

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending December 31, 2017

\$5,880,000

*Lehigh County Industrial Development Authority
Special Obligation Revenue Bonds
(West Hills Business Center Project)
Series 2014*

CUSIP NUMBER
52480UAA1

Prepared by:

MUNICAP, INC.

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ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

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I. UPDATED INFORMATION

Information provided herein is as of December 31, 2017 unless otherwise stated:

- As of December 31, 2017, and as previously reported, the Developer reports the Phase II highway improvements to State Road 863, including the demolition of the existing bridge, construction of the new bridge, and ramp widening and paving have been completed.
- As of December 31, 2017, the Developer reports that the shell building and tenant improvements required to be constructed by the landlord for Building E were substantially completed in June 2017. The Developer also reports that WHBC Building E, L.P. (the Affiliate of the Developer that owned Building E) sold Building E to Harvest B REIT, LLC, a Delaware limited liability company, on December 19, 2017. The building is 100 percent leased to National Distribution Centers, LLC. The lease commenced in May 2017. Tenant improvements were completed and occupancy took place in July 2017.
- According to the Developer, WHBC Building E, L.P. (an Affiliate of the Developer that owned Building E) closed on a construction financing loan in the amount of approximately \$17,000,000.00 with Fifth Third Bank on July 7, 2016. As of December 31, 2017, the Developer reports that WHBC Building E, L.P. repaid the approximately \$17,000,000.00 construction loan from Fifth Third Bank for the construction of Building E on December 19, 2017.
- TIF Revenues in the amount of \$177,949.46 were collected by the County for calendar year 2017. Of this amount, \$162,421.61 represents the TIF Revenues previously remitted to the Trustee by the County ($\$177,949.46 - \$162,421.61 = \$15,527.85$). The remaining \$15,527.85 is related to an interim bill sent in calendar year 2017 as a result of the reassessment of one parcel (5446007819321) effective July 1, 2017. As a result of the interim bill, the administrator directed the County to remit the remaining \$15,527.85 to the Trustee in a letter dated January 5, 2018.
- TIF Revenues in the amount of \$27,470.22 were collected by the Township for calendar year 2017. Of this amount, \$25,081.32 represents the TIF Revenues previously remitted to the Trustee by the Township ($\$27,470.22 - \$25,081.32 = \$2,388.90$). The remaining \$2,388.90 is related to an interim bill sent in calendar year 2017 as a result of the reassessment of one parcel (5446007819321) effective July 1, 2017. As a result of the interim bill, the administrator directed the Township to remit the remaining \$2,388.90 to the Trustee in a letter dated January 5, 2018.
- TIF Revenues in the amount of \$850,437.23 were collected by the School District for calendar year 2017. Of this amount, \$714,243.54 represents the TIF Revenues previously remitted to the Trustee by the School District ($\$850,437.23 - \$714,243.54 = \$136,193.69$). The remaining \$136,193.69 is related to an interim bill sent in calendar year 2017 as a result of the reassessment of one parcel (5446007819321) effective July 1, 2017. As a result of the interim bill, the administrator directed the School District to remit the remaining \$136,193.69 to the Trustee in a letter dated January 5, 2018.
- The Annual Revenue Requirement for Assessment Year 2017 is zero. Accordingly, there are no special assessments outstanding at this time.

II. INTRODUCTION

Lehigh County Industrial Development Authority (the “Authority”) issued \$5,880,000.00 of Special Obligation Revenue Bonds (West Hills Business Center Project) Series of 2014 (the “Series 2014 Bonds”) on February 6, 2014.

The Series 2014 Bonds were issued pursuant to the provisions of the Pennsylvania Economic Development Financing Law, the Act of August 3, 1967, P.L. 251, as amended (the “Economic Development Financing Law”), the Pennsylvania Tax Increment Financing Act (P.L. 465, approved July 11, 1990, 53 P.S. § 6930.1 et seq., as amended) the (“TIF Act”), a Trust Indenture, dated as of February 1, 2014 (the “Indenture”), by and between the Authority and Manufacturer’s and Traders Trust Company, as Trustee (the “Trustee”), and a Resolution of the Authority adopted on August 16, 2011.

The West Hills Business Center Tax Increment Finance District (the “TIF District”) and the West Hills Business Center Neighborhood Improvement District (the “NID”) are collectively referred to herein as the “District”. The District consists of approximately 232 acres located within Weisenberg Township (the “Township”) along Interstate 78 and at Exit 45, and Pennsylvania Route 863. The District is generally bound by Interstate 78 to the south, Pennsylvania Route 863 to the west, Seipstown Road to the north, and a wooded area to the east. The site is approximately 80 northeast of Harrisburg, Pennsylvania, and 90 miles west of New York, New York.

West Hills (Hillwood) Partners, LP, a Texas limited partnership, also known as West Hills Partners L.P., (the “Developer”) is the Developer of the Development and the operator of the West Hills Business Center. The Developer is organized and controlled by West Hills GP. LLC (“West Hills GP”), an affiliate of Hillwood Development Company, LLC (“Hillwood”).

According to the Limited Offering Memorandum, a portion of the proceeds of the Series 2014 Bonds are being used to finance costs of certain public infrastructure improvements related to Phase I of the Development, including site work, water and wastewater treatment plant improvements, highway improvements, and soft costs including design, permitting, right of way acquisitions, legal costs and fees and contingencies.

On May 19, 2016, the Lehigh County Industrial Development Authority issued an additional \$6,100,000.00 Lehigh County Industrial Development Authority Special Obligation Revenue Bond (West Hills Business Center Project) Series 2016 (the “Series 2016 Bond” or “PIB Loan”). Of that amount \$5,490,000.00 will be used to fund a portion of the remaining Phase II infrastructure costs. The Series 2016 Bond is issued on a parity basis with the Series 2014 Bonds under the Trust Indenture dated February 1, 2014 pursuant to a Supplemental Trust Indenture dated May 19, 2016.

