

# Annual Disclosure Report Fiscal Year Ending June 30, 2021

Riverside County Community Facilities District No. 04-2 (Lake Hills Crest) Special Tax Refunding Bonds, 2012

**Prepared For** 



March 2022



#### Table of Contents

#### Sections

Section 1.	District Profile	1
Section 2.	Special Taxes	2
Section 3.	Property Ownership	3
Section 4.	Overview of Development Status and Absorption	5
Section 5.	Payment History	6
Section 6.	Bond Funds	
Section 7.	Significant Events	

#### Tables

Table 2-1.	Special Tax Levy	2
Table 3-1.	Largest Property Owners Subject to Special Taxes	3
Table 3-2.	Property Breakdown by Development Status	3
Table 3-3.	Value-to-Lien Ratios Based on Assessed Values	4
Table 5-1.	Special Tax Delinquency Summary	6
Table 6-1.	Investment Portfolio	8

#### Appendices

Appendix A.	Debt Service Schedule

Appendix B. District Boundary Map

#### **CUSIP Numbers**

Year	CUSIP	Year	CUSIP	Year	CUSIP	Year	CUSIP
2022	76911FRM8	2025	76911FRQ9	2028	76911FRT3	2035	76911FRW6
2023	76911FRN6	2026	76911FRR7	2029	76911FRU0		
2024	76911FRP1	2027	76911FRS5	2030	76911FRV8		

The information herein for Community Facilities District No. 04-2 of the County of Riverside, (the "District" or "CFD No. 04-2") was prepared by Webb Municipal Finance, LLC and the Riverside County Executive Office, as Administrators. Except as otherwise noted all information is current as of September 30, 2021.

## Community Facilities District No. 04-2 (Lake Hills Crest) Special Tax Refunding Bonds, Series 2012

#### **Project Description**

The District was formed to finance the acquisition and construction of certain roads and appurtenant drainage facilities, water and sewer facilities, flood control and storm water drainage facilities and related grading as required as a condition of the development of the property.

#### **Project Location**

The District is located in the northwest portion of the County, in an unincorporated area one mile south of the 91 Freeway and 3 miles east of the I-15 Freeway. The District is generally surrounded by the City of Corona to the west, an unincorporated community of Home Gardens to the northwest, the City of Riverside to the north, an unincorporated area of Riverside County to the south and east and Lake Mathews to the southeast. The District is located along Lakepointe Drive and Skyridge Drive between Indiana Avenue and La Sierra Avenue. All of the Property in the District is being developed for residential use as single-family detached homes.

#### Series 2012 Refunding Bonds

Special Tax Refunding Bonds, Series 2012 (the "Bonds") in the amount of \$19,665,000 were issued on August 23, 2012, to refund the County of Riverside Community Facilities District No. 04-2 Special Tax Bonds, Series 2005. The interest rates for the Refunding Bonds range from 1.00% to 5.00%. Interest on the Bonds is payable semiannually on March 1 and September 1. The final maturity of the Bonds is September 1, 2035. The amount of Bonds outstanding as of September 30, 2021, is \$13,955,000.

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 amount levied for Fiscal Year 2021-22 was \$1,424,839.58. The Special Taxes levied and Assessed Value for Fiscal Year 2021-22 and value-to-lien by Rate and Method classification are:

