as provided for other funds in the account. Any remaining funds after the completion of construction will be transferred to the Debt Service Fund and be applied to redeem the Series 2004 A Bonds.

Table IV-2
Rate of Return

Account	Rate of Return
Debt Service Fund	0.30%
Residential Project Fund	0.16%
Revenue Fund	0.30%
Reserve Fund	3.35%
Administrative Expense Fund	0.45%
Project Fund	0.30%

V. *AUTHORITY OPERATIONS*

A. ANNUAL REVENUE REQUIREMENT

An annual charge is to be collected from the chargeable property within the Authority each year in an amount equal to the “Annual Revenue Requirement.” The annual revenue requirement is defined in Section 2.05 of the Declaration as an amount equal to:

(A) the amount required in any year to pay; (i) debt service and other periodic costs (including deposits to any sinking funds) on the Bonds to be paid from the Charge collected in such year, (ii) Administrative Expenses to be incurred in the year or incurred in any previous year and not paid by the Authority, (iii) any amount required to replenish any reserve fund established in association with the Bonds, (iv) an amount equal to the estimated delinquencies expected in payment of the Charges, and (v) the costs of remarketing, credit enhancement, bond insurance, and liquidity facility fees (including such fees for instruments that serve as the basis of a reserve fund related to any indebtedness in lieu of cash), less (B) (i) any credits available pursuant to the Trust Agreement, such as capitalized interest and investment earnings on any account balances, and (ii) any other revenues available to apply to the Annual Revenue Requirement.

Table V-1 provides a summary of the annual revenue requirement for fiscal year 2009. Surplus funds from prior year and investment earnings on the reserve fund will not be sufficient to pay debt service on the bonds and administrative expenses for fiscal year 2009. Accordingly, annual charges in the amount of \$1,090,000.00 will have to be collected for fiscal year 2009. Each of these numbers is explained in the following sections.

Table V-1
Annual Revenue Requirement
Fiscal Year 2009

Debt service:	
Interest on June 1, 2009	\$445,595
Interest on December 1, 2009	\$445,595
Principal on December 1, 2009	\$208,000
<i>Sub-total debt service</i>	\$1,099,190
Administrative expenses	\$36,625
Contingency	\$33,575
<i>Total expenses</i>	\$1,169,390
Estimated reserve fund investment income	(\$36,840)
Surplus from prior year	(\$42,550)
<i>Total funds available</i>	(\$79,390)
Annual Revenue Requirement for FY2009	\$1,090,000

Debt Service

Debt service includes interest on the bonds payable on June 1, 2009 and December 1, 2009. The \$445,595 interest payments due on June 1, 2009 and December 1, 2009 are equal to six months of interest on the term bonds as shown below.

Term 2022 Bonds of \$4,374,000 at 6.00%	\$131,220
Term 2036 Bonds of \$10,060,000 at 6.25%	\$314,375
Total:	\$445,595

A principal payment of \$208,000 is due on the bonds on December 1, 2009. Accordingly, total debt service on the bonds to be paid in 2009 is \$1,099,190.

Administrative Expenses

Administrative expenses include the fees for the trustee, the auditor, the administrator, and the Authority counsel for services related to the district. The annual charges of the trustee and the auditor are estimated to be \$3,625 and \$9,000, respectively. The annual fee and expenses of the administrator and counsel are estimated at \$12,000 each. Accordingly, the total administrative expenses for 2009 are estimated to be \$36,625.

Contingency

A contingency, equal to approximately three percent of annual debt service and administrative expenses plus an additional amount to round the annual revenue requirement to nearest the ten-thousand has been added in case there are unanticipated expenses or charges payment delinquencies.

Revenue Fund

As of July 31, 2008, the balance in the Revenue Fund was \$132,084. These funds together with a portion second-half charges to be transferred by the county to the trustee in August will be made available to pay debt service due on December 1, 2008 and fund administrative expenses for fiscal year 2008.

Reserve Fund Income

As of July 31, 2008, the balance in the reserve fund was \$1,099,710, which is equal to the reserve requirement of Series 2004 Bonds. Bond proceeds in the reserve fund in the amount of \$1,099,710 are invested in an Overnight Repurchase Agreement (REPO) earning a 3.35 percent per annum and maturing on December 1, 2010. At this rate, \$18,420 in interest income is estimated to be earned by the next debt service payment of December 1, 2008 and will be made available to pay debt service due on December 1, 2008. An additional \$36,840 in investment income will be earned during the fiscal year 2009 and will be made available to pay debt service and administrative expenses for fiscal year 2009. Accordingly, the estimated reserve fund income that may be applied to pay debt service and administrative expenses for fiscal year 2009 is equal \$36,840.