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 Developer and County Continuing Disclosure Agreements.

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, 2017, 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

As currently planned, the Development (more commonly referred to herein as the “West Hills Business Center”), is to be completed in two phases.

Phase I is anticipated to include (i) the majority of the site work on privately owned parcels, (ii) certain highway improvements, and (iii) construction of three industrial warehouses totaling approximately 1.6 million square feet, ranging in size from approximately 230,000 to 980,000 square feet (Building A, B and D). Construction of Phase I commenced in July 2013.

Phase II is anticipated to include (i) certain site work, (ii) the construction of two additional buildings (Building C and E), consisting of an estimated 230,000 square feet and 430,000 square feet, respectively, and (iii) Phase II public improvements, which consist of highway improvements to Pennsylvania Route 863 and Interstate 78 and have to be completed before the Developer can obtain certificates of occupancy for Buildings C and E. Construction of Phase II commenced in 2016.

B. GOVERNMENTAL APPROVALS AND PERMITS

According to the Limited Offering Memorandum, at the time the Series 2014 Bonds were issued, the Developer’s applications for all zoning changes necessary for the Development had been approved and adopted by the Township. Additionally, all major permits in connection with Phase I of the Development have been received. Certain additional permits will need to be obtained in the ordinary course of development of Phase I, including building permits for Buildings B and D, but the Developer expects such permits to be routine and reasonably obtainable. The permits received as of the date of issuance date of the Series 2014 Bonds are described in Appendix B-Engineer’s Report, of the Limited Offering Memorandum dated February 6, 2014.

As of December 31, 2017, the Developer reports that additional permits and approvals have been obtained. As reported by the Developer, Table III-1 on the following page reflects additional permits and approvals that have been obtained since the issuance of the Series 2014 Bonds through December 31, 2017.

**Table III-1
Permits and Approvals**

Permit/Approval	Approval Status	Date of Approval	Approval Agency
Phase I			
Bldg. B Shell – Electric Permit	Approved	7/28/2014	Weisenberg Township
Bldg. B Shell – TI Permit	Approved	2/9/2015	Weisenberg Township
Bldg. B - Temporary Certificates of Occupancy	Issued	3/20/15 3/27/15	Weisenberg Township
Bldg. B - Certificates of Occupancy (Shell and TI)	Issued	5/8/2015	Weisenberg Township
Bldg. D Shell – Electric Permit	Approved	7/28/2014	Weisenberg Township
Bldg. D - Certificates of Occupancy (building shell approval only)	Issued	7/29/2015	Weisenberg Township
Bldg. D Shell – TI Sprinkler Permit	Approved	9/2/2015	Weisenberg Township
Bldg. D Shell – TI Permit	Approved	9/11/2015	Weisenberg Township
Bldg. D - TI Mechanical, Electric, Plumbing and Fire Alarm Permits	Approved	9/17/2015	Weisenberg Township
Phase II			
Bldg. C – Recording of Land Development Plan	Recorded	1/21/2011	Lehigh County Recorder of Deeds
Bldg. C Shell – Building, Plumbing, Mechanical and Sprinkler Permits	Approved	7/29/2015	Weisenberg Township
Bldg. C Shell – Electric Permit	Approved	8/18/2015	Weisenberg Township
Bldg. C Shell – Fire Alarm Permit	Approved	9/30/2015	Weisenberg Township
Bldg. C TI - Building Permit	Approved	1/5/2016	Weisenberg Township
Bldg. C TI - Fire Alarm	Approved	1/5/2016	Weisenberg Township
Bldg. C TI - Racking Permit	Approved	1/5/2016	Weisenberg Township
Bldg. C - Certificate of Occupancy	Issued	4/12/2016	Weisenberg Township
Bldg. C TI - Certificate of Occupancy	Issued	4/4/2016	Weisenberg Township
Bldg. C TI - Partial Certificate of Occupancy (racking)	Issued	3/4/2016	Weisenberg Township
Bldg. C TI - Partial Certificate of Occupancy (racking)	Issued	3/11/2016	Weisenberg Township
Bldg. C TI - Partial Certificate of Occupancy (racking)	Issued	3/22/2016	Weisenberg Township
Bldg. C TI - Partial Certificate of Occupancy (racking)	Issued	4/11/2016	Weisenberg Township
Bldg. C TI - Partial Certificate of Occupancy (racking)	Issued	4/28/2016	Weisenberg Township
Bldg. C TI - Partial Certificate of Occupancy (racking)	Issued	5/25/2016	Weisenberg Township
Bldg. C TI - Partial Certificate of Occupancy (racking)	Issued	6/7/2016	Weisenberg Township
Bldg. C TI - Certificate of Occupancy (work cells-paint mixing machine)	Issued	4/26/2016	Weisenberg Township
Building C - Roof Scupper Permit	Approved	6/20/2016	Weisenberg Township
Phase II HOP Permit	Issued	12/11/2015	PA Dept. of Transportation
Building E - Final Land Development Plan	Approved	5/9/2016	Weisenberg Township
Building E - NPDES Permit	Issued	6/29/2016	PA Dept. of Environmental Protection
Building E - General Permit #5 & #11	Issued	6/30/2016	PA Dept. of Environmental Protection
Building E - Building Permit	Issued	8/17/2016	Weisenberg Township
Building E - NPDES Co-Permittee Approval (Alan Myers)	Issued	9/1/2016	Lehigh County Conversation District

