

*Annual Disclosure Report for Fiscal Year 2010-11*

# Community Facilities District No. 89-4 Special Tax Refunding Bonds, Series 2005

*Prepared for*



April 2011

ALBERT A.  
**WEBB**  
ASSOCIATES

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CUSIP Numbers

Year	CUSIP	Year	CUSIP	Year	CUSIP
2010	76911FMQ4	2016	76911FMW1	2022	76911FNC4
2011	76911FMR2	2017	76911FMX9	2023	76911FND2
2012	76911FMS0	2018	76911FMY7	2024	76911FNE0
2013	76911FMT8	2019	76911FMZ4	2025	76911FNF7
2014	76911FMU5	2020	76911FNA8	2030	76911FNG5
2015	76911FMV3	2021	76911FNB6		

The information herein for Community Facilities District No. 89-4 of the County of Riverside, (the "District" or "CFD 89-4") 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.

Information can be found at website: [www.webbassociates.com](http://www.webbassociates.com)

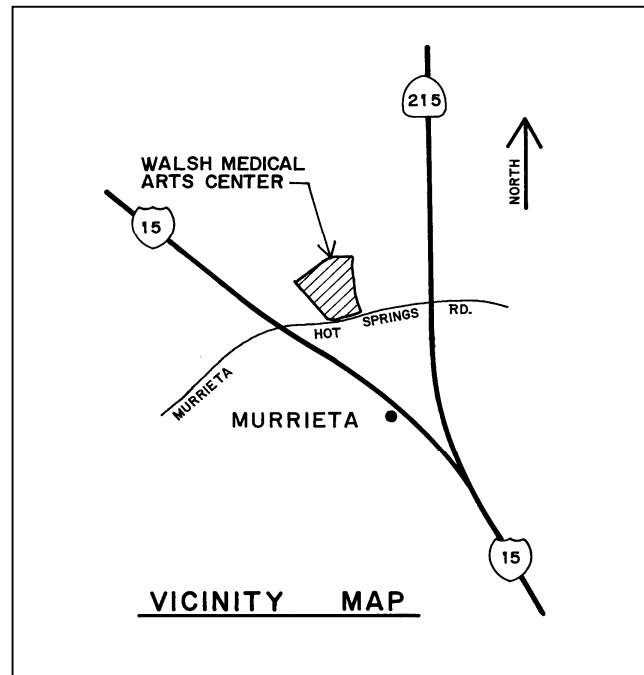
## Community Facilities District 89-4

### Project Description

The District was formed to fund the acquisition and construction of roads, flood control facilities, water and sewer facilities, and park, recreation and open space facilities. The District issued 2005 Series Bonds to fund in part the design, construction, and acquisition of a 3,000-foot sewer facility to be owned and operated by Eastern Municipal Water District and to refund the 1991 Bonds.

### Location

The District consists of approximately 28.97 net acres and is located within the City of Murrieta. It is bounded by Walsh Center Drive on the north, Hancock Avenue on the east, Murrieta Hot Springs Road on the south and Jackson Avenue on the west.



CUSIP # 76911FML5 Through # 76911FNG5

### n 2005 Refunding Bonds

Bonds in the amount of \$4,280,000 with interest rates ranging from 3.00% to 5.10% were issued June 16, 2005, to finance the public facilities funded by the District. Interest on the Bonds is payable semi-annually on March 1 and September 1. The date for the final maturity of Bonds is September 1, 2030. The amount of bonds outstanding as of September 30, 2010 is \$3,875,000.

The 2005 Series Bonds were issued in part to defease and refund the outstanding bonds of Community Facilities District 89-4 (Walsh Medical Arts Center) of the County of Riverside, Series 1991 Special Tax Bonds. All of the 1991 series bonds were redeemed in 2005 with the proceeds of the 2005 Refunding Bonds.

There are no remaining unissued Bonds authorized for the District.

