

*Annual Disclosure Report for Fiscal Year 2010-11*

Riverside County Public Financing Authority

Special Tax Revenue Bonds

Menifee Village Project/CFD No. 86-1

2000 Series A and 2000 Series B

Secured By

Community Facilities District No. 86-1

(Menifee Village)

of the County of Riverside

*Prepared for*



April 2011

ALBERT A.  
**WEBB**  
ASSOCIATES

Table of Contents

Sections		
Section 1:	Public Financing Authority Overview	1
Section 2:	Estimated Debt Service Coverage	2
Section 3:	District Profile –Local Refunding Bonds	3
Section 4:	Special Taxes	4
Section 5:	Property Ownership	5
Section 6:	Overview of Development Status and Absorption	6
Section 7:	Payment History	7
Section 8:	Flow of Funds	9
Section 9:	Material Events	11
Tables		
Table 2-1:	Debt Service and Estimated Coverage	2
Table 4-1:	Special Tax Calculated Levy	4
Table 5-1:	Largest Property Owners	5
Table 5-2:	Property Breakdown by Development Status	5
Table 7-1:	Special Tax Delinquency Summary	7
Table 8-1:	Public Financing Authority 2000 Series A	9
Table 8-2:	Public Financing Authority 2000 Series B	9
Table 8-3:	Investment Portfolio for CFD 86-1 2000 Series A	9
Appendices		
Appendix A:	Debt Service Schedules –Public Financing Authority	
Appendix B:	Debt Service Schedule –Local Obligation	
Appendix C:	District Boundary Map	

The information herein for the Riverside County Public Financing Authority Special Tax Revenue Bonds, Menifee Village Project/CFD No. 86-1, 2000 Series A and 2000 Series B and the underlying Community Facilities District No. 86-1 (Menifee Village) of the County of Riverside, (the “District” or “CFD 86-1”) was prepared by Albert A. Webb Associates and the Riverside County Executive Office, as Administrators. Except as otherwise noted all information is current as of September 30, 2010.

## Riverside County Public Finance Authority Special Tax Revenue Bonds Menifee Village Project/CFD No. 86-1 2000 Series A and 2000 Series B

Series A CUSIP # 76912PBG5 Through # 76912PBV2

Series B CUSIP # 76912PBS9 Through # 76912PBT7

The Riverside County Public Financing Authority (the "PFA") Special Tax Revenue Bonds, Menifee Village Project/CFD No. 86-1, 2000 Series A (Senior Lien Bonds) (the "Series A Bonds"), and the Riverside County Public Financing Authority Menifee Village Project/CFD No. 86-1, 2000 Series B (Junior Lien Bonds) (the "Series B Bonds") (collectively the "PFA Bonds") were issued by the PFA on February 24, 2000, in the amounts of \$12,995,000 and \$13,085,000 respectively. The PFA Bonds were issued to provide funds to purchase the District's Community Facilities District No. 86-1 (Menifee Village) of the County of Riverside 2000 Special Tax Bonds, Series A Bonds (the "Local Obligations") which, in turn, refunded the County of Riverside Community Facilities District No. 86-1 (Menifee Village) Special Tax Bonds, Series 1986.

The PFA Series A Bonds have a senior lien on District revenues, primarily the principal and interest payments made on the Local Obligations, and have been insured by Ambac. The Series B Bonds are payable, primarily, from amounts remaining after payment of the Series A Bonds and replenishment of the Senior Reserve Fund, if necessary.

Interest on the PFA Series A and Series B Bonds is payable semi-annually on March 1 and September 1. The final maturity of the PFA Series A and Series B Bonds is September 1, 2011.

The outstanding principal amount of Series A Senior Lien Bonds as of September 30, 2010, was \$1,465,000.00. The outstanding principal amount of Series B Junior Lien Bonds as of September 30, 2010, was \$1,575,000.00.

### CUSIP Numbers Series A Senior Lien Bonds

Year	CUSIP
2010	76912PBV2
2011	76912PBR1

### CUSIP Numbers Series B Junior Lien Bonds

Year	CUSIP
2011	76912PBT7

Below is a table reflecting the Estimated Debt Service Coverage for the 2000 Series A (Senior Lien) and 2000 Series B (Junior Lien) Bonds by the Local Obligation revenues as of September 2, 2010. The debt service schedules for the Public Financing Authority Special Tax Revenue Bonds can be found in Appendix A.

Table 2-1  
Debt Service and Estimated Coverage

Bond Year	Local Obligation	2000 Series A	2000 Series B	Total 2000 Series	Senior Bonds	All Series
2011	\$3,408,483.00	\$1,541,912.50	\$1,687,612.50	\$3,229,525.00	2.21	1.06
Totals	\$3,408,483.00	\$1,541,912.50	\$1,687,612.50	\$3,229,525.00		