Permit/Approval	Approval Status	Date of Approval	Approval Agency
Phase II (continued)			
Building E - NPDES Co-Permittee Approval (HCS)	Issued	9/12/2016	Lehigh County Conversation District
Building E - Minor Modification Approval to NPDES Permit	Issued	12/15/2016	PA Dept. of Environmental Protection
Building E - Fire Protection Permit (Alarm)	Issued	12/27/2016	Weisenberg Township
Building E - TI - Building Permit	Issued	5/22/2017	Weisenberg Township
Building E - TI - Fire Protection Permit (Alarm)	Issued	6/8/2017	Weisenberg Township
Building E - Certificate of Occupancy - Shell	Issued	6/30/2017	Weisenberg Township
Building E - Certificate of Occupancy - Office and Support Space Fit-Out	Issued	6/30/2017	Weisenberg Township

C. PUBLIC IMPROVEMENTS

As previously stated, a portion of the proceeds of the Series 2014 Bonds were used to finance or refinance certain public improvements associated with Phase I of the Development, including without limitation, water and waste water treatment plant and highway improvements. The water and waste water treatment plant improvements include: (i) upgrades to an existing waste water treatment plant, installation of a new water main under Pennsylvania Route 863, and (iii) installation of new sanitary sewer gravity mains. The existing waste water treatment plan will be upgraded to meet current Pennsylvania Department of Environmental Protection standards and to provide 40,000 gallons of water per day. Highway improvements include: (i) widening existing Interstate 78 access ramps and installing traffic signals at the access ramp intersections, (ii) acquiring right-of-way, designing, and permitting, testing and inspecting, and general conditions and overhead.

As of December 31, 2017, and as previously reported as of June 30, 2014, the Developer reports the upgrades to the existing waste water treatment plant, installation of a new water main under State Route 863 and installation of new sanitary sewer gravity mains performed by the Lehigh County Authority have been completed and are operational.

As of December 31, 2017, and as previously reported, as of June 30, 2014, the Developer reports the Phase I highway improvements to State Road 863 (Golden Key) and Interstate 78 at exit 45 (including widening the existing Interstate 78 access ramp and installing traffic signals on the westbound ramp) have been completed by the Developer.

As of December 31, 2017, and as previously reported, the Developer reports the Phase II highway improvements to State Road 863, including the demolition of the existing bridge, construction of the new bridge, and ramp widening and paving have been completed.

Table III-2 on the following page shows the estimated costs of the infrastructure improvements associated with Phase I and Phase II of the Development. This information was provided in Appendix B-Engineer's Report, of the Limited Offering Memorandum dated February 6, 2014.

**Table III-2
Infrastructure Improvements**

Infrastructure Improvements	Budget
Off-Site Waste Water	
Waste Water Treatment Plant (30% contribution)	\$853,000
Contingency 3%	\$25,590
Subtotal Off-Site Water and Waste Water	\$878,590
Highway Occupancy Permit - Phase I Improvements	
Phase I Highway and Utility Improvements	\$790,000
Utility Relocation	\$54,000
Testing and Inspection	\$20,000
Traffic Signal Maintenance Escrow	\$50,000
Contingency 3%	\$24,300
Subtotal Highway Occupancy Permit - Phase I	\$938,300
Prepaid Reimbursable Expenses	
Direct Reimbursable Expenses	\$1,500,000
Contingency 3%	\$45,000
Subtotal Prepaid Reimbursable Expenses	\$1,545,000
Highway Occupancy Permit - Phase II	
Construction Estimate	\$5,067,422
Contingency 25%	\$1,266,856
General Conditions and Overhead 8%	\$506,742
ROW Acquisition	\$54,000
Utility Relocation	\$100,000
Design and Permitting	\$560,000
Testing and Inspection	\$600,000
Traffic Signal Maintenance Escrow	\$100,000
Subtotal	\$8,255,020
Escalation (3 years) at 4%	\$1,023,622
Subtotal Highway Occupancy Permit - Phase II	\$9,278,642
Total	\$12,640,532

D. STATUS OF DEVELOPMENT

According to the Developer as of December 31, 2017, there have no material changes to the development plan. Table III-3 below shows the projected Development at full build-out.

**Table III-3
Planned Development**

Building	Phase	Approximate Square Feet	Development Status	Occupancy Status
Building A	Phase I	980,000	Completed	100% Occupancy
Building B	Phase I	231,000	Completed	100% Occupancy
Building C	Phase II	241,913	Completed	100% Occupancy
Building D	Phase I	435,000	Completed	100% Occupancy
Building E	Phase II	414,923	Completed	100% Occupancy
Total		2,302,836		

Phase I Improvements

As of December 31, 2017, and as previously reported by the Developer, Building A was substantially complete in March 2014 and sold by an affiliate of the Developer to Duke Realty West Hills Bldg. A, LLC in April 2014. In April 2014, National Distribution Centers, LLC, successor in interest to National Distribution Centers, L.P. d/b/a NFI Industries (“NFI”) accepted possession of Building A as a tenant in April 2014. NFI will provide logistical operations for Ocean Spray.

As of December 31, 2017, the Developer reports that all site improvements and building shell construction were substantially completed for Building B as of March 2015. The building is 100 percent leased to National Distribution Centers (d/b/a NFI Distribution). NFI leased the building in its entirety and took occupancy in March 2015. The lease commenced in August 2015. Tenant improvements were completed and occupancy occurred on November 1, 2015.

As of December 31, 2017, the Developer reports that all site improvements and building shell construction were substantially completed for Building D as of June 2015. The Developer also reports that WHBC Building D, L.P. (the Affiliate of the Developer that owned Building D) sold Building D to Watson Land Company in February 2016. The building is 100 percent leased to Genco I, Inc. The lease commenced in August 2015. Tenant improvements were completed and occupancy occurred in November 2015.

As of December 31, 2017, and as previously reported by the Developer all Phase I Highway Occupancy Permit (“HOP”) improvements were completed by June 30, 2014. On May 7, 2015 a Traffic Impact Study Addendum was delivered to Pennsylvania Department of Transportation (“PennDOT”) and approved by PennDOT on May 29, 2015. PennDOT issued a permit on September 16, 2015 increasing the allowable Phase I development to 1,892,000 square feet.