A special tax is levied each year to pay the principal and interest obligations on the Bonds of the District. The amount levied each year is determined by the special tax formula and can vary from year to year, but shall not exceed the maximum authorized (or permitted) special tax rates. The Special Tax Levy for FY 2010-2011 is \$349,970.00. The special tax rates calculated for the 2010-2011 tax year are:

Table 2-1  
Special Tax Levy

Class	Type of Dwelling Unit	Max Tax	Applied Tax Per Unit	% of Max Per Class	Total Applied Tax
1	Single Residential Family Property (per parcel)	\$598.00	\$0.00	N/A	\$0.00
2	Multi-Family Residential Property (per acre)	\$8,162.00	\$8,162.00	100.00%	\$66,846.78
3	Non-Residential Property (per square foot)	\$1.5015	\$1.1762	78.34%	\$81,129.56
3	Non-Residential Property (per acre)	\$24,510.58	\$19,200.92	78.34%	\$201,993.66
U	Undeveloped (per acre)	\$27,062.00	\$0.00	N/A	\$0.00
Total					\$349,970.00

The maximum special tax rate for Class 3 parcels only will escalate by 2% each Fiscal Year.

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

**Table 3-1**  
**Largest Property Owners Based on Total Special Tax**  
**Fiscal Year 2010-2011**

Owner Name	Parcels	Total Special Tax FY 2010-2011	% of Total Special Tax	Total AV <sup>1</sup> FY 2010-2011	% of Total AV <sup>1</sup>
Pony Express Retail	2	\$88,516.24	25.29%	\$10,610,268	18.45%
Murrieta Health Assoc Ltd	1	\$68,468.58	19.56%	\$10,241,828	17.81%
Murrieta Health 144 Apartments	1	\$66,846.78	19.10%	\$17,777,000	30.91%
Pony Express Land Prop & Inv	2	\$58,754.80	16.79%	\$3,714,624	6.46%
Murrieta Springs Medical Center	1	\$54,722.62	15.64%	\$10,325,470	17.95%
Hettich, Theresia	1	\$12,660.98	3.62%	\$2,800,000	4.87%
Pony Express Retail <sup>2</sup>	1	\$0.00	0.00%	\$1,687	0.00%
Murrieta Springs Medical Center <sup>2</sup>	2	\$0.00	N/A	\$2,040,153	3.55%
<b>Totals</b>	<b>11</b>	<b>\$349,970.00</b>	<b>100.00%</b>	<b>\$57,511,030</b>	<b>100.00%</b>

**Table 3-2**  
**Property Breakdown by Development Status**

Development Status	Parcels	Total Special Tax FY 2010-2011	% of Total Special Tax	Total AV <sup>1</sup> FY 2010-2011	% of Total AV <sup>1</sup>
Developed <sup>3</sup>	8	\$349,970.00	100.00%	\$55,469,190	96.45%
Undeveloped	3	\$0.00	0.00%	\$2,041,840	3.55%
<b>Totals</b>	<b>11</b>	<b>\$349,970.00</b>	<b>100.00%</b>	<b>\$57,511,030</b>	<b>100.00%</b>

<sup>1</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>2</sup> Undeveloped parcels, with a zero Total Special Tax, were included in this table to reflect an accurate Total Assessed Value for the District.

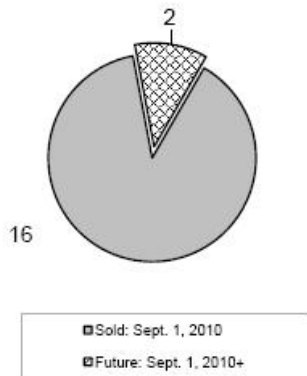
<sup>3</sup> "Developed" is defined as any parcel of Taxable Property: (i) that is included in a Final Map that was recorded prior to the January 1<sup>st</sup> of the previous Fiscal Year and (ii) a building permit was issued prior to April 1<sup>st</sup> of the previous Fiscal Year.

