

**\$7,620,000**  
**CITY OF PORTAGE, INDIANA**  
**SPECIAL IMPROVEMENT DISTRICT BONDS**  
**SERIES 2005**  
**(MARINA SHORES PROJECT)**

**MATERIAL EVENT**

**FAILURE TO PAY AD VALOREM PROPERTY TAXES AND SPECIAL ASSESSMENTS**

Pursuant to Section 7 (1) of the Continuing Disclosure Agreement, dated November 2, 2005, the developer reports that there has been a failure to pay general ad valorem property taxes equal to \$35,010.45 by the date due of March 12, 2009. The developer also reports that the fiscal year 2008 special assessments billed by Porter County and received by the developer on February 27, 2009, remain unpaid. The fiscal year 2008 special assessments were due on March 12, 2009. As a result, the developer received a “Complaint to Foreclose Mortgages and to Enforce Guaranties” from Wachovia Financial Services, Inc., filed February 17, 2009. The developer endeavors to continue negotiations with Wachovia Financial Services to reach a work-out agreement.