Phase II Improvements

As of December 31, 2017, the Developer reports that all site work and building shell construction were substantially completed for Building C in March 2016. The Developer also reports that WHBC Building C, L.P. (the Affiliate of the Developer that owned Building C) sold Building C to Watson Land Company in May 2016. The building is 100 percent leased to Behr Process Corporation. The lease commenced in December 2015. Tenant improvements were completed and occupancy took place in March 2016.

As of December 31, 2016, the Developer reports that the design engineering for Building E commenced in August 2015 and is now complete. The Developer also reports that the site plan for Building E was approved by Weissenberg Township in May 2016. According to the Developer, the construction of Building E commenced in September 2016. As of December 31, 2016, approximately 100% of site work construction has been completed. The Developer also reports that building interiors, slab on grade and tilt wall panels are approximately 100% complete as of December 31, 2016. According to the Developer, structural steel and utilities are 100% and 100% complete, respectively, as of December 31, 2016. The Developer anticipates the building shell construction to be completed in June 2017.

As of December 31, 2017, the Developer reports that the shell building and any tenant improvements required to be constructed by the landlord for Building E were substantially completed in June 2017. The Developer also reports that WHBC Building E, L.P. (the Affiliate of the Developer that owned Building E) sold Building E to Harvest B REIT, LLC, a Delaware limited liability company, on December 19, 2017. The building is 100 percent leased to National Distribution Centers, LLC. The lease commenced in May 2017. Tenant improvements were completed and occupancy took place in July 2017.

As of December 31, 2017, and as previously reported, the Developer reports that the design engineering for Phase II HOP improvements commenced in April 2014 and concluded in November 2015.

Trumbull Corporation was engaged as the general contractor for the Phase II Highway Improvements and was released to fabricate and construct the pre-cast bridge structure. The Developer reports that demolition of the existing bridge at State Road 863 occurred in April 2016 and the new bridge was open to traffic in June 2016. As of December 31, 2017, the Developer reports that the Phase II HOP improvements are complete.

E. STATUS OF FINANCING

As disclosed in the Developer's Continuing Disclosure Statement for the period ending September 30, 2014, West Hills Building B, L.P. (the Affiliate of Developer that owns Building B) and West Hills Building D, L.P. (the Affiliate of Developer that owns Building D) closed on construction financing in the amount of approximately \$9,100,000.00 for Building B and approximately \$16,700,000.00 for Building D on July 25, 2014. Fifth Third Bank is the construction lender for both loans. The loans are cross collateralized and cross defaulted. The construction loan for Building B was repaid in full in June 2015 in connection with the sale of Building B to Duke Realty Limited Partnership. According to the Developer, the construction loan of approximately \$16,700,000.00 for Building D was repaid in full in February 2016.

According to the Developer, WHBC Building C, LP (an Affiliate of the Developer that owned Building C) closed on a construction financing loan in the amount of approximately \$10,000,000.00 on June 29, 2015. Fifth Third Bank is the construction lender. As of December 31, 2017, the Developer reports that the \$10,000,000.00 construction loan for Building C was repaid in full in May 2016.

According to the Developer, WHBC Building E, L.P. (an Affiliate of the Developer that owned Building E) closed on a construction financing loan in the amount of approximately \$17,000,000.00 with Fifth Third Bank on July 7, 2016. WHBC Building E, L.P. repaid the approximately \$17,000,000.00 construction loan from Fifth Third Bank for the construction of Building E on December 19, 2017.

IV. TRUSTEE ACCOUNTS

The Trustee for the Series 2014 Bonds and the 2016 PIB Loan is Manufacturers and Traders Trust Company. The account balances as of December 31, 2016, investment income, additional proceeds, transfers, and disbursements and account balances as of December 31, 2017, are shown in the following table.

Table IV-1
Series 2014 and 2016 PIB Loan
Fund Balances

Account/Fund	Balance 12/31/16	Investment Income	Additional Proceeds	Transfers	Disburse- ments	Balance 12/31/17
Series 2014 Clearing Fund	\$0	\$0	\$0	\$0	\$0	\$0
Series 2014 Project Fund	\$161	\$1	\$0	\$0	\$0	\$162
Capitalized Interest Fund ¹	\$50	\$0	\$0	(\$50)	\$0	\$0
Special Assessment Prepayment Account	\$0	\$0	\$0	\$0	\$0	\$0
Tax Increment Account	\$593,508	\$3,495	\$0	\$493,449	\$0	\$1,090,452
Assessment Account	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Reserve Fund	\$588,183	\$2,455	\$0	(\$832)	\$0	\$589,806
Surplus Fund	\$0	\$0	\$0	\$0	\$0	\$0
Administrative Expense Fund	\$203	\$63	\$0	\$55,201	\$44,007	\$11,460
Rebate Fund	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Fund	\$0	\$16	\$0	\$622,875	\$622,875	\$16
Township Tax Fund	\$24,861	\$59	\$25,081	(\$24,888)	\$0	\$25,113
School District Tax Fund	\$813,830	\$1,852	\$714,244	(\$814,728)	\$0	\$715,198
County Tax Fund	\$330,664	\$656	\$162,422	(\$331,027)	\$0	\$162,715
2016 PIB Loan Clearing Fund	\$4,500	\$19	\$0	\$0	\$0	\$4,519
2016 PIB Loan Reserve Fund	\$610,039	\$2,548	\$0	\$0	\$0	\$612,587
2016 PIB Loan Project Fund	\$76	\$0	\$0	\$0	\$0	\$76
	\$2,966,075	\$11,164	\$901,747	\$0	\$666,882	\$3,212,104

¹The remaining balance of the Capitalized Interest Fund of \$50.49 was transferred to the Debt Service Fund on February 15, 2017, and the account was subsequently closed.