			Special				
Class	Description	Parcels	FY 2021-22 Special Tax	FY 2021-22 Applied Rate	FY 2021-22 Total AV	Series 2012 Bonds Outstanding	Value- to-Lien
D1	4,201 sq. ft. or more	181	\$594,136.12	\$3,282.52	\$128,664,042	\$5,819,020	22.11:1
D2	4,001 – 4,200 sq. ft.	43	\$125,996.02	\$2,930.14	\$26,150,709	\$1,234,016	21.19:1
D3	3,601 – 4,000 sq. ft.	39	\$110,685.12	\$2,838.08	\$24,327,450	\$1,084,059	22.44:1
D4	3,401 – 3,600 sq. ft.	88	\$227,122.72	\$2,580.94	\$51,307,246	\$2,224,459	23.07:1
D5	3,201 – 3,400 sq. ft.	45	\$113,284.80	\$2,517.44	\$24,171,217	\$1,109,521	21.79:1
D6	3,001 – 3,200 sq. ft.	36	\$85,485.60	\$2,374.60	\$20,830,540	\$837,253	24.88:1
D7	2,801 – 3,000 sq. ft.	26	\$58,025.24	\$2,231.74	\$14,344,698	\$568,304	25.24:1
D8	2,501 – 2,800 sq. ft.	35	\$75,888.40	\$2,168.24	\$19,120,879	\$743,257	25.73:1
D9	2,500 sq. ft. or less	17	\$34,215.56	\$2,012.68	\$9,236,751	\$335,110	27.56:1
D10	Non-Residential (acre)	0	\$0.00	\$0.00	\$0	\$0	N/A
APP	Approved (acre)	0	\$0.00	\$0.00	\$0	\$0	N/A
UND	Undeveloped (acre)	0	\$0.00	\$0.00	\$0	\$0	N/A
Total		510	\$1,424,839.58		\$318,153,532	\$13,955,000	22.80:1

#### Table 2-1 Special Tax Levy

The following tables present certain property ownership data, parcel information<sup>1</sup>, and the development status of the District.

#### Table 3-1 Largest Property Owners Subject to Special Taxes Based on Total Special Taxes Levied Fiscal Year 2021-22

Owner	Parcels	Total Special Taxes FY 2021-22	% of Total Special Taxes	Total AV FY 2021-22	% of Total AV
INDIVIDUAL OWNER	2	\$6,565.04	0.46%	\$1,329,119	0.42%
INDIVIDUAL OWNER	2	\$6,120.60	0.43%	\$1,375,512	0.43%
INDIVIDUAL OWNER	2	\$5,863.46	0.41%	\$1,527,623	0.48%
INDIVIDUAL OWNER	2	\$5,863.46	0.41%	\$1,219,039	0.38%
INDIVIDUAL OWNER	2	\$5,419.02	0.38%	\$942,689	0.30%
INDIVIDUAL OWNER	2	\$5,098.38	0.36%	\$959,015	0.30%
INDIVIDUAL OWNER	2	\$4,892.04	0.34%	\$884,956	0.28%
INDIVIDUAL OWNER	2	\$4,749.18	0.33%	\$772,576	0.24%
INDIVIDUAL OWNER	1	\$3,282.52	0.23%	\$1,075,000	0.34%
INDIVIDUAL OWNER	1	\$3,282.52	0.23%	\$1,030,566	0.32%
Subtotal	18	\$51,136.22	3.59%	\$11,116,095	3.49%
All Others	492	\$1,373,703.36	96.41%	\$307,037,437	96.51%
Total	510	\$1,424,839.58	100.00%	\$318,153,532	100.00%

# Table 3-2 Property Breakdown by Development Status<sup>2</sup>

Development Status	Parcels	Total Special Taxes FY 2021-22	% of Total Special Taxes	Total AV FY 2021-22	% of Total AV
Developed	510	\$1,424,839.58	100.00%	\$318,153,532	100.00%
All Others	0	\$0.00	0.00%	\$0	0.00%
Totals	510	\$1,424,839.58	100.00%	\$318,153,532	100.00%

<sup>&</sup>lt;sup>1</sup> Parcel counts do not include one prepaid property.

<sup>&</sup>lt;sup>2</sup> "Developed", as defined in the Rate and Method of Apportionment, means any parcel of Taxable Property that has been issued a building permit prior to the April 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied.