**COMMUNITY FACILITIES DISTRICT NO. 89-4 WALSH MEDICAL ARTS**

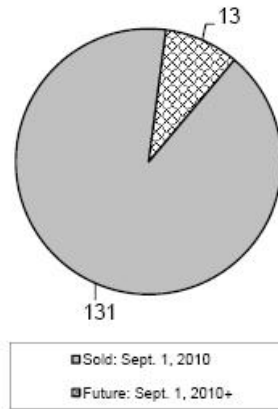
**OVERVIEW OF DEVELOPMENT STATUS AND ABSORPTION**

(Definition of Absorption = Built and Occupied)

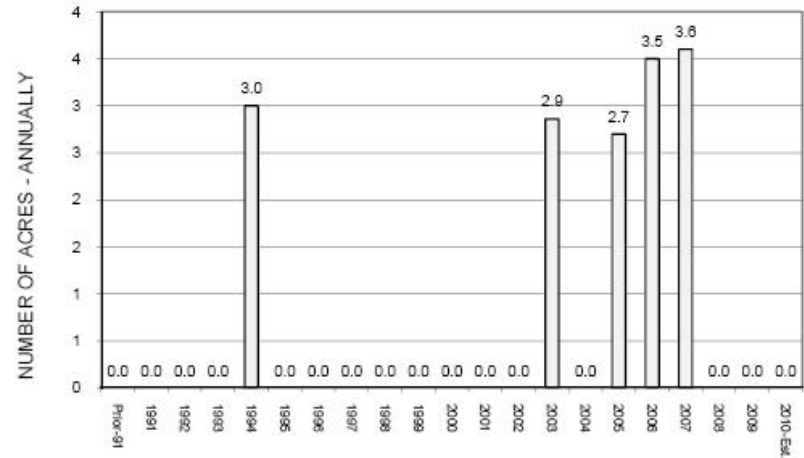
**DEVELOPMENT STATUS OF COMMERCIAL-INDUSTRIAL PROPERTY**



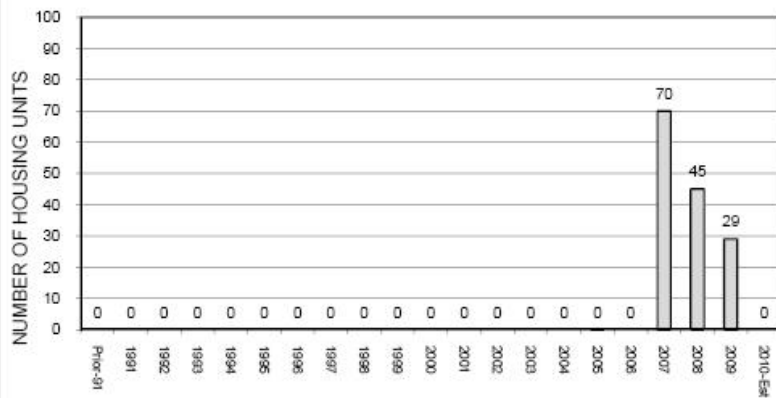
**DEVELOPMENT STATUS OF RESIDENTIAL PROPERTY**



**ABSORPTION OF COMMERCIAL-INDUSTRIAL PROPERTY**

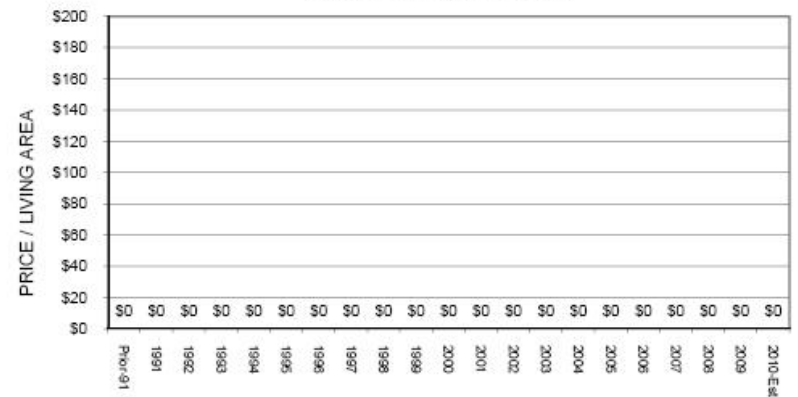


**ABSORPTION OF RESIDENTIAL UNITS**



**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 following the issuance of the 2005 Series bonds. There are no delinquent parcels in any fiscal year prior to the refunding. Delinquencies and delinquency charges are calculated through September 30, 2010.