Surplus from the Prior Year

Community Development charges in the amount of \$1,090,000 were to be collected during fiscal year 2008. On March 13, 2008, Franklin County transferred to the trustee charges totaling \$497,655 for fiscal year 2008. This amount represents a portion of the first-half installment due for collection during fiscal year 2008. The second-half Community Development charges were due to the county on June 20, 2008. A portion of these funds in the amount of \$568,875 (includes first-half outstanding balances, penalties and interest) were remitted to the trustee by the county on August 12, 2008. According to Franklin County auditor, Community Development charges in the amount of \$34,954 remains outstanding and collection process for 2008 is still ongoing.

As of July 31, 2008, the balances in the debt service fund and revenue fund were \$7,271 and \$132,084, respectively. As mentioned above, an additional \$18,420 in interest income will be earned on the reserve fund by the next debt service payment on December 1, 2008. These funds, plus a portion of the second-half development charges in amount of \$568,875 will be used to pay a portion of debt service due on December 1, 2008 as well as fund the administrative expenses for fiscal year 2008.

The semi annual debt service payment of \$647,475 due on December 1, 2008 and the balance of administrative expenses for fiscal year 2008 must be paid from these funds. Administrative expenses for the

year were estimated to be \$42,500. As of July 31, 2008, the administrative expenses fund for fiscal year 2008 had been funded with \$5,875 Community Development charges collected in 2008. As a result, development charges in the amount of \$36,625 will be transferred from the revenue fund to the administrative expenses fund. Accordingly, the estimated surplus from the prior year, which may be applied to pay debt service and administrative expenses for fiscal year 2009 is equal to \$42,550 as shown in Table V-2 below.

Table V-2
Surplus from Prior Year
Fiscal Year 2009

Available Funds:	Series 2004
Debt Service Fund balance July 31, 2008	\$7,271
Revenue Fund balance July 31, 2008	\$132,084
Reserve Fund estimated interest to November 31, 2008	\$18,420
Second-half collections	\$568,875
<i>Total fund available for fiscal year 2008</i>	<i>\$726,650</i>
Debt service on December 1, 2008	
Interest payment	(\$451,475)
Principal payment	(\$196,000)
<i>Subtotal debt service due on December 1, 2008</i>	<i>(\$647,475)</i>
FY2008 administrative expenses	(\$36,625)
<i>Total expenses</i>	<i>(\$684,100)</i>
Surplus from prior year	\$42,550

Summary

As stated earlier in this report, charges are to be collected proportionately on each chargeable parcel in an amount up to the maximum charge for each parcel such that the total charges collected are equal to the annual revenue requirement. The total expenses of the district for fiscal year 2009 are estimated to be equal to \$1,169,390. Bond proceeds and interest income available to pay expenses are estimated to be \$79,390. Accordingly, the annual revenue requirement for 2009 is \$1,090,000.

B. DELINQUENT CHARGES

Development charges in the amount of \$1,090,000 were to be collected in 2008. As of March 6, 2009, the auditor's office for Franklin County reports that charges in the amount of \$1,063,630 have been collected, representing 97.6 percent of the total amount of charges to be collected in 2008. The remaining balance totaling \$26,370 is outstanding on twenty-three parcels owned by ten separate taxpayers.

Development charges in the amount of \$1,090,000 are to be collected in 2009. Charges are collected in two installments in January and June of 2009. As of March 6, 2008, the auditor's office for Franklin County reports that first installment charges in the amount of \$569,424 were collected in January 2009, representing 52.2 percent of the total amount of charges to be collected in 2009. First installment charges in the amount of \$567,766 have been remitted to the trustee. The remaining balance will be collected with the second installment due in June 2009. As a result, there are no delinquent charges outstanding for the 2008 tax year at this time.

C. COLLECTION EFFORTS

According to the auditor's office for Franklin County, a delinquency notice is sent outstanding charges in the regular billing cycle during January and June. A third notice is sent in October. Parcels receive a ten percent penalty for each collection period outstanding.

VI. AUTHORITY FINANCIAL INFORMATION

The information provided in this section is provided to meet the requirements on the annual report as provided for in Section 3 of the Continuing Disclosure Agreement. The items listed below are in the same format and order as the items required for the annual report as listed in the Continuing Disclosure Agreement.

The financial statements for the Authority are provided under separate cover. There have been no amendments to the Continuing Disclosure Agreement or change in the accounting principals or presentation that would fall within Section 7 of the Continuing Disclosure Agreement.

All information in this section is provided as of December 31, 2008, unless otherwise stated.

A. FUND BALANCES

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

B. ASSESSED VALUATION

As of December 31, 2008, the auditor's office for Franklin County reports that the 2008 assessed value of the property in the district was \$142,006,900. According to the auditor's office, the 2007 assessed value was \$108,487,400. Accordingly, the assessed value of the property in the district has increased by \$33,519,500. This represents a 30.9 percent increase in the assessed value of the property in the district.