- Disbursements from the Administrative Expense Fund represent the payment of administrative expenses.
- Disbursements from the Debt Service Fund represent the payment of debt service on the Series 2014 and Series 2016 Bonds.
- Additional Proceeds to the Township Tax Fund represent Township Pledged Tax Incremental Revenues collected in calendar year 2017.
- Additional proceeds to the School District Tax Fund represent School District Pledged Tax Increment Revenues collected in fiscal year 2017.
- Additional proceeds to the County Tax Fund represent County Pledged Tax Increment Revenues collected in calendar year 2017.

Bond proceeds in the various accounts established by Article IV of the Trust Indenture and Article III of the Supplemental Trust Indenture are invested in Federated Treasury Obligations money market funds earning between 0.63 percent and 0.81 percent. Table IV-2 provides a listing of the funds and accounts and their approximate rates of return as of December 31, 2017.

Table IV-2
Rates of Return

Account/Fund	Rates of Return
Series 2014 Project Fund	0.67%
Tax Increment Account	0.66%
Debt Service Reserve Fund	0.66%
Administrative Expense Fund	0.81%
Debt Service Fund	0.75%
Township Tax Increment Fund	0.66%
School District Tax Increment Fund	0.66%
County Tax Increment Fund	0.66%
2016 PIB Loan Clearing Fund	0.66%
2016 PIB Loan Reserve Fund	0.66%
2016 PIB Loan Project Fund	0.63%

According to Article IV of the Trust Indenture dated as of April 1, 2014, investment income on the Project Fund will be used for the purposes of that account. Investment income earned on the Revenue Fund will be used for the purpose of the accounts. Investment income earned on the Capitalized Interest Account will be retained in the account and will be used exclusively to pay debt service on the 2014 Bonds. If the amount on deposit in the Debt Service Reserve Fund exceeds the Reserve Requirement, the Trustee will transfer the excess first, upon written request of the Issuer prior to completion of the Project, to the Capitalized Interest Account of the Debt Service Fund, the Project Fund or the Administrative Fund, and thereafter to the Surplus Fund. Investment income earned on the Administrative Expense Fund will remain in the Administrative Expense Fund and will be used for the purposes of the fund.

According to Article III of the Supplemental Trust Indenture dated May 19, 2016, investment income in the PIB Loan Project Fund will be used for the purposes of the account. If the amount on deposit in the PIB Loan Debt Service Reserve Fund exceeds the Reserve Requirement, the Trustee will transfer the excess first, upon written request of the Issuer prior to completion of the Project, to the Capitalized Interest Account of the Debt Service Fund, the Project Fund or the Administrative Fund, and thereafter to the Surplus Fund.

V. *DISTRICT OPERATIONS*

The information provided in this section is taken from the annual special assessment report for the West Hills Business Center District dated February 15, 2017 (the “Assessment Report”). The information herein reflects information available as of the same date and may not contain the most updated information regarding special assessments collections, delinquencies, changes in the assessed value of the property in the District or other updates to the expected debt service on the Series 2014 Bonds and PIB Loan as of the date of this annual continuing disclosure report.

A. **ANNUAL PAYMENT**

The Annual Payment shall be paid each year for any Parcel for which the Special Assessment have not been paid in full in an amount equal to the lesser of (i) the Annual Installment for the Parcel and (ii) an amount calculated pursuant to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

- A = the Annual Payment for the Parcel;
- B = the Annual Revenue Requirement for the Assessment Year for which the Annual Payment is being calculated;
- C = the Adjusted Annual Installment for the Parcel; and
- D = the Adjusted Annual Installment for all Parcels.

Annual Revenue Requirement

The Annual Revenue Requirement is defined as “for any Assessment Year, the sum of the Annual Obligations less Available Funds.”

Annual Obligations

Annual Obligations are defined as “for any Assessment Year, an amount equal to the following: 1) debt service on the Bonds to be paid from the Annual Payments and 2) Administrative Expenses.”

Available Funds

Available Funds are defined as “for each Assessment Year, the following to the extent available to pay Annual Obligations: 1) Tax Increment Revenues available to be applied to the Annual Revenue Requirement; 2) any credits to be applied under the Bond Indenture, such as capitalized interest or interest earnings on any account balances, and 3) any other funds available to be applied to Annual Obligation.”

The Annual Revenue Requirement for Assessment Year 2017 is zero. Table V-1 on the following page provides a summary of the Annual Revenue Requirement for the 2017 Assessment Year, which will be used to pay the aggregate debt service and expenses due in Assessment Year 2017.

Table V-1
Annual Revenue Requirement – Assessment Year 2017

Annual Obligations	
<i>Debt Service on the 2014 Bonds</i>	
Interest on January 1, 2018	(\$182,000)
Interest on July 1, 2018	(\$182,000)
Principal on July 1, 2018	(\$170,000)
<i>Sub-total debt service 2014 Bonds</i>	(\$534,000)
<i>Debt Service on the PIB Loan</i>	
Interest on August 15, 2017	(\$49,563)
Principal on August 15, 2017	\$0
Interest on February 1, 2018	(\$49,563)
Principal on February 1, 2018	\$0
<i>Sub-total debt service PIB Loan</i>	(\$99,125)
Estimated Administrative Expense Budget for Assessment Year 2017	(\$54,369)
<i>Total Obligations</i>	(\$687,494)
<i>Estimated Available Funds</i>	
<i>Total available revenues</i>	
2014 Bonds Reserve Fund - estimated investment income to July 1, 2018	\$118
PIB Loan Reserve Fund – estimated available investment income to August 1, 2018	\$61
Estimated pledged TIF Revenues to be collected in 2017	\$903,066
Surplus from prior year	\$1,135,434
<i>Total Estimated Available Funds</i>	\$2,038,679
Annual Revenue Requirement	\$0

Debt Service

2014 Bonds

Debt service on the 2014 Bonds includes interest on the bonds payable on January 1, 2018 and July 1, 2018. The semi-annual interest payments are equal to six months of interest on the outstanding principal of \$5,600,000.00 at 6.50 percent. As a result, the interest payments due on January 1, 2018 and July 1, 2018 are equal to \$182,000.00.