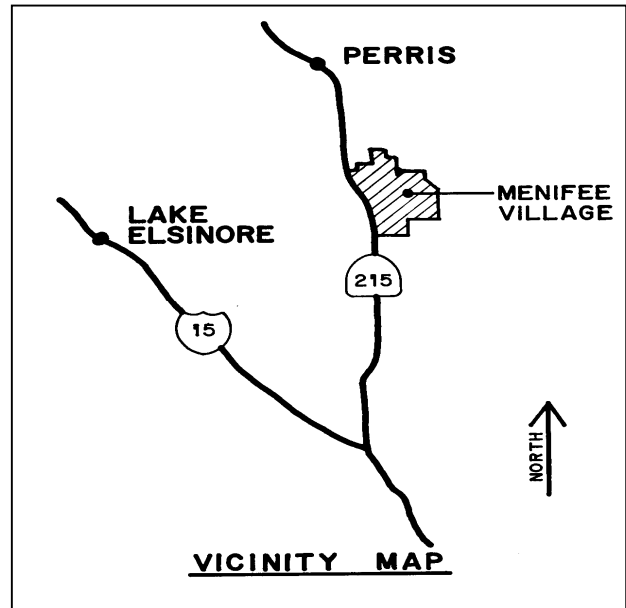
### Community Facilities District 86-1 (Menifee Village)

#### Project Description

The District was formed to fund acquisition and/or construction of project facilities consisting of water and wastewater facilities, road improvements, public utilities and an irrigation system. The construction of the project facilities intended to be built from the first issuance of Bonds is 100% complete at a cost of \$25,733,214.99. All of the completed public facilities have been accepted/dedicated to the appropriate public agencies.

#### Location

The District consists of approximately 2,000 gross acres south of Sun City and east of I-215 in the City of Menifee which incorporated in 2008.



### Local Refunding Bonds

#### n Community Facilities District No. 86-1 (Menifee Village) 2000 Special Tax Bonds, Series A

The 2000 Special Tax Bonds, Series A (the “Local Obligations”) in the amount of \$26,080,000, were issued on February 24, 2000, to refund all of the outstanding Community Facilities District No. 86-1 (Menifee Village) Special Tax Bonds, Series 1986, to provide for the payment of the reimbursement obligation to the Lusk Company, assigned to the County, and to provide funds to acquire and/or construct additional authorized public facilities. The interest rate of the Local Obligations is 7.185%. The final maturity of the Local Obligations is September 1, 2011. As of September 30, 2010, \$3,180,000.00 remains outstanding. The remaining authorized but unissued bonded indebtedness for the District totals \$36,760,750.00.

A special tax is levied and collected each year against various taxable properties throughout the entire District to pay the principal and interest obligations on the Outstanding Bonds of the District. In addition, an Improvement Area was formed within the District and additional Special Tax levies can be imposed on certain classes of property. For Fiscal Year 2010-2011, properties in the Improvement Area are not subject to the Improvement Area tax. The amount levied for the 2010-2011 tax year was \$0.00. This amount was reduced from previous year's levies due to sufficient available funds. \$4,024,759.97 in available funds will be used to pay the remaining Fiscal Year 2010-2011 principal and interest obligation for the 2000 Series A (Senior Lien) and 2000 Series B (Junior Lien) Public Financing Authority Special Tax Revenue Bonds and 2000 Series A Local Obligation Bonds. The calculated levy for the 2010-11 tax year prior to a full offset was \$2,486,044.48.

The special tax rates calculated for the 2010-2011 tax year prior to the full offset are:

Table 4-1  
Special Tax Calculated Levy

Class	Type of Dwelling Unit	Maximum Tax Rate	Per Unit/SF Calculated Tax Rate	Per Unit/SF Applied Tax Rate	Number of Parcels
A	Residential B.Y. 1989 (4.5 to 5.49 units per acre)	\$841.67	\$505.68	\$0.00	840
A1	Residential B.Y. 2000 (4.5 to 5.49 units per acre)	\$835.16	\$501.77	\$0.00	167
A2	Residential B.Y. 2005 (4.5 to 5.49 units per acre)	\$888.91	\$534.06	\$0.00	263
A3	Residential B.Y. 2009 (4.5 to 5.49 units per acre)	\$940.77	\$565.22	\$0.00	270
B	Residential B.Y. 2004(7.5 to 15.0 units per acre)	\$744.35	\$447.21	\$0.00	284
B1	Residential B.Y. 2006(7.5 to 15.0 units per acre)	\$779.55	\$468.36	\$0.00	226
C	Mobile Homes (4.0 to 6.0 units per acre)	\$652.10	\$0.00	\$0.00	0
D	Residential B.Y. 2004 (15.0+ units per acre)	\$506.02	\$304.02	\$0.00	68
E	Residential B.Y. 2000 (0 to 1.49 units per acre)	\$1,234.41	\$741.64	\$0.00	36
E1	Residential B.Y. 2004 (0 to 1.49 units per acre)	\$1,266.62	\$760.99	\$0.00	43
E2	Residential B.Y. 2005 (0 to 1.49 units per acre)	\$1,313.88	\$789.39	\$0.00	16
F	Residential B.Y. 1989 (1.5 to 4.49 units per acre)	\$1,024.46	\$615.50	\$0.00	158
F2	Residential B.Y. 1990 (1.5 to 4.49 units per acre)	\$1,043.07	\$626.68	\$0.00	78
F3	Residential B.Y. 1998 (1.5 to 4.49 units per acre)	\$1,002.14	\$602.09	\$0.00	103
F4	Residential B.Y. 2000 (1.5 to 4.49 units per acre)	\$1,016.51	\$610.73	\$0.00	491
F5	Residential B.Y. 2007 (1.5 to 4.49 units per acre)	\$1,108.20	\$665.81	\$0.00	133
G	Residential B.Y. 1989 (5.5 to 7.49 units per acre)	\$806.36	\$484.47	\$0.00	777
G2	Residential B.Y. 2002 (5.5 to 7.49 units per acre)	\$807.93	\$485.41	\$0.00	246
G3	Residential B.Y. 2004 (5.5 to 7.49 units per acre)	\$821.02	\$493.27	\$0.00	147
G4	Residential B.Y. 2005 (5.5 to 7.49 units per acre)	\$851.66	\$511.68	\$0.00	6
H	Commercial (square foot) Base Year 1992	\$0.5143/ sq ft	\$0.3090/sq ft	\$0.00/sq ft	6
H1	Commercial (square foot) Base Year 1997	\$0.4914/ sq ft	\$0.2952/sq ft	\$0.00/sq ft	3
H3	Commercial (square foot) Base Year 2003	\$0.4963/ sq ft	\$0.2982/sq ft	\$0.00/sq ft	1
H4	Commercial (square foot) Base Year 2004	\$0.5060/ sq ft	\$0.3040/sq ft	\$0.00/sq ft	1
H5	Commercial (square foot) Base Year 2005	\$0.5249 /sq ft	\$0.3154/sq ft	\$0.00/sq ft	1
H6	Commercial (square foot) Base Year 2006	\$0.5469/ sq ft	\$0.3286/sq ft	\$0.00/sq ft	1
I	Industrial (per sq ft)	\$0.5100 /sq ft	\$0.00/ sq ft	\$0.00/sq ft	0
V	Vacant Land (per acre)	\$2,000.00 /acre	\$0.00/ acre	\$0.00/ acre	0