Table VI-1
District Assessed Valuation

Year	Land	Improvements	Total
2007	\$37,577,300	\$70,910,100	\$108,487,400
2008	\$40,204,700	\$101,802,200	\$142,006,900

C. CHANGES TO THE DECLARATION OF COVENANTS AND RESTRICTIONS

There have been no changes to the declaration of covenants and restrictions for the authority during the year 2008.

D. INFORMATION RELATED TO THE LEVY OF CHARGES

Charge Collections

Development charges in the amount of \$1,090,000 are to be collected in 2009, as stated in Section V of this report, "District Operations." Tax year 2008 charges are collected in two installments in January and June of 2009. As of March 6, 2008, the auditor's office for Franklin County reports that first installment charges in the amount of \$569,424 were collected in January 2009, representing 52.2 percent of the total amount of charges to be collected in 2009. In addition, first installment charges in the amount of \$567,766 have been remitted to the trustee. The remaining balance will be collected with the second installment due in June 2009.

Delinquent Charges

Development charges in the amount of \$1,090,000 were to be collected in 2008. As of March 6,

2009, charges in the amount of \$1,063,630 have been collected by the county and transferred to the trustee. This represents 97.6 percent of the total amount of charges to be collected in 2008. The remaining balance totaling \$26,370 is outstanding on twenty-three parcels owned by ten separate taxpayers. According to the Franklin county auditor's office, the collection process for the delinquent charges is still ongoing.

As previously mentioned in Section V, "District Operations," of this report, the collection process for 2008 tax charges due for collection in 2009 is still ongoing. As a result, there are no delinquent charges outstanding for the 2008 tax year at this time.

Foreclosure Proceedings

As of December 31, 2008, neither the administrator nor the authority is aware of any charges involved in foreclosure proceedings.

**Table VI-2
Special Assessments Subject
to Foreclosure Proceedings**

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

Principal District Taxpayers

Table VI-3 lists the taxpayers responsible for payment of more than five percent of the charges to be collected in 2009, the amount of charges to be collected by landowner and the percentage of such charges relative to the amount to be collected on the taxable property within the district.

**Table VI-3
Principal District Taxpayers**

Taxpayer	Charge Levy	Percent of Total Charge
M/I Homes	\$610,617	55.8%
Individual homeowners	\$207,412	19.0%
Pinnacle Development Company	\$170,536	15.6%
Cottages at Pinnacle	\$65,273	6.0%
Mews at Pinnacle Club LLC	\$38,373	3.5%
Pinnacle Golf Club LLC	\$88	0.0%
Total	\$1,090,000	100.0%

Charge Prepayments

There have been no charge prepayments during the past fiscal year. As a result, no bonds were redeemed with prepayments or called for redemption with prepayments during this period.

E. SIGNIFICANT AMENDMENTS TO LAND USE OR LEGAL CHALLENGES

The administrator does not have knowledge of any significant amendments to land use entitlements or legal challenges to the construction of the development.

F. CHANGES TO CONSTRUCTION OF THE DEVELOPMENT

As of December 31, 2008, the developer reports that the 1,662 units originally planned to be constructed had been reduced by 88 units. Accordingly, the estimated number of units currently planned to be constructed in the district is 1,574. This reduction will not have any effect on aggregate charges to be collected each year. Table VI-4 below provides a listing of the original proposed lot development and the estimated number of units as of December 31, 2008.

Table VI-4
Estimated Number of Units

Sub-Area	Product Type	Developer	2006 Estimated Number of Units	Current Estimated Number of Units
A-1	Estate Homes	PDC	77	77
A-2	Estate Homes	PDC	57	58
B	Medium Single Family	MI	45	45
C	Medium Single Family	MI	140	138
D	Small Single Family	MI	168	168
E	Neo-Traditional	MI	575	571
F	Condominium	MI	285	285
H	Condominium	MI	207	20
I	Condominium	MI	20	75
J	Condominium	MI	88	137
Total			1,662	1,574

G. DEBT SERVICE SCHEDULE

The debt service schedule for the Series 2004A Bonds as December 31, 2008 is shown on Table VI-5 on the following page.