Table 5-1  
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	\$362,744.74	\$0.00	\$0.00	\$0.00	0	0.00%
2008/09	\$362,745.04	\$29,351.48	\$9,539.23	\$38,890.71	1	8.09%
2007/08	\$323,005.00	\$0.00	\$0.00	\$0.00	0	0.00%
2006/07	\$323,008.16	\$0.00	\$0.00	\$0.00	0	0.00%
2005/06	\$323,109.42	\$0.00	\$0.00	\$0.00	0	0.00%
Totals	\$1,694,612.36	\$29,351.48	\$9,539.23	\$38,890.71	1	1.73%

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

The March 1, 2010 Debt Service payment was \$92,631.25, interest only. The current year levy of \$349,970.00 is sufficient for both the March 1 interest payment and the September 1 principal and interest payments of \$290,262.50.

**n Foreclosure Covenant**

The District has covenanted for the benefit of the owners of the Bonds that it will commence foreclosure proceedings against parcels with total Special Tax delinquencies in excess of \$10,000 (not including interest and penalties thereon) by the October 1 following the close of each Fiscal Year in which the last of such Special Taxes were due, and against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which the District receives Special Tax proceeds in an amount less than 95% of the amount needed to pay that year’s principal of and interest on the Bonds.

**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 believes that there is a reasonable possibility that the foreclosure sale might be a successful sale, the property can be renoticed 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.

<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 the amount due, parcels which have an existing foreclosure judgment recorded against them will include judicial foreclosure costs not included in this column.

The law firm of Sherman & Feller initiated foreclosure proceedings and has provided information regarding the following foreclosure actions in the District.

Riverside County CFD 89-4 v. Pony Express Land Prop & Inv

- \* APN's: 910250029-2
- \* Tax Years: 2007-2008
- \* Notice of Intent to remove delinquencies from the tax rolls recorded 11/9/09
- \* Redeemed 3/5/10

Riverside County CFD 89-4 v. Pony Express Land Prop & Inv

- \* APN's: 910250032-4
- \* Tax Years: 2008-2009
- \* Notice of Intent to remove delinquencies from the tax rolls recorded 11/9/09

Table 6-1  
Investment Portfolio as of September 30, 2010

Account Name	Security	Coupon Rate	Maturity Date	Book Value	Market Value	Ratings
Special Fund	First Amer Govt Obl Fund	0.00%	10/1/10	\$159,110.77	\$159,110.77	AAA/Aaa
Admin Expense Fund	First Amer Govt Obl Fund	0.00%	10/1/10	\$5,811.15	\$5,811.15	AAA/Aaa
Interest Account	First Amer Govt Obl Fund	0.00%	10/1/10	\$0.12	\$0.12	AAA/Aaa
Principal Account	First Amer Govt Obl Fund	0.00%	10/1/10	\$0.12	\$0.12	AAA/Aaa
Reserve Account	First Amer Govt Obl Fund	0.00%	10/1/10	\$318,212.50	\$318,212.50	AAA/Aaa
Earnings Fund	First Amer Govt Obl Fund	0.00%	10/1/10	\$1,549.29	\$1,549.29	AAA/Aaa
Construction Fund	First Amer Govt Obl Fund	0.00%	10/1/10	\$313,705.72	\$313,705.72	AAA/Aaa
Totals				\$798,389.67	\$798,389.67	

#### n Special Tax Fund

The moneys deposited to the Special Tax Fund are transferred first to the Administrative Expense Fund as required. Transfers are then made from the Special Tax Fund to the Bond Fund on or prior to the last day of February and August so that the balance in the Bond Fund is sufficient to cover current interest and principal due. Investment earnings on all Funds and accounts are deposited in the Earnings Fund. When all principal and interest outstanding has been paid or provided for, moneys in the Bond Fund shall be transferred to the Special Tax Fund.