The above Maximum Rates escalate at two percent (2%) per year for all classes except Vacant Land.

The following tables present certain property ownership data and the development status of the District.

**Table 5-1**  
Largest Property Owners Based on Total Maximum Special Tax  
Fiscal Year 2010-2011 (as of September 30, 2010)

Owner Name	Parcels	Total Maximum Special Tax <sup>1</sup> FY 2010-2011	% of Total Maximum Special Tax <sup>1</sup>	Total AV <sup>2</sup> FY 2010-2011	% of Total AV <sup>2</sup>
Eldorado Riverside Venture	266	\$250,244.82	5.45%	\$5,197,906	0.57%
Carrington Place LTD	1	\$170,022.72	3.70%	\$35,280,000	3.85%
Wri Golden State	8	\$75,899.53	1.65%	\$14,942,198	1.63%
AGS Red Rock	55	\$60,951.00	1.33%	\$8,072,234	0.88%
Dayton Hudson Corp Assn	1	\$58,803.00	1.28%	\$10,379,451	1.13%
Federal Natl Mortgage Assn	19	\$16,523.46	0.36%	\$3,509,000	0.38%
Corp of Pres Bishop Ch of Jesus Christ LDS	1	\$9,055.57	0.20%	\$4,185,657	0.46%
Hruby, Allen A	10	\$8,625.14	0.19%	\$1,626,000	0.18%
Federal Home Loan Mortgage Corp	8	\$6,513.18	0.14%	\$1,260,000	0.14%
Deutsche Bank Natl Trust Co	6	\$5,073.37	0.11%	\$1,095,000	0.12%
Subtotal	375	\$661,711.79	14.41%	\$85,547,446	9.34%
All Others	4,010	\$3,929,222.97	85.59%	\$830,543,226	90.66%
Total	4,385	\$4,590,934.76	100.00%	\$916,090,672	100.00%

**Table 5-2**  
Property Breakdown by Development Status

Development Status <sup>3</sup>	Parcels	Total Maximum Special Tax <sup>1</sup> FY 2010-2011	% of Total Maximum Special Tax <sup>1</sup>	Total AV <sup>2</sup> FY 2010-2011	% of Total AV <sup>2</sup>
Developed	4,060	\$3,855,541.34	83.98%	\$896,333,930	97.84%
All Others	325	\$735,393.42	16.02%	\$19,756,742	2.16%
Total	4,385	\$4,590,934.76	100.00%	\$916,090,672	100.00%

<sup>1</sup> Fiscal Year 2010-11 is the final year for the District and no levy was applied to the tax role due to surplus funds. The actual levy amount has been substituted for the Maximum Special Tax to accurately present property ownership data.

<sup>2</sup> Assessed Valuation (AV) is based on information provided in the Riverside County Assessor's records for Fiscal Year 2010-2011 and may or may not accurately reflect true market value.

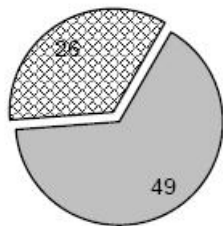
<sup>3</sup> "Developed" is defined as any parcel that has an assessed value for Improvements and which is classified as non-vacant by the Riverside County Tax Assessors Office.

**COMMUNITY FACILITIES DISTRICT NO. 86-1 MENIFEE LAKES**

**OVERVIEW OF DEVELOPMENT STATUS AND ABSORPTION**

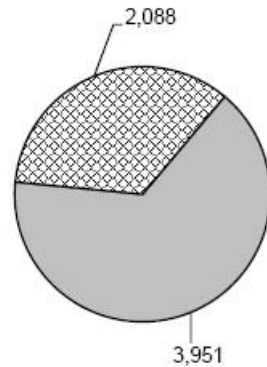
(Definition of Absorption = Built and Occupied)