Annual Continuing Disclosure Report for Fiscal Year ending June 30, 2021 Riverside County CFD No. 04-2 (Lake Hills Crest), 2012 Refunding

					0
Value-to-Lien	Parcels	Total AV FY 2021- 22	Principal Amount of Bonds Outstanding	% Outstanding	Value-to- Lien
Less than 16.01:1 <sup>4</sup>	9	\$3,782,487	\$245,908	1.76%	15.38:1
Between 16.01 – 18.00:1	59	\$29,692,223	\$1,728,879	12.39%	17.17:1
Between 18.01 – 20.00:1	68	\$36,552,845	\$1,926,750	13.81%	18.97:1
Between 20.01 – 22.00:1	74	\$44,038,035	\$2,082,615	14.92%	21.15:1
Between 22.01 – 24.00:1	113	\$71,872,589	\$3,121,497	22.37%	23.03:1
Between 24.01 – 26.00:1	72	\$48,891,774	\$1,952,899	13.99%	25.04:1
Between 26.01 – 28.00:1	51	\$34,614,206	\$1,290,637	9.25%	26.82:1
Greater than 28.00:1 <sup>5</sup>	64	\$48,709,373	\$1,605,817	11.51%	30.33:1
Total	510	\$318,153,532	\$13,955,000	100.00%	22.80:1

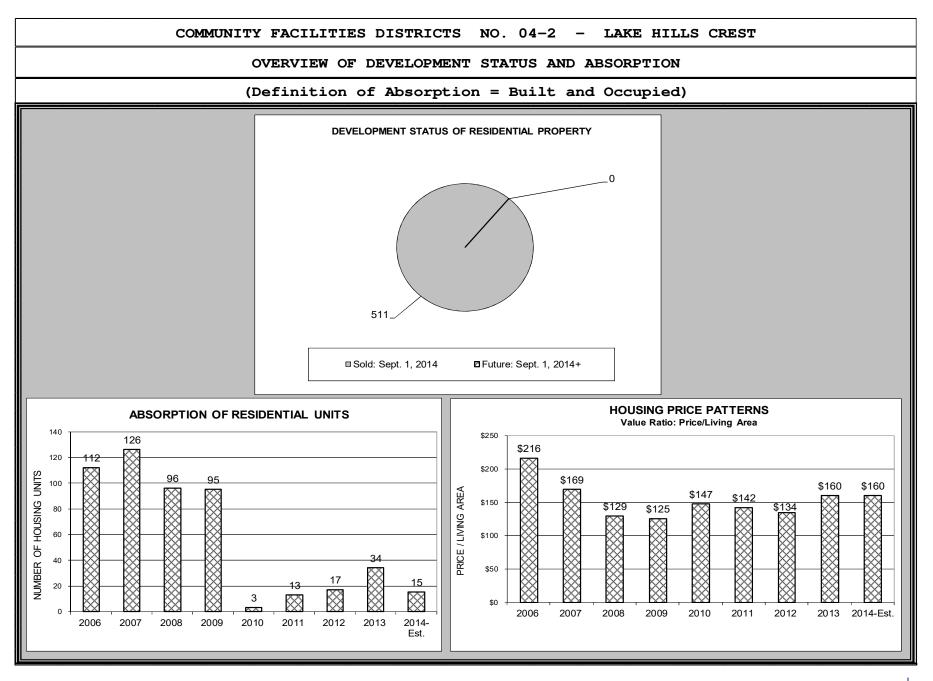
Table 3-3Value-to-Lien Ratios Based on Assessed Values and Principal Amount of Bonds Outstanding<sup>3</sup>

<sup>&</sup>lt;sup>3</sup> Principal Amount of Bonds Outstanding is as of September 30, 2020

<sup>&</sup>lt;sup>4</sup> Minimum value-to-lien is 14.47:1

<sup>&</sup>lt;sup>5</sup> Maximum value-to-lien is 36.94:1

Annual Continuing Disclosure Report for Fiscal Year ending June 30, 2021 Riverside County CFD No. 04-2 (Lake Hills Crest), 2012 Refunding



Annual Continuing Disclosure Report for Fiscal Year ending June 30, 2021 Riverside County CFD No. 04-2 (Lake Hills Crest), 2012 Refunding The following table summarizes the number of delinquent parcels, the amount delinquent, the delinquency charges<sup>6</sup>, and the amount due<sup>7</sup> for each tax year. There are no delinquent property owners responsible for more than 5% of the Annual Special Tax Levy.