#### n Reserve Fund

The Reserve Fund must be maintained at the Reserve Requirement which is defined, as of any date of calculation, as an amount equal to the lesser of (a) Maximum Annual Debt Service on the Outstanding Bonds, (b) 10% of the total original principal amount of the Bonds, less original issue discount, if any, plus original issue premium, if any, or (c) 125% of average Annual Debt Service on the Outstanding Bonds. In the event that special tax revenue is insufficient to pay debt service, money may be transferred from this Fund to the appropriate account of the Bond Fund. The Reserve Fund will then be replenished by increasing the next year's special tax levy to the extent permitted by law. The balance in the Reserve Fund as of September 30, 2010 was \$318,212.50. The Reserve Requirement is \$318,212.50 as of September 30, 2010.

*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. Unscheduled draws on debt service reserves reflecting financial difficulties.                      | Not Applicable |
| 4. Unscheduled draws on credit enhancements reflecting financial difficulties.                        | Not Applicable |
| 5. Substitution of credit or liquidity providers, or their failure to perform.                        | Not Applicable |
| 6. Adverse tax opinions or events affecting the tax-exempt status of the security.                    | Not Applicable |
| 7. Modifications to rights of security holders.   | Not Applicable |
| 8. Contingent or unscheduled bond calls.  | Not Applicable |
| 9. Defeasances.   | Not Applicable |
| 10. Release, substitution, or sale of property securing repayment of the securities.                  | Not Applicable |
| 11. Rating changes.   | 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 (8) and (9) 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

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Debt Service Schedule

A L B E R T A .