**DEVELOPMENT STATUS OF COMMERCIAL-INDUSTRIAL PROPERTY**



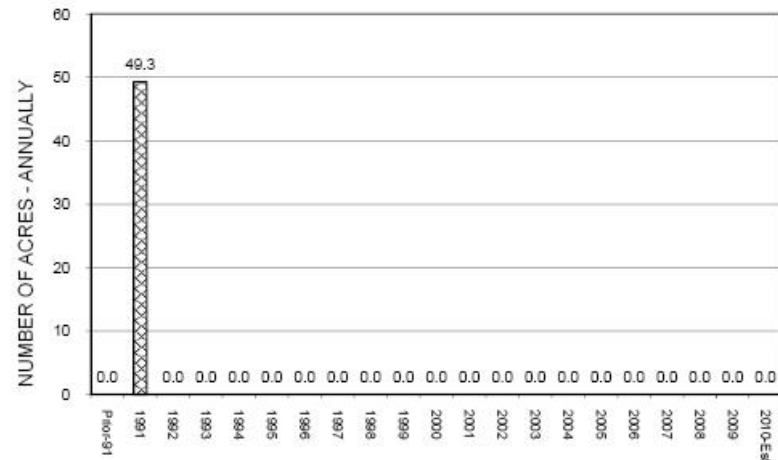
Sold: Sept. 1, 2010  
 Future: Sept. 1, 2010+

**DEVELOPMENT STATUS OF RESIDENTIAL PROPERTY**

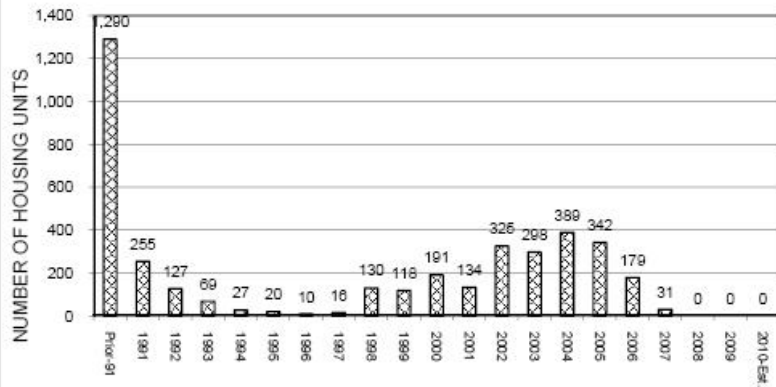


Sold: Sept. 1, 2010  
 Future: Sept. 1, 2010+

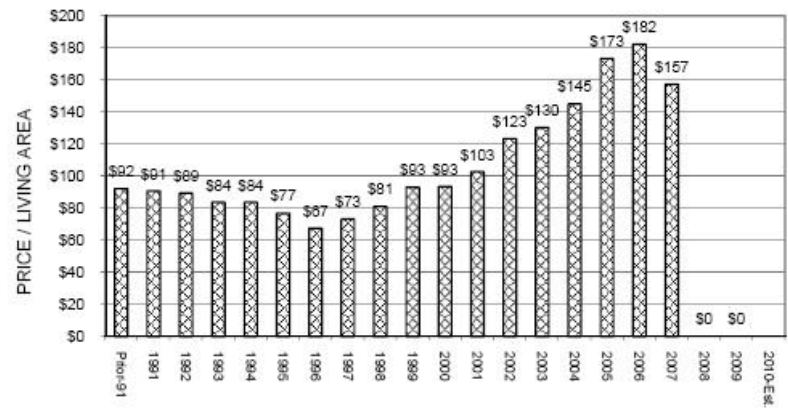
**ABSORPTION OF COMMERCIAL-INDUSTRIAL PROPERTY**



**ABSORPTION OF RESIDENTIAL UNITS**



**HOUSING PRICE PATTERNS**  
Value Ratio: Price/Living Area



The following table summarizes the number of delinquent parcels, the amount delinquent and delinquency charges for each tax year since the District was refunded in 2000. There are no delinquent parcels to report prior to the refunding. Delinquencies and delinquency charges are calculated through September 30, 2010.

Table 7-1  
Special Tax Delinquency Summary

Tax Year	Special Tax Levied	Delinquent Special Tax Amount	Delinquency Charges <sup>4</sup>	Amount Due <sup>5</sup>	Number Delinquent Parcels	Delinquent % of Levy
2009-10	\$2,450,849.02	\$37,802.68	\$5,323.50	\$43,126.18	87	1.54%
2008-09	\$3,505,335.00	\$27,690.44	\$8,540.48	\$36,230.92	41	0.79%
2007-08	\$3,170,692.88	\$13,061.86	\$6,454.33	\$19,516.19	21	0.41%
2006-07	\$3,252,094.22	\$7,280.59	\$5,446.57	\$12,727.16	14	0.22%
2005-06	\$3,251,740.83	\$7,071.39	\$6,116.75	\$13,188.14	7	0.22%
2004-05	\$3,252,106.00	\$2,974.50	\$3,108.35	\$6,082.85	4	0.09%
2003-04	\$3,252,106.00	\$14,308.45	\$17,527.85	\$31,836.30	3	0.44%
2002-03	\$3,243,526.00	\$0.00	\$0.00	\$0.00	0	0.00%
2001-02	\$3,071,028.04	\$0.00	\$0.00	\$0.00	0	0.00%
2000-01	\$3,128,648.00	\$0.00	\$0.00	\$0.00	0	0.00%
1999-00	\$3,200,000.00	\$0.00	\$0.00	\$0.00	0	0.00%
Totals	\$34,778,125.99	\$110,189.91	\$52,517.83	\$162,707.74	99	0.32%

**n Funds Available for the Payment of Scheduled Debt Service**

The current available funds on deposit equaling \$4,024,759.97 is sufficient to cover the full final year’s debt service due for the PFA Series A and B totaling \$3,229,525.00.