Delinquencies and delinquency charges are calculated as of September 30, 2021.

Tax Year	Special Taxes Levied	Parcels Levied	Delinquent Special Taxes	Delinquency Charges	Amount Due	Delinquent Parcels	% Delinquent
2009-10	\$2,065,058.64	512	\$0.00	\$0.00	\$0.00	0	0.00%
2010-11	\$1,816,437.70	436	\$0.00	\$0.00	\$0.00	0	0.00%
2011-12	\$1,716,296.10	458	\$0.00	\$0.00	\$0.00	0	0.00%
2012-13	\$1,497,943.74	471	\$0.00	\$0.00	\$0.00	0	0.00%
2013-14	\$1,498,705.26	490	\$0.00	\$0.00	\$0.00	0	0.00%
2014-15	\$1,494,928.04	510	\$0.00	\$0.00	\$0.00	0	0.00%
2015-16	\$1,491,665.16	510	\$0.00	\$0.00	\$0.00	0	0.00%
2016-17	\$1,492,457.92	510	\$0.00	\$0.00	\$0.00	0	0.00%
2017-18	\$1,439,365.88	510	\$1,657.99	\$1,135.72	\$2,793.71	1	0.12%
2018-19	\$1,441,091.76	510	\$6,639.92	\$3,353.16	\$9,993.08	2	0.46%
2019-20	\$1,437,806.60	510	\$8,281.00	\$2,691.33	\$10,972.33	3	0.58%
2020-21	\$1,436,133.66	510	\$7,277.83	\$1,055.29	\$8,333.12	4	0.51%
Total	\$18,827,890.46		\$23,856.74	\$8,235.49	\$32,092.23	6	0.13%

Table 5-1 Special Tax Delinquency Summary

#### Funds Available for the Payment of Scheduled Debt Service

The current year's levy of \$1,424,839.58 is expected to generate sufficient revenue to cover the full year's debt service of \$1,398,362.50 without impacting the fully funded Reserve Fund.

<sup>&</sup>lt;sup>6</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>&</sup>lt;sup>7</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.

#### **Foreclosure Covenant**

The District covenants with and for the benefit of the Owners of the Bonds that it will commence appropriate judicial foreclosure proceedings against parcels with total Special Tax delinquencies in excess of \$5,000 (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 will commence appropriate judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the 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 in such Fiscal Year, and diligently pursue to completion such foreclosure proceedings; provided, however, that, notwithstanding the foregoing, the District may elect to accept payment from a property owner of at least the enrolled amount but less than the full amount of the penalties, interest, costs and attorney's fees related to a Special Tax delinquency on a particular parcel is so small that the cost of appropriate foreclosure proceeding will far exceed the Special Tax delinquency and in such cases foreclosure proceeding may be delayed by the District until there are sufficient Special Tax delinquencies accruing to such parcel (including interest and penalties thereon) to warrant the foreclosure proceedings cost.

#### **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.

As of September 30, 2021, there are no foreclosure actions within the District.

As of Septer	mber 30, 2021 <sup>8</sup>
Fund Description	Fund Balance
Redemption Fund	\$0.04
Special Tax Fund	\$288,474.63
Admin Exp. Fund	\$12,145.54
Reserve Fund	\$1,413,789.89
Earnings Fund	\$1,602.94
Bond Fund	\$0.00
Total	\$1,716,013.04

#### Table 6-1 Investment Portfolio As of September 30, 2021<sup>8</sup>

#### 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 least of, (a) 10% of the total original principal amount of the Bonds, (b) Maximum Annual Debt Service on the Outstanding Bonds, or (c) 125% of average Annual Debt Service on the Outstanding. 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. As of September 30, 2021 the balance in the Reserve Fund was \$1,413,789.89 and the Reserve Requirement is \$1,405,237.50.