A principal payment in the amount of \$170,000.00 is due on the 2014 Bonds on July 1, 2018. As a result, total debt service on the 2014 Bonds is equal to \$534,000.00 (\$182,000.00 + \$182,000.00 + \$170,000.00 = \$534,000.00).

PIB Loan

Debt service on the PIB Loan includes interest and principal on the bonds payable on August 15, 2017 and February 15, 2018. The semi-annual interest payments are equal to six months of interest on the outstanding principal of \$6,100,000.00 at 1.625 percent. As a result, the interest payments due on August 15, 2017 and February 15, 2018 are equal to \$49,562.50.

Principal payments, if any, are due semi-annually on August 15th and February 15th. There are no principal payments due on August 15, 2017 or February 15, 2018. As a result, total debt service due on the PIB Loan is equal to \$99,125.00 (\$49,562.50 + \$49,562.50 = \$99,125.00).

Administrative Expenses

As shown in Table V-2 below, the Administrative Expense budget for Assessment Year 2017 is estimated to be \$54,369.00. Administrative expenses include payments to the Trustee and Administrator, and the expenses of the Authority and the NIDMA related to the District.

Table V-2
Administrative Expenses Budget
Assessment Year 2017

Authority (LCIDA)	\$15,229
Trustee (M&T Bank)	\$6,240
TIF & NID Administrator (MuniCap)	\$20,000
NIDMA	\$9,300
Contingency	\$3,600
Estimated Administrative Expenses	\$54,369

Reserve Fund Investment Income

The Reserve Requirement for the 2014 Bonds is \$588,000.00. The Reserve Fund for the 2014 Bonds is currently invested in a money market fund currently earning approximately 0.02 percent. At this rate, an additional \$117.60 in investment income is expected to be earned through July 1, 2018. The Reserve Requirement for the PIB Loan is \$610,000.00. The Reserve Fund for the PIB Loan is currently invested in a money market fund earning approximately 0.01 percent. At this rate, an additional \$61.00 in investment income is expected to be earned through July 1, 2018. The investment income estimated to be earned on the 2014 Bonds Reserve Fund and the PIB Loan Reserve Fund are shown in Table V-3 below.

Table V-3
Debt Service Reserve Fund
Estimated Investment Income

Debt Service Reserve Fund Requirement – 2014 Bonds	\$588,000
Investment Income through July 1, 2018	\$118
Debt Service Reserve Fund Requirement - PIB Loan	\$610,000
Investment Income through July 1, 2018	\$61

Estimated Tax Increment Revenues

Pursuant to the Cooperation Agreement dated April 1, 2013 (the “Cooperation Agreement”), the Authority, and the Taxing Bodies have agreed that certain incremental real Tax Increment Revenues derived from real property located within the TIF District from and after the date of creation of the TIF District will be used to pay debt service on the 2014 Bonds and certain related charges.

Pursuant to the Cooperation Agreement and the Indenture, fifty percent of the net Tax Increment Revenues collected each year are pledged to secure the 2014 Bonds and shall be deposited into the Tax Increment Fund. The Tax Increment Revenues consist of a percentage of the real property taxes collected in the TIF District in excess of the base assessed value less the amount payable to the respective Taxing Bodies as provided for in the Cooperation Agreement.

The Base Value of the taxable property in the TIF District as established on April 12, 2013 (the “Base Date”) was \$827,400.00. As shown by Exhibit A attached to this report, the assessed value for all Parcels in the

District as of January 1, 2017 is equal to \$92,231,600.00. The incremental assessed value is, therefore, estimated to equal \$91,404,200.00 (\$92,231,600.00 – \$827,400.00 = \$91,404,200.00).

Taxable property in Lehigh County is subject to real property taxes imposed by three separate taxing bodies: the County, Township and School District. Property owners may receive a two percent discount on their real property tax bills each year if payments are received by a certain date. The millage rates for each of the three Taxing Bodies and the estimated TIF revenues resulting from the incremental value, which is to be collected by the Taxing Bodies for Assessment Year 2017, are shown in Table V-4 below. The total tax incremental revenues that are estimated to be collected in 2017 are equal to \$1,806,132.18.

Table V-4
Estimated TIF Revenues
Collected in 2017

Taxing bodies	County	Township	School District	Total
Real Property Tax Rate (mills)	3.64000	0.56000	15.96310	20.16310
Assessed Value as of 01/01/17	\$92,231,600	\$92,231,600	\$92,231,600	\$92,231,600
Base Year Assessed Value	(\$827,400)	(\$827,400)	(\$827,400)	(\$827,400)
Incremental Value	\$91,404,200	\$91,404,200	\$91,404,200	\$91,404,200
Estimated Total Tax Increment Revenues	\$332,711	\$51,186	\$1,459,094	\$1,842,992
<i>Percent of Tax Increment Revenues Collected</i>	<i>98.00%</i>	<i>98.00%</i>	<i>98.00%</i>	<i>98.00%</i>
Total Tax Increment Revenues Collected	\$326,057	\$50,163	\$1,429,912	\$1,806,132
<i>Percent of TIF Revenues paid to Taxing Bodies</i>	<i>50.00%</i>	<i>50.00%</i>	<i>50.00%</i>	<i>50.00%</i>
Estimated TIF Revenues to Taxing Bodies	\$163,029	\$25,081	\$714,956	\$903,066
Estimated TIF Revenues to Authority	\$163,029	\$25,081	\$714,956	\$903,066

Per the Cooperation Agreement the Taxing Bodies will retain fifty percent of the total Tax Increment Revenues collected each year. The estimated Tax Increment Revenues due to the Taxing Bodies and the Authority are shown in Table V-4. Accordingly, the estimated Tax Increment Revenues that will be available for debt service and administrative expenses for Assessment Year 2017 is estimated to be equal to \$903,066.09.