**n Foreclosure Covenant**

The County has covenanted in the Fiscal Agent Agreement that it will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$25,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due and will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied, and diligently pursue to completion such foreclosure proceedings. The County may elect (1) to defer foreclosure proceedings on any parcel with a delinquency of \$25,000 or less so long as the amount in the Senior Reserve Fund and the Junior Reserve Fund equals the amount required to be on deposit, or (2) to accept payment from a property owner of less than the full amount of penalties, interest, costs, and attorney’s fees related to a Special Taxes delinquency, if permitted by law. Notwithstanding the foregoing, in certain instances the amount of a delinquency on a particular parcel is so small that the costs of a foreclosure proceeding will far exceed the delinquent amount and in such cases foreclosure proceedings may be delayed until there are sufficient delinquencies accruing to such parcel to warrant the cost of the foreclosure proceeding.

<sup>4</sup> These charges include a 10% penalty on each past due installment and 1.5% per month “redemption penalty” (or “interest”) on the original delinquent amount, which begins to accrue July 1 of the tax year following the delinquency.  
<sup>5</sup> In addition to amount due, parcels which have an existing foreclosure judgment recorded against them will include judicial foreclosure costs not included in this column.

## n Collection and Foreclosure Actions

The Mello-Roos Act provides that delinquent property may not be sold at a judicial foreclosure sale for less than the amount of the judgment plus past judgment interest and authorized costs without the consent of the owners of 75% by value of the Outstanding Bonds.

In the event of a failed sale, the property owner retains title to the Property. The judgment remains, however, and will be updated from time to time. When the CFD administrator believes that there is a reasonable possibility that the foreclosure sale might be a successful sale, the property can be re-noticed for sale. In the event a buyer comes forward prior to that time with a bona fide offer at a price below the current requirements of the law, the County will evaluate the possibility of taking that offer to the bondholders for approval.

No foreclosure actions are pending at this time.

## n Bond Funds

Table 8-1  
Public Financing Authority 2000 Series A as of September 30, 2010<sup>6</sup>

Account Name	Security	Coupon Rate	Maturity Date	Book Value	Market Value	Ratings
Reserve Fund	NATIXIS Funding Corp	6.13%	09/01/11	\$1,299,500.00	\$1,299,500.00	AAA/Aaa
Revenue Fund	First American Govt Oblig	0.00%	10/01/10	\$754,935.81	\$754,935.81	AAA/Aaa
Interest Fund	First American Govt Oblig	0.00%	10/01/10	\$40,493.67	\$40,493.67	AAA/Aaa
Surplus Fund	First American Govt Oblig	0.00%	10/01/10	\$106,734.95	\$106,734.95	AAA/Aaa
Earnings Fund	First American Govt Oblig	0.00%	10/01/10	\$331,845.04	\$331,845.04	AAA/Aaa
Totals				\$2,533,509.47	\$2,533,509.47	

Table 8-2  
Public Financing Authority 2000 Series B as of September 30, 2010<sup>6</sup>

Account Name	Security	Coupon Rate	Maturity Date	Book Value	Market Value	Ratings
Reserve Fund	NATIXIS Funding Corp	6.13%	09/01/11	\$1,308,500.00	\$1,308,500.00	AAA/Aaa
Reserve Fund	First American Govt Oblig	0.00%	10/01/10	\$45,954.92	\$45,954.92	AAA/Aaa
Interest Fund	First American Govt Oblig	0.00%	10/01/10	\$40,774.12	\$40,774.12	AAA/Aaa
Totals				\$1,395,229.04	\$1,395,229.04	

Table 8-3  
Investment Portfolio for CFD 86-1 2000 Series A as of September 30, 2010<sup>6</sup>

Account Name	Security	Coupon Rate	Maturity Date	Book Value	Market Value	Ratings
Admin Fund	First American Govt Oblig	0.00%	10/01/10	\$7,047.80	\$7,047.80	AAA/Aaa
Special Tax Fund	First American Govt Oblig	0.00%	10/01/10	\$72,377.73	\$72,377.73	AAA/Aaa
Surplus Fund	First American Govt Oblig	0.00%	10/01/10	\$0.01	\$0.01	AAA/Aaa
Earnings Fund	First American Govt Oblig	0.00%	10/01/10	\$15,387.62	\$15,387.62	AAA/Aaa
Developer Fund	First American Govt Oblig	0.00%	10/01/10	\$200,383.24	\$200,383.24	AAA/Aaa
Interest Fund	First American Govt Oblig	0.00%	10/01/10	\$50,598.01	\$50,598.01	AAA/Aaa
Totals				\$345,794.41	\$345,794.41	

<sup>6</sup> Source: Bond Logistix LLC. All investments are in compliance with "Permitted Investments" as defined in the Fiscal Agent Agreement dated February 1, 2001, and in accordance with County of Riverside Land Secured Financing District Investment Policy B-19.