#### **Financial Statements**

PLEASE NOTE: The Riverside County Fiscal Year 2020-21 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.

<sup>&</sup>lt;sup>8</sup> All investments are in compliance with "authorized investments" as defined in the Fiscal Agent Agreement dated April 1, 1997, and in accordance with County of Riverside Land Secured Financing District Investment Policy B-19.

Annual Continuing Disclosure Report for Fiscal Year ending June 30, 2021 Riverside County CFD No. 04-2 (Lake Hills Crest), 2012 Refunding

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

	Significant Events	Occurred in FY 2020-21
1.	Principal and interest payment delinquencies.	Not Applicable
2.	Unscheduled draws on debt service reserves reflecting financial difficulties.	Not Applicable
3.	Unscheduled draws on credit enhancements reflecting financial difficulties.	Not Applicable
4.	Substitution of credit or liquidity providers, or their failure to perform.	Not Applicable
5.	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).	Not Applicable
6.	Tender offers.	Not Applicable
7.	Defeasances.	Not Applicable
8.	Rating changes.	Not Applicable
9.	Bankruptcy, insolvency, receivership or similar event of the Community Facilities District.	Not Applicable
10.	Unless described in paragraph (v) of subsection (a) of this Section, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2012 Bonds.	Not Applicable
11.	Modification to rights of holders of the Series 2012 Bonds.	Not Applicable
12.	Optional, unscheduled or contingent Series 2012 Bond calls.	Not Applicable
13.	Release, substitution, or sale of property securing repayment of the Series 2012 Bonds.	Not Applicable
14.	Non-payment related defaults.	Not Applicable
15.	The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.	Not Applicable
16.	Appointment of a successor or additional Trustee, or the change of name of a Trustee.	Not Applicable

Notwithstanding the foregoing, notices of Listed Events described in Section 4a, subsection (7) and Section 4b, subsection (iii) of the Continuing Disclosure Certificate need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Series 2012 Bonds pursuant to the Indenture.