Surplus from Prior Year – Assessment Year 2016

Pursuant to Section 4.03 (d) of the Indenture, estimated surplus Tax Increment Revenues from the prior year may be applied to pay debt service and administrative expenses in Assessment Year 2017 if required. As shown in Table V-5 on the following page, surplus revenues in fiscal year Assessment Year 2016 are estimated to be \$1,135,434.08.

Table V-5
Prior Year Surplus

Annual Obligations	
<i>Debt Service on the 2014 Bonds</i>	
Interest on January 1, 2017	(\$186,875)
Interest on July 1, 2017	(\$186,875)
Principal on July 1, 2017	(\$150,000)
<i>Sub-total debt service 2014 Bonds</i>	(\$523,750)
<i>Debt Service on the Series PIB Loan</i>	
Interest on February 1, 2017	(\$49,563)
Principal on February 1, 2017	\$0
Administrative Expenses for Assessment Year 2017	(\$54,369)
Total Obligations	(\$627,682)
Estimated Available Funds	
<i>Total available revenues</i>	
Capitalized Interest Account balance as of December 31, 2016	\$50
Tax Increment Account balance as of December 31, 2016	\$593,508
Debt Service Fund balance as of December 31, 2016	\$0
Available Tax Incremental Revenues in Township Tax Fund as of December 31, 2016	\$24,861
Available Tax Incremental Revenues in School District Tax Fund as of December 31, 2016	\$813,830
Available Tax Incremental Revenues in County Tax Fund as of December 31, 2016	\$330,664
Administrative Fund balance as of December 31, 2016	\$203
Total Estimated Available Funds	\$1,763,116
Surplus Revenues Available	\$1,135,434

Debt service includes an interest payment in the amount of \$186,875.00 payable on January 1, 2017 and July 1, 2017. The interest payable is equal to interest for six months on the outstanding principal amount of the 2014 Bonds of \$5,750,000 at 6.500 percent. There is a principal payment due on July 1, 2017 of \$150,000.00. As a result, the total amount of debt service to be paid is \$523,750.00 (\$186,875.00 + \$186,875.00 + \$150,000.00 = \$523,750.00).

The administrative expense budget for Assessment Year 2016 is \$54,369.00. As of December 31, 2016, the balance in the Administrative Expense fund was \$202.95. Accordingly, there is \$202.95 available to pay a portion of the estimated administrative expenses in Assessment Year 2016.

As of December 31, 2016, the balance in the Capitalized Interest Account was \$50.48. This amount will be used to pay a portion of the debt service and administrative expenses due in Assessment Year 2016.

As of December 31, 2016, the balance in the Tax Increment Fund was \$593,507.66. A portion of this amount will be used to pay debt service and administrative expenses due in Assessment Year 2016.

As of December 31, 2016, the available balance in the County Tax Fund was \$330,663.59. This amount will be used to pay a portion of the debt service and administrative expenses due in Assessment Year 2016.

As of December 31, 2016, the balance in the School District Tax Fund was \$813,829.80. This amount will be used to pay a portion of the debt service and administrative expenses due in Assessment Year 2016.

As of December 31, 2016, the balance in the Township Tax Fund was \$24,861.00. This amount will be used to pay a portion of the debt service and administrative expenses due in Assessment Year 2016.

Summary of the Annual Revenue Requirement

As shown by Table V-1 and as explained above, the Annual Obligations are equal to \$687,494.00. Available Revenues are equal to \$2,038,678.77. Annual Revenues exceed Annual Obligations by \$1,351,184.77 ($\$2,038,678.77 - \$687,494.00 = \$1,351,184.77$). Therefore, the Annual Revenue Requirement for Assessment Year 2017 is zero.

Annual Payment

As shown in Table V-1, the Annual Revenue Requirement for Assessment Year 2017 is zero. Therefore, the Annual Payment is zero.

B. TAX INCREMENT REVENUE COLLECTIONS

As shown in Table V-6 below, total TIF Revenues from the three Taxing Bodies transferred to the Trustee in calendar year 2017 totals \$901,746.47.

TIF Revenues in the amount of \$177,949.46 were collected by the County for calendar year 2017. Of this amount, \$162,421.61 represents the TIF Revenues previously remitted to the Trustee by the County ($\$177,949.46 - \$162,421.61 = \$15,527.85$). The remaining \$15,527.85 is related to an interim bill sent in calendar year 2017 as a result of the reassessment of one parcel (5446007819321) effective July 1, 2017. As a result of the interim bill, the administrator directed the County to remit the remaining \$15,527.85 to the Trustee in a letter dated January 5, 2018.

TIF Revenues in the amount of \$27,470.22 were collected by the Township for calendar year 2017. Of this amount, \$25,081.32 represents the TIF Revenues previously remitted to the Trustee by the Township ($\$27,470.22 - \$25,081.32 = \$2,388.90$). The remaining \$2,388.90 is related to an interim bill sent in calendar year 2017 as a result of the reassessment of one parcel (5446007819321) effective July 1, 2017. As a result of the interim bill, the administrator directed the Township to remit the remaining \$2,388.90 to the Trustee in a letter dated January 5, 2018.

TIF Revenues in the amount of \$850,437.23 were collected by the School District for calendar year 2017. Of this amount, \$714,243.54 represents the TIF Revenues previously remitted to the Trustee by the School District ($\$850,437.23 - \$714,243.54 = \$136,193.69$). The remaining \$136,193.69 is related to an interim bill sent in calendar year 2017 as a result of the reassessment of one parcel (5446007819321) effective July 1, 2017. As a result of the interim bill, the administrator directed the School District to remit the remaining \$136,193.69 to the Trustee in a letter dated January 5, 2018.