## n Senior Reserve Fund

The Senior Reserve Fund Requirement is defined as of the date of any calculation, the least of, (a) Maximum Annual Debt Service on the Outstanding Series A Bonds and Additional Senior Bonds, if any, (b) 125% of Average Annual Debt Service on the Outstanding Series A Bonds and Additional Senior Bonds, if any, or (c) 10% of the initial principal amount of the Series A Bonds and Additional Senior Bonds, if any, provided in each case, that any Reserve Facility held in the Senior Reserve Fund shall be taken into account in calculating the balance on deposit in the Senior Reserve Fund. "Reserve Facility" is defined as a letter of credit, insurance policy, surety bond or other such funding instrument. Moneys in the Senior Reserve Fund are to be used solely to pay the principal of, including sinking fund payments, and interest on the Series A Bonds when due, in the event that the moneys in the Senior Interest Account or the Senior Principal Account of the Revenue Fund are insufficient. As of September 30, 2010, the Senior Reserve Requirement was \$1,299,500.00. The balance in the Senior Reserve Fund as of September 30, 2010, was \$1,299,500.00.

## n Junior Reserve Fund

The Junior Reserve Fund Requirement is defined as of the date of any calculation, that amount which when added to the balance on deposit in the Senior Reserve Fund, including the Reserve Facility, equals the least of (a) maximum annual debt service on the Outstanding Bonds, and Additional Bonds, if any, (b) 125% of average annual debt service on the Outstanding Bonds and any Additional Bonds, if any, or (c) 10% of the initial principal amount of the Bonds and Additional Bonds, if any. Moneys in the Junior Reserve Fund are to be used solely to pay the principal of, including sinking fund payments, and interest on the Series B Bonds when due, in the event that the moneys in the Interest Account and the Principal Account of the Revenue Fund for the Series B Bonds are insufficient. As of September 30, 2010, the Junior Reserve Requirement was \$1,308,500.00. The balance in the Junior Reserve Fund as of September 30, 2010, was \$1,308,500.00.

*PLEASE NOTE: The Riverside County Fiscal Year 2009-10 Comprehensive Annual Financial Report (CAFR) is submitted to the Municipal Securities Rulemaking Board using EMMA (Electronic Municipal Market Access) under separate cover and is incorporated herein by reference.*

The following events as set forth in Rule 15c2-12 promulgated by the Securities and Exchange Commission are considered material by the District.

- |   |   |                |
|---|---|----------------|
| 1. Principal and interest payment delinquencies.  |   | Not Applicable |
| 2. Non-payment related defaults.  |   | Not Applicable |
| 3. Modifications to rights of Bondholders.  |   | Not Applicable |
| 4. Optional, contingent or unscheduled bond calls.  |   | Not Applicable |
| 5. Defeasances.   |   | Not Applicable |
| 6. Rating changes.  | As of January 31, 2008, a Notice of Material Event was filed<br>**Complete Notice of Material Event, as of January 31, 2008, was included in the Annual Disclosure Report dated January 2008. |                |
|   | As of October 7, 2008, a Notice of Material Event was filed<br>**Complete Notice of Material Event, as of January 31, 2009, was included in the Annual Disclosure Report dated January 2009.  |                |
| 7. Adverse tax opinions or events affecting the tax-exempt status of the bonds.                       |   | Not Applicable |
| 8. Unscheduled draws on debt service reserves reflecting financial difficulties.                      |   | Not Applicable |
| 9. Unscheduled draws on credit enhancements reflecting financial difficulties.                        |   | Not Applicable |
| 10. Substitution of credit or liquidity providers, or their failure to perform.                       |   | Not Applicable |
| 11. Release, substitution or sale of property securing repayment of the bonds                         |   | Not Applicable |
| 12. Tender Offers   |   | Not Applicable |
| 13. Bankruptcy, insolvency, receivership or similar event of the obligated person                     |   | Not Applicable |
| 14. Merger, consolidation, or acquisition of the obligated person, if material                        |   | Not Applicable |
| 15. Appointment of a successor or additional trustee, or the change of name of a trustee, if material |   | Not Applicable |

Notice for events described in Section 5a, subsections (4) and (5) of the Disclosure Certificate need not be given under this sub-section any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Fiscal Agent Agreement.

Material Events (12) through (15) have been added pursuant to amendments to the continuing disclosure services of the Municipal Securities Rulemaking Board Electronic Municipal Market Access ("EMMA") system by the Securities and Exchange Commission to Securities Exchange Act Rule 15c2-12 effective December 1, 2010.