**WEBB**

A S S O C I A T E S

**DEBT SERVICE SCHEDULE  
CURRENT**

**RIVERSIDE COUNTY  
COMMUNITY FACILITIES DISTRICT 89-4 (WALSH MEDICAL)**

<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>
9/1/2005			\$4,280,000.00	\$41,354.69	\$41,354.69	\$41,354.69	2.0000%
3/1/2006			\$4,280,000.00	\$99,251.25	\$99,251.25		2.0000%
9/1/2006	3.0000%	\$65,000.00	\$4,215,000.00	\$99,251.25	\$164,251.25	\$263,502.50	2.0000%
3/1/2007			\$4,215,000.00	\$98,276.25	\$98,276.25		2.0000%
9/1/2007	3.0000%	\$75,000.00	\$4,140,000.00	\$98,276.25	\$173,276.25	\$271,552.50	2.0000%
3/1/2008			\$4,140,000.00	\$97,151.25	\$97,151.25		2.0000%
9/1/2008	3.2000%	\$80,000.00	\$4,060,000.00	\$97,151.25	\$177,151.25	\$274,302.50	2.0000%
3/1/2009			\$4,060,000.00	\$95,871.25	\$95,871.25		2.0000%
9/1/2009	3.4000%	\$90,000.00	\$3,970,000.00	\$95,871.25	\$185,871.25	\$281,742.50	2.0000%
3/1/2010			\$3,970,000.00	\$94,341.25	\$94,341.25		2.0000%
9/1/2010	3.6000%	\$95,000.00	\$3,875,000.00	\$94,341.25	\$189,341.25	\$283,682.50	2.0000%
3/1/2011			\$3,875,000.00	\$92,631.25	\$92,631.25		2.0000%
9/1/2011	3.7500%	\$105,000.00	\$3,770,000.00	\$92,631.25	\$197,631.25	\$290,262.50	2.0000%
3/1/2012			\$3,770,000.00	\$90,662.50	\$90,662.50		2.0000%
9/1/2012	4.0000%	\$115,000.00	\$3,655,000.00	\$90,662.50	\$205,662.50	\$296,325.00	2.0000%
3/1/2013			\$3,655,000.00	\$88,362.50	\$88,362.50		2.0000%
9/1/2013	4.0000%	\$125,000.00	\$3,530,000.00	\$88,362.50	\$213,362.50	\$301,725.00	2.0000%
3/1/2014			\$3,530,000.00	\$85,862.50	\$85,862.50		2.0000%
9/1/2014	4.1250%	\$135,000.00	\$3,395,000.00	\$85,862.50	\$220,862.50	\$306,725.00	1.0000%
3/1/2015			\$3,395,000.00	\$83,078.13	\$83,078.13		1.0000%
9/1/2015	4.2500%	\$145,000.00	\$3,250,000.00	\$83,078.13	\$228,078.13	\$311,156.26	0.0000%
3/1/2016			\$3,250,000.00	\$79,996.88	\$79,996.88		0.0000%
9/1/2016	4.3750%	\$155,000.00	\$3,095,000.00	\$79,996.88	\$234,996.88	\$314,993.76	0.0000%
3/1/2017			\$3,095,000.00	\$76,606.25	\$76,606.25		0.0000%
9/1/2017	4.5000%	\$165,000.00	\$2,930,000.00	\$76,606.25	\$241,606.25	\$318,212.50	0.0000%
3/1/2018			\$2,930,000.00	\$72,893.75	\$72,893.75		0.0000%
9/1/2018	4.6000%	\$170,000.00	\$2,760,000.00	\$72,893.75	\$242,893.75	\$315,787.50	0.0000%
3/1/2019			\$2,760,000.00	\$68,983.75	\$68,983.75		0.0000%
9/1/2019	4.7000%	\$175,000.00	\$2,585,000.00	\$68,983.75	\$243,983.75	\$312,967.50	0.0000%
3/1/2020			\$2,585,000.00	\$64,871.25	\$64,871.25		0.0000%
9/1/2020	4.7500%	\$185,000.00	\$2,400,000.00	\$64,871.25	\$249,871.25	\$314,742.50	0.0000%
3/1/2021			\$2,400,000.00	\$60,477.50	\$60,477.50		0.0000%
9/1/2021	4.8000%	\$195,000.00	\$2,205,000.00	\$60,477.50	\$255,477.50	\$315,955.00	0.0000%
3/1/2022			\$2,205,000.00	\$55,797.50	\$55,797.50		0.0000%
9/1/2022	5.0000%	\$200,000.00	\$2,005,000.00	\$55,797.50	\$255,797.50	\$311,595.00	0.0000%
3/1/2023			\$2,005,000.00	\$50,797.50	\$50,797.50		0.0000%
9/1/2023	5.0000%	\$210,000.00	\$1,795,000.00	\$50,797.50	\$260,797.50	\$311,595.00	0.0000%
3/1/2024			\$1,795,000.00	\$45,547.50	\$45,547.50		0.0000%
9/1/2024	5.0000%	\$220,000.00	\$1,575,000.00	\$45,547.50	\$265,547.50	\$311,095.00	0.0000%
3/1/2025			\$1,575,000.00	\$40,047.50	\$40,047.50		0.0000%
9/1/2025	5.0000%	\$230,000.00	\$1,345,000.00	\$40,047.50	\$270,047.50	\$310,095.00	0.0000%
3/1/2026			\$1,345,000.00	\$34,297.50	\$34,297.50		0.0000%
9/1/2026	5.1000%	\$245,000.00	\$1,100,000.00	\$34,297.50	\$279,297.50	\$313,595.00	0.0000%
3/1/2027			\$1,100,000.00	\$28,050.00	\$28,050.00		0.0000%
9/1/2027	5.1000%	\$255,000.00	\$845,000.00	\$28,050.00	\$283,050.00	\$311,100.00	0.0000%
3/1/2028			\$845,000.00	\$21,547.50	\$21,547.50		0.0000%
9/1/2028	5.1000%	\$270,000.00	\$575,000.00	\$21,547.50	\$291,547.50	\$313,095.00	0.0000%
3/1/2029			\$575,000.00	\$14,662.50	\$14,662.50		0.0000%
9/1/2029	5.1000%	\$280,000.00	\$295,000.00	\$14,662.50	\$294,662.50	\$309,325.00	0.0000%
3/1/2030			\$295,000.00	\$7,522.50	\$7,522.50		0.0000%
9/1/2030	5.1000%	\$295,000.00	\$0.00	\$7,522.50	\$302,522.50	\$310,045.00	0.0000%

**DEBT SERVICE SCHEDULE  
CURRENT**

**RIVERSIDE COUNTY  
COMMUNITY FACILITIES DISTRICT 89-4 (WALSH MEDICAL)**

<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>
<b>Totals</b>		<b>\$4,280,000.00</b>		<b>\$3,336,529.71</b>	<b>\$7,616,529.71</b>	<b>\$7,616,529.71</b>	