# **APPENDIX A**

Debt Service Schedule



# **County of Riverside**

# WEBBST 🛱 R

# 681319 - CFD 04-2 (Current)

Call Premium	Annual Debt Service	Semi-Annual Debt Service	Interest	Principal Outstanding	Principal	Interest Rate	Payment Date
0.0000%		\$435,690.00	\$435,690.00	\$19,665,000.00			3/1/2013
3.0000%	\$1,412,840.00	\$977,150.00	\$417,150.00	\$19,105,000.00	\$560,000.00	1.0000%	9/1/2013
3.0000%		\$414,350.00	\$414,350.00	\$19,105,000.00			3/1/2014
3.0000%		\$35,000.00	0.00	\$19,070,000.00	\$35,000.00		*3/1/2014
3.0000%	\$1,447,825.00	\$998,475.00	\$413,475.00	\$18,485,000.00	\$585,000.00	1.5000%	9/1/2014
3.0000%		\$409,087.50	\$409,087.50	\$18,485,000.00			3/1/2015
3.0000%	\$1,408,175.00	\$999,087.50	\$409,087.50	\$17,895,000.00	\$590,000.00	2.0000%	9/1/2015
3.0000%		\$403,187.50	\$403,187.50	\$17,895,000.00			3/1/2016
3.0000%	\$1,406,375.00	\$1,003,187.50	\$403,187.50	\$17,295,000.00	\$600,000.00	2.5000%	9/1/2016
3.0000%		\$395,687.50	\$395,687.50	\$17,295,000.00			3/1/2017
3.0000%	\$1,411,375.00	\$1,015,687.50	\$395,687.50	\$16,675,000.00	\$620,000.00	2.7500%	9/1/2017
3.0000%		\$387,162.50	\$387,162.50	\$16,675,000.00			3/1/2018
3.0000%	\$1,404,325.00	\$1,017,162.50	\$387,162.50	\$16,045,000.00	\$630,000.00	5.0000%	9/1/2018
3.0000%		\$371,412.50	\$371,412.50	\$16,045,000.00			3/1/2019
3.0000%	\$1,407,825.00	\$1,036,412.50	\$371,412.50	\$15,380,000.00	\$665,000.00	5.0000%	9/1/2019
3.0000%		\$354,787.50	\$354,787.50	\$15,380,000.00			3/1/2020
2.0000%	\$1,404,575.00	\$1,049,787.50	\$354,787.50	\$14,685,000.00	\$695,000.00	5.0000%	9/1/2020
2.0000%		\$337,412.50	\$337,412.50	\$14,685,000.00			3/1/2021
1.0000%	\$1,404,825.00	\$1,067,412.50	\$337,412.50	\$13,955,000.00	\$730,000.00	3.6250%	9/1/2021
0.0000%		\$324,181.25	\$324,181.25	\$13,955,000.00			3/1/2022
0.0000%	\$1,398,362.50	\$1,074,181.25	\$324,181.25	\$13,205,000.00	\$750,000.00	3.7500%	9/1/2022
0.0000%		\$310,118.75	\$310,118.75	\$13,205,000.00			3/1/2023
0.0000%	\$1,405,237.50	\$1,095,118.75	\$310,118.75	\$12,420,000.00	\$785,000.00	4.0000%	9/1/2023
0.0000%		\$294,418.75	\$294,418.75	\$12,420,000.00			3/1/2024
0.0000%	\$1,398,837.50	\$1,104,418.75	\$294,418.75	\$11,610,000.00	\$810,000.00	4.0000%	9/1/2024
0.0000%		\$278,218.75	\$278,218.75	\$11,610,000.00			3/1/2025
0.0000%	\$1,396,437.50	\$1,118,218.75	\$278,218.75	\$10,770,000.00	\$840,000.00	4.0000%	9/1/2025
0.0000%		\$261,418.75	\$261,418.75	\$10,770,000.00			3/1/2026
0.0000%	\$1,397,837.50	\$1,136,418.75	\$261,418.75	\$9,895,000.00	\$875,000.00	4.1250%	9/1/2026
0.0000%		\$243,371.88	\$243,371.88	\$9,895,000.00			3/1/2027
0.0000%	\$1,401,743.76	\$1,158,371.88	\$243,371.88	\$8,980,000.00	\$915,000.00	4.1250%	9/1/2027
0.0000%		\$224,500.00	\$224,500.00	\$8,980,000.00			3/1/2028
0.0000%	\$1,399,000.00	\$1,174,500.00	\$224,500.00	\$8,030,000.00	\$950,000.00	5.0000%	9/1/2028
0.0000%		\$200,750.00	\$200,750.00	\$8,030,000.00			3/1/2029
0.0000%	\$1,391,500.00	\$1,190,750.00	\$200,750.00	\$7,040,000.00	\$990,000.00	5.0000%	9/1/2029
0.0000%		\$176,000.00	\$176,000.00	\$7,040,000.00			3/1/2030
0.0000%	\$1,387,000.00	\$1,211,000.00	\$176,000.00	\$6,005,000.00	\$1,035,000.00	5.0000%	9/1/2030
0.0000%		\$150,125.00	\$150,125.00	\$6,005,000.00			3/1/2031
0.0000%	\$1,385,250.00	\$1,235,125.00	\$150,125.00	\$4,920,000.00	\$1,085,000.00	5.0000%	9/1/2031
0.0000%		\$123,000.00	\$123,000.00	\$4,920,000.00			3/1/2032
0.0000%	\$1,386,000.00	\$1,263,000.00	\$123,000.00	\$3,780,000.00	\$1,140,000.00	5.0000%	9/1/2032
0.0000%		\$94,500.00	\$94,500.00	\$3,780,000.00			3/1/2033
0.0000%	\$1,389,000.00	\$1,294,500.00	\$94,500.00	\$2,580,000.00	\$1,200,000.00	5.0000%	9/1/2033
0.0000%		\$64,500.00	\$64,500.00	\$2,580,000.00			3/1/2034
0.0000%	\$1,389,000.00	\$1,324,500.00	\$64,500.00	\$1,320,000.00	\$1,260,000.00	5.0000%	9/1/2034
0.0000%		\$33,000.00	\$33,000.00	\$1,320,000.00			3/1/2035