Appendix A

---

Debt Service Schedules – Public Financing Authority

**DEBT SERVICE SCHEDULE  
CURRENT**

**RIVERSIDE COUNTY  
COMMUNITY FACILITIES DISTRICT 86-1 PFA 2000A**

<i>Payment Date</i>	<i>Coupon</i>	<i>Principal</i>	<i>Principal Outstanding</i>	<i>Interest</i>	<i>Semi-Annual Debt Service</i>	<i>Annual Debt Service</i>	<i>Call Premium</i>
9/1/2000	4.0000%	\$310,000.00	\$12,685,000.00	\$334,853.37	\$644,853.37	\$644,853.37	2.0000%
3/1/2001			\$12,685,000.00	\$316,118.75	\$316,118.75		2.0000%
9/1/2001	4.2000%	\$910,000.00	\$11,775,000.00	\$316,118.75	\$1,226,118.75	\$1,542,237.50	2.0000%
3/1/2002			\$11,775,000.00	\$297,008.75	\$297,008.75		2.0000%
9/1/2002	4.3500%	\$950,000.00	\$10,825,000.00	\$297,008.75	\$1,247,008.75	\$1,544,017.50	2.0000%
3/1/2003			\$10,825,000.00	\$276,346.25	\$276,346.25		2.0000%
9/1/2003	4.4500%	\$990,000.00	\$9,835,000.00	\$276,346.25	\$1,266,346.25	\$1,542,692.50	2.0000%
3/1/2004			\$9,835,000.00	\$254,318.75	\$254,318.75		2.0000%
9/1/2004	4.5500%	\$1,035,000.00	\$8,800,000.00	\$254,318.75	\$1,289,318.75	\$1,543,637.50	2.0000%
3/1/2005			\$8,800,000.00	\$230,772.50	\$230,772.50		2.0000%
9/1/2005	4.6500%	\$1,080,000.00	\$7,720,000.00	\$230,772.50	\$1,310,772.50	\$1,541,545.00	2.0000%
3/1/2006			\$7,720,000.00	\$205,662.50	\$205,662.50		2.0000%
9/1/2006	4.7500%	\$1,135,000.00	\$6,585,000.00	\$205,662.50	\$1,340,662.50	\$1,546,325.00	2.0000%
3/1/2007			\$6,585,000.00	\$178,706.25	\$178,706.25		2.0000%
9/1/2007	4.8500%	\$1,185,000.00	\$5,400,000.00	\$178,706.25	\$1,363,706.25	\$1,542,412.50	2.0000%
3/1/2008			\$5,400,000.00	\$149,970.00	\$149,970.00		2.0000%
9/1/2008	4.9500%	\$1,245,000.00	\$4,155,000.00	\$149,970.00	\$1,394,970.00	\$1,544,940.00	2.0000%
3/1/2009			\$4,155,000.00	\$119,156.25	\$119,156.25		2.0000%
9/1/2009	6.0000%	\$1,305,000.00	\$2,850,000.00	\$119,156.25	\$1,424,156.25	\$1,543,312.50	2.0000%
3/1/2010			\$2,850,000.00	\$80,006.25	\$80,006.25		2.0000%
9/1/2010	6.0000%	\$1,385,000.00	\$1,465,000.00	\$80,006.25	\$1,465,006.25	\$1,545,012.50	1.0000%
3/1/2011			\$1,465,000.00	\$38,456.25	\$38,456.25		1.0000%
9/1/2011	5.2500%	\$1,465,000.00	\$0.00	\$38,456.25	\$1,503,456.25	\$1,541,912.50	0.0000%
<b>Totals</b>		<b>\$12,995,000.00</b>		<b>\$4,627,898.37</b>	<b>\$17,622,898.37</b>	<b>\$17,622,898.37</b>	

**Bond Issue Date** 2/24/2000  
**Original Bond Principal** \$12,995,000.00  
**Bond Calls**

\* Denotes Bond Calls

**DEBT SERVICE SCHEDULE  
CURRENT**

**RIVERSIDE COUNTY  
COMMUNITY FACILITIES DISTRICT 86-1 PFA 2000B**

<i>Payment Date</i>	<i>Coupon</i>	<i>Principal</i>	<i>Principal Outstanding</i>	<i>Interest</i>	<i>Semi-Annual Debt Service</i>	<i>Annual Debt Service</i>	<i>Call Premium</i>
9/1/2000	7.0000%	\$180,000.00	\$12,905,000.00	\$482,567.78	\$662,567.78	\$662,567.78	2.0000%
3/1/2001			\$12,905,000.00	\$458,203.75	\$458,203.75		2.0000%
9/1/2001	7.0000%	\$670,000.00	\$12,235,000.00	\$458,203.75	\$1,128,203.75	\$1,586,407.50	2.0000%
3/1/2002			\$12,235,000.00	\$434,753.75	\$434,753.75		2.0000%
9/1/2002	7.0000%	\$750,000.00	\$11,485,000.00	\$434,753.75	\$1,184,753.75	\$1,619,507.50	2.0000%
3/1/2003			\$11,485,000.00	\$408,503.75	\$408,503.75		2.0000%
9/1/2003	7.0000%	\$835,000.00	\$10,650,000.00	\$408,503.75	\$1,243,503.75	\$1,652,007.50	2.0000%
3/1/2004			\$10,650,000.00	\$379,278.75	\$379,278.75		2.0000%
9/1/2004	7.0000%	\$925,000.00	\$9,725,000.00	\$379,278.75	\$1,304,278.75	\$1,683,557.50	2.0000%
3/1/2005			\$9,725,000.00	\$346,903.75	\$346,903.75		2.0000%
9/1/2005	7.0000%	\$1,020,000.00	\$8,705,000.00	\$346,903.75	\$1,366,903.75	\$1,713,807.50	2.0000%
3/1/2006			\$8,705,000.00	\$311,203.75	\$311,203.75		2.0000%
9/1/2006	7.1500%	\$1,130,000.00	\$7,575,000.00	\$311,203.75	\$1,441,203.75		1.0000%
9/1/2006 *		\$980,000.00	\$6,595,000.00	\$0.00	\$980,000.00	\$2,732,407.50	1.0000%
3/1/2007			\$6,595,000.00	\$235,771.25	\$235,771.25		1.0000%
9/1/2007	7.1500%	\$1,080,000.00	\$5,515,000.00	\$235,771.25	\$1,315,771.25	\$1,551,542.50	0.0000%
3/1/2008			\$5,515,000.00	\$197,161.25	\$197,161.25		0.0000%
9/1/2008	7.1500%	\$1,190,000.00	\$4,325,000.00	\$197,161.25	\$1,387,161.25	\$1,584,322.50	0.0000%
3/1/2009			\$4,325,000.00	\$154,618.75	\$154,618.75		0.0000%
9/1/2009	7.1500%	\$1,310,000.00	\$3,015,000.00	\$154,618.75	\$1,464,618.75	\$1,619,237.50	0.0000%
3/1/2010			\$3,015,000.00	\$107,786.25	\$107,786.25		0.0000%
9/1/2010	7.1500%	\$1,440,000.00	\$1,575,000.00	\$107,786.25	\$1,547,786.25	\$1,655,572.50	0.0000%
3/1/2011			\$1,575,000.00	\$56,306.25	\$56,306.25		0.0000%
9/1/2011	7.1500%	\$1,575,000.00	\$0.00	\$56,306.25	\$1,631,306.25	\$1,687,612.50	0.0000%
<b>Totals</b>		<b>\$13,085,000.00</b>		<b>\$6,663,550.28</b>	<b>\$19,748,550.28</b>	<b>\$19,748,550.28</b>	