Table VI-5
Debt Service Schedule
Series 2004A Bonds

Bond Year Ending	Principal	Interest	Gross Debt Service	Reserve Fund Income	Trustee and Administration	Net Annual Debt Service
2009	\$208,000	\$891,190	\$1,099,190	(\$36,840)	\$42,550	\$1,104,900
2010	\$221,000	\$878,710	\$1,099,710	(\$36,840)	\$43,401	\$1,106,167
2011	\$234,000	\$865,450	\$1,099,450	(\$36,840)	\$44,269	\$1,106,773
2012	\$248,000	\$851,410	\$1,099,410	(\$36,840)	\$45,154	\$1,107,616
2013	\$263,000	\$836,530	\$1,099,530	(\$36,840)	\$46,057	\$1,108,637
2014	\$278,000	\$820,750	\$1,098,750	(\$36,840)	\$46,979	\$1,108,776
2015	\$295,000	\$804,070	\$1,099,070	(\$36,840)	\$47,918	\$1,110,034
2016	\$313,000	\$786,370	\$1,099,370	(\$36,840)	\$48,877	\$1,111,290
2017	\$332,000	\$767,590	\$1,099,590	(\$36,840)	\$49,854	\$1,112,485
2018	\$351,000	\$747,670	\$1,098,670	(\$36,840)	\$50,851	\$1,112,560
2019	\$373,000	\$726,610	\$1,099,610	(\$36,840)	\$51,868	\$1,114,514
2020	\$395,000	\$704,230	\$1,099,230	(\$36,840)	\$52,906	\$1,115,169
2021	\$419,000	\$680,530	\$1,099,530	(\$36,840)	\$53,964	\$1,116,525
2022	\$444,000	\$655,390	\$1,099,390	(\$36,840)	\$55,043	\$1,117,461
2023	\$470,000	\$628,750	\$1,098,750	(\$36,840)	\$56,144	\$1,117,920
2024	\$500,000	\$599,375	\$1,099,375	(\$36,840)	\$57,267	\$1,119,665
2025	\$531,000	\$568,125	\$1,099,125	(\$36,840)	\$58,412	\$1,120,557
2026	\$564,000	\$534,937	\$1,098,937	(\$36,840)	\$59,580	\$1,121,535
2027	\$599,000	\$499,688	\$1,098,688	(\$36,840)	\$60,772	\$1,122,474
2028	\$637,000	\$462,250	\$1,099,250	(\$36,840)	\$61,987	\$1,124,249
2029	\$677,000	\$422,438	\$1,099,438	(\$36,840)	\$63,227	\$1,125,673
2030	\$719,000	\$380,125	\$1,099,125	(\$36,840)	\$64,492	\$1,126,622
2031	\$764,000	\$335,188	\$1,099,188	(\$36,840)	\$65,781	\$1,127,972
2032	\$812,000	\$287,438	\$1,099,438	(\$36,840)	\$67,097	\$1,129,534
2033	\$862,000	\$236,688	\$1,098,688	(\$36,840)	\$68,439	\$1,130,123
2034	\$916,000	\$182,813	\$1,098,813	(\$36,840)	\$69,808	\$1,131,613
2035	\$974,000	\$125,563	\$1,099,563	(\$36,840)	\$71,204	\$1,133,756
2036	\$1,035,000	\$64,688	\$1,099,688	(\$36,840)	\$72,628	\$1,135,302

H. THE DISTRICT AND AUTHORITY

Table VI-6 on the following page shows the current overlapping tax rates levied against the real property comprising the district for the 2008 tax year and the current overlapping tax rates levied against real property in some communities that may be comparable to the city. All references to tax rates under this caption are expressed in dollars and cents on each one thousand dollars of assessed valuation. These tax rates do not include the charge on the parcels with is the district.

**Table VI-6
Comparative Overlapping Tax Rates**

District Name	County Rate	Twp. Rate	School Rate	City/ Village Rate	Library District	Voc. Schl. Rate	Total Rate	Effective Rate*	
								Resid. Aggregate	All Other
City of Bexley	18.02	0.00	108.25	7.85	0.00	0.00	134.12	67.440392	88.425679
City of Dublin	18.02	14.48	72.50	2.95	2.20	1.30	111.45	68.131893	77.173644
City of Grove City	18.02	20.20	65.00	3.50	0.00	0.00	106.72	61.767930	75.90853
City of Hilliard	18.02	17.50	82.79	1.60	2.20	1.30	123.41	76.228126	86.924147
City of Westerville	18.02	0.00	73.00	17.70	0.80	0.00	109.52	68.710895	74.171407
City of Worthington	18.02	0.50	83.14	5.00	4.80	0.00	111.46	65.675635	81.661774
Plain Township	18.02	13.40	64.4	1.94	3.89	2.00	103.65	78.646942	78.067399

*Please note: The Effective Rate is used to calculate real property taxes.

VII. NOTICE EVENTS

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

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draw on the debt service reserve fund reflecting financial difficulties;
- (iv) Unscheduled draw on any credit enhancement for the bonds reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the bonds;
- (vii) Modifications to rights of Bondholders;
- (viii) Unscheduled Bond calls (other than pursuant to an extraordinary redemption under terms of the Trust Agreement)
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing payment of the bonds;
- (xi) Rating changes on the Bonds; and
- (xii) Failure to provide annual financial information as required;

Inquiries have been made to the M/I Homes and Pinnacle Development Corporation regarding the occurrence of any listed event and they have reported that to their knowledge, no listed events have occurred as of December 31, 2008.