# WEBBST

# **County of Riverside**

# 681319 - CFD 04-2 (Current)

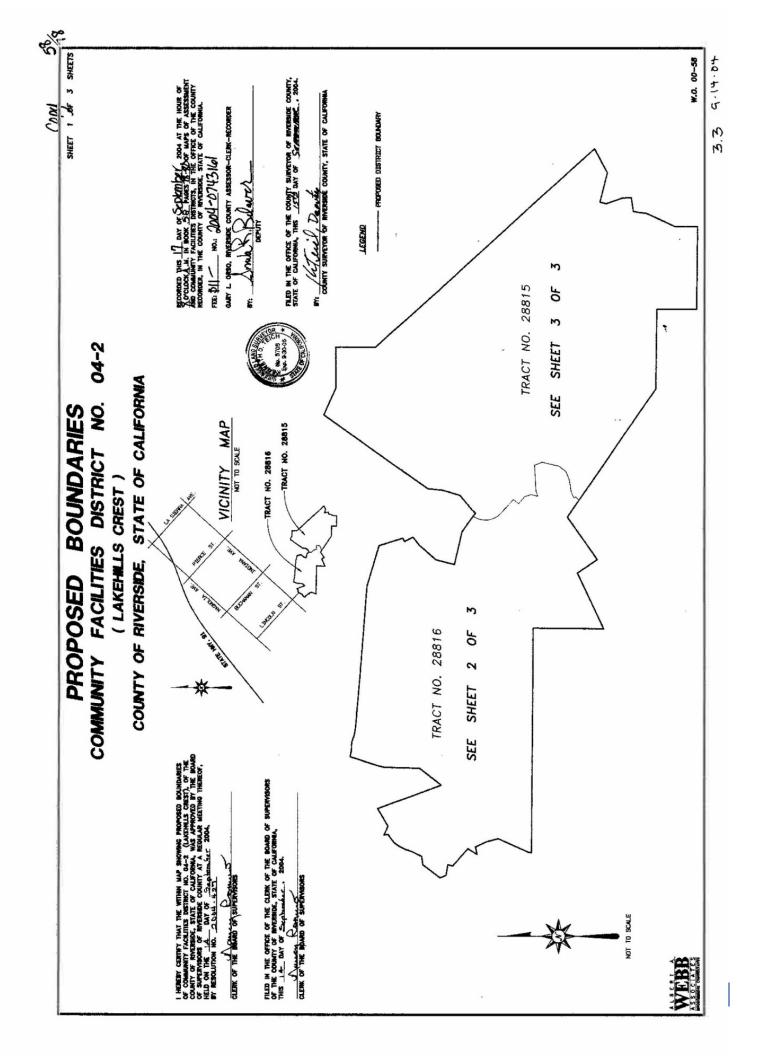
Payment Date	Interest Rate	Principal	Principal Outstanding	Interest	Semi-Annual Debt Service	Annual Debt Service	Call Premium
9/1/2035	5.0000%	\$1,320,000.00	\$0.00	\$33,000.00	\$1,353,000.00	\$1,386,000.00	0.0000%
Totals		\$19,665,000.00		\$12,554,346.26	\$32,219,346.26	\$32,219,346.26	
Bond Issue Date		8/23/2012					
Original Bond Principal		\$19,665,000.00					
Bond Calls		\$35,000.00					

\* Denotes Bond Call

# **APPENDIX B**

District Boundary Map







6905 Brockton Avenue Riverside, CA 92506 951.200.8600 ♥ in f www.webbmfinance.com