**Bond Issue Date** 2/24/2000  
**Original Bond Principal** \$13,085,000.00  
**Bond Calls** \$980,000.00

\* Denotes Bond Calls

Appendix B

---

Debt Service Schedule – Local Obligation

**DEBT SERVICE SCHEDULE  
CURRENT**

**RIVERSIDE COUNTY  
COMMUNITY FACILITIES DISTRICT 86-1 (MENIFEE VILLAGE)**

<i>Payment Date</i>	<i>Coupon</i>	<i>Principal</i>	<i>Principal Outstanding</i>	<i>Interest</i>	<i>Semi-Annual Debt Service</i>	<i>Annual Debt Service</i>	<i>Call Premium</i>
9/1/2000	7.1850%	\$490,000.00	\$25,590,000.00	\$973,359.93	\$1,463,359.93	\$1,463,359.93	2.0000%
3/1/2001			\$25,590,000.00	\$919,320.75	\$919,320.75		2.0000%
9/1/2001	7.1850%	\$1,445,000.00	\$24,145,000.00	\$919,320.75	\$2,364,320.75	\$3,283,641.50	2.0000%
3/1/2002			\$24,145,000.00	\$867,409.13	\$867,409.13		2.0000%
9/1/2002	7.1850%	\$1,595,000.00	\$22,550,000.00	\$867,409.13	\$2,462,409.13	\$3,329,818.26	2.0000%
3/1/2003			\$22,550,000.00	\$810,108.75	\$810,108.75		2.0000%
9/1/2003	7.1850%	\$1,740,000.00	\$20,810,000.00	\$810,108.75	\$2,550,108.75	\$3,360,217.50	2.0000%
3/1/2004			\$20,810,000.00	\$747,599.25	\$747,599.25		2.0000%
9/1/2004	7.1850%	\$1,900,000.00	\$18,910,000.00	\$747,599.25	\$2,647,599.25	\$3,395,198.50	2.0000%
3/1/2005			\$18,910,000.00	\$679,341.75	\$679,341.75		2.0000%
9/1/2005	7.1850%	\$2,065,000.00	\$16,845,000.00	\$679,341.75	\$2,744,341.75	\$3,423,683.50	2.0000%
3/1/2006			\$16,845,000.00	\$605,156.63	\$605,156.63		2.0000%
9/1/2006	7.1850%	\$2,260,000.00	\$14,585,000.00	\$605,156.63	\$2,865,156.63		1.0000%
9/1/2006 *		\$980,000.00	\$13,605,000.00	\$0.00	\$980,000.00	\$4,450,313.26	1.0000%
3/1/2007			\$13,605,000.00	\$488,759.63	\$488,759.63		1.0000%
9/1/2007	7.1850%	\$2,290,000.00	\$11,315,000.00	\$488,759.63	\$2,778,759.63	\$3,267,519.25	0.0000%
3/1/2008			\$11,315,000.00	\$406,491.38	\$406,491.38		0.0000%
9/1/2008	7.1850%	\$2,490,000.00	\$8,825,000.00	\$406,491.38	\$2,896,491.38	\$3,302,982.75	0.0000%
3/1/2009			\$8,825,000.00	\$317,038.13	\$317,038.13		0.0000%
9/1/2009	7.1850%	\$2,705,000.00	\$6,120,000.00	\$317,038.13	\$3,022,038.13	\$3,339,076.25	0.0000%
3/1/2010			\$6,120,000.00	\$219,861.00	\$219,861.00		0.0000%
9/1/2010	7.1850%	\$2,940,000.00	\$3,180,000.00	\$219,861.00	\$3,159,861.00	\$3,379,722.00	0.0000%
3/1/2011			\$3,180,000.00	\$114,241.50	\$114,241.50		0.0000%
9/1/2011	7.1850%	\$3,180,000.00	\$0.00	\$114,241.50	\$3,294,241.50	\$3,408,483.00	0.0000%
<b>Totals</b>		<b>\$26,080,000.00</b>		<b>\$13,324,015.70</b>	<b>\$39,404,015.70</b>	<b>\$39,404,015.70</b>	

**Bond Issue Date** 2/24/2000  
**Original Bond Principal** \$26,080,000.00  
**Bond Calls** \$980,000.00

\* Denotes Bond Calls

Appendix C

District Boundary Map