Table V-6
Actual TIF Revenues
Collected in 2017

Taxing Body	Total TIF Revenues Collected in CY17/FY18	Total TIF Revenues Remitted to Trustee CY17/FY18	Total TIF Revenues Attributable to Interim Bills for CY17/FY18
County	\$177,950	\$162,421	\$15,528
Township	\$27,470	\$25,081	\$2,389
School District ¹	\$850,437	\$714,244	\$136,194
Total	\$1,055,857	\$901,746	\$154,111

¹The School District operates on a Fiscal Year basis, end June 30th.

C. SPECIAL ASSESSMENT COLLECTIONS

Special Assessments were not billed in the 2017 Assessment Year. As a result, no Special Assessments were collected in the 2017 Assessment Year.

D. DELINQUENT PROPERTY TAXES AND SPECIAL ASSESSMENTS

The Administrator is not aware of any delinquent property taxes as of the date of this report.

Special Assessments were not collected in the 2016 or 2017 Assessment Years. Accordingly, there are no outstanding assessments at this time.

E. COLLECTION EFFORTS

There are no outstanding Special Assessments. Accordingly, there are no collection efforts underway at this time.

VI. DISTRICT FINANCIAL INFORMATION

The information provided in this section is to meet the requirements for the Annual Report as provided for in Section 3 of the Authority 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 Authority Continuing Disclosure Agreement.

All information in this section is provided as of December 31, 2017, unless otherwise stated.

A. BALANCE OF FUNDS AND ACCOUNTS

This information is provided in *Section IV- Trustee Accounts* of this report.

B. CHANGES TO THE RATE AND METHOD OF APPORTIONMENT

As of December 31, 2017, there have been no changes to the Rate and Method of Apportionment of Special Assessments by the NIDMA since the Series 2014 Bonds were issued.

C. SPECIAL ASSESSMENT ROLL

Table VI-1 below reflects the Special Assessment Roll for the parcels in the District as of December 31, 2017.

Table VI-1
Special Assessments

Tax Parcel	BSF ¹	Special Assessment	Principal Portion of Special Assessment
543672784352 1	980,000	\$14,124,084	\$6,371,928
543674522042 1	0	\$0	\$0
543662588865 1	0	\$0	\$0
543662889726 1	231,000	\$3,329,248	\$1,501,955
543691239198 1	435,000	\$6,269,364	\$2,828,356
543671912251 1	238,000	\$3,430,135	\$1,547,468
544600781932 1	403,000	\$5,808,169	\$2,620,293
543661238765 1	0	\$0	\$0
543661174325 1	0	\$0	\$0
543661095005 1	0	\$0	\$0
543651896436 1	0	\$0	\$0
	2,287,000	\$32,961,000	\$14,870,000

¹ Based on current development plan information provided by the Developer.

As of the date of this report, the Administrator is in the process of preparing the assessment report for Assessment Year 2018. Once the report is approved by the WHIDMA Board, the Administrator will provide a supplemental disclosure regarding the Annual Revenue Requirement and Annual Installment for Assessment Year 2018.

As of December 31, 2017, there have been no prepayments of the Special Assessment or termination of the Special Assessments.

D. RECLASSIFICATION OF PARCELS WITHIN THE DISTRICT

As of December 31, 2017, there has been no reclassification of parcels within the District.

E. DELINQUENCIES AND COLLECTION EFFORTS

As of December 31, 2017, there are no special assessments delinquent or outstanding.

F. CHALLENGES TO THE VALIDITY OF THE BONDS OR THE DISTRICT

As of December 31, 2017, the Developer reports that there have been no challenges to the validity of the Bonds or the creation of the District.

G. SIGNIFICANT AMENDMENTS TO LAND USE OR LEGAL CHALLENGES

As of December 31, 2017, the Developer reports that there have been no significant amendments to land use or legal challenges to the construction of the Development.

VII. SIGNIFICANT EVENTS

A. DEVELOPER SIGNIFICANT EVENTS

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

- (i) failure to pay any real property taxes or Special Assessments levied on a Parcel in the District owned by West Hills Partners or any Affiliate thereof;
- (ii) damage to or destruction of any development or improvements within the District to the extent that it adversely affects the completion of the Development or materially adversely affects the financial condition of West Hills Partners or any Affiliate owning property within the District;
- (iii) a payment default by West Hills Partners or any Affiliate thereof owning property within the District on any loan with an outstanding balance of \$5,000,000 or more secured by property in the District owned by West Hills Partners or any Affiliate thereof;
- (iv) the filing by or against West Hills Partners or any Affiliate thereof owning property within the District, or any owner of more than a thirty-five percent (35%) interest in West Hills Partners, of a bankruptcy petition or any legal determination that West Hills Partners or any Affiliate thereof owning property within the District or any owner of more than a thirty-five percent (35%) interest in West Hills Partners is unable to pay its debts as they become due; and
- (v) the filing of any lawsuit against West Hills Partners or any Affiliate thereof owning property within the District with a claim for damages which may adversely affect the completion of the Development or materially adversely affect the financial condition of West Hills Partners or any Affiliate owning property within the District, as applicable.

Inquiries have been made with the Developer regarding the occurrence of any significant events and they have reported that no significant events have occurred as the date of this report.

B. ADMINISTRATOR SIGNIFICANT EVENTS

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

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) any unscheduled draws on credit enhancement reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) tender offers;
- (vii) defeasances;

- (viii) rating changes; and
- (ix) bankruptcy, insolvency, receivership or similar event of the obligated Person;

The Administrator is not aware of the occurrence of any significant event as of the date of this report.