**Bond Issue Date** 6/16/2005  
**Original Bond Principal** \$4,280,000.00  
**Bond Calls**

\* Denotes Bond Calls

Appendix B

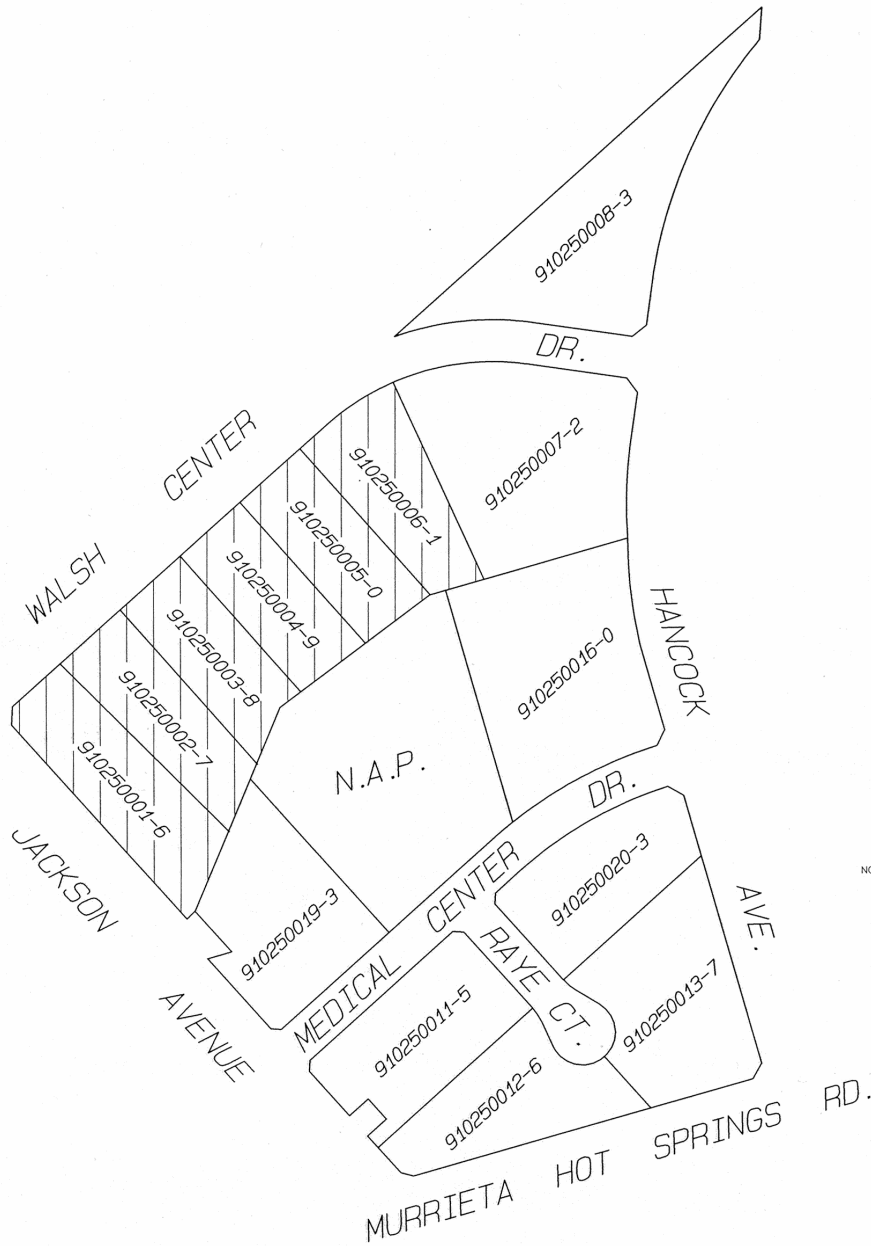
District Boundary Map

A L B E R T A .


**WEBB**

A S S O C I A T E S

EXHIBIT 'A'



 RESIDENTIAL

 NON-RESIDENTIAL

