

CITY OF MORENO VALLEY, CALIFORNIA
COMMUNITY FACILITIES DISTRICT NO. 87-1 (TOWNGATE)

**ANNUAL SPECIAL TAX AND
BOND ACCOUNTABILITY REPORT
FOR FISCAL YEAR 2018/19**



Report Date:

MAY 2018

Prepared by:

PUBLIC WORKS DEPARTMENT
SPECIAL DISTRICTS DIVISION

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I. INTRODUCTION

A. DESCRIPTION OF PROCEEDINGS

The City of Moreno Valley, California (“City”) is located in the western portion of Riverside County and is bordered by the cities of Riverside and Perris, Lake Perris, and March Air Reserve Base.

Community Facilities District No. 87-1 (Towngate) of the City of Moreno Valley (“CFD No. 87-1” or “District”) was formed in 1988 to finance the acquisition of certain public facilities (water, sewer, and street improvements; landscaping; storm drain and utility systems). CFD No. 87-1 includes approximately 254 gross developable acres (247.80 net taxable acres) bounded on the north by State Route 60, on the west by Day Street, on the south by Eucalyptus Avenue and Towngate Boulevard, and on the east by Frederick Street.

On April 20, 1988, the City of Moreno Valley Towngate Community Facilities District No. 87-1 Special Tax Bonds Series A (“Series A Bonds”) were issued and on August 14, 1991, the City of Moreno Valley Towngate Community Facilities District No. 87-1 Special Tax Bonds Series B (“Series B Bonds”) were issued.

On May 24, 1994, Resolution No. 94-28 authorized the issuance of CFD No. 87-1 Towngate Special Tax Refunding Bonds Series A and the Towngate Special Tax Refunding Bonds Series B (collectively the “1994 Refunding Bonds”) which were issued in the principal amounts of \$14,170,000 and \$8,530,000, respectively.

On October 23, 2007, the City Council approved the issuance of CFD No. 87-1 2007 Special Tax Refunding Bonds (“Bonds”) to refinance the 1994 Refunding Bonds. On November 29, 2007, the Bonds were issued in the amount of \$10,665,000. The Bonds are special obligations of CFD No. 87-1 and are payable from and secured by revenues derived from certain annual special taxes levied on the taxable properties within CFD No. 87-1.

In connection with development of the area, the former Community Redevelopment Agency (“Agency”) entered into agreements concerning the provision of the public infrastructure improvements. One such agreement, which was entered into with the City on behalf of CFD No. 87-1, entitled “Cooperation and Reimbursement Agreement” dated as of November 4, 1987 and amended by a “First Amendment to Cooperation and Reimbursement Agreement” dated as of June 1, 1994, provided that the Agency would make certain payments to the District from tax increment (TI) revenues generated from the TownGate portion of the redevelopment project area. On October 23, 2007, the Agency Towngate Agreement was adopted, restating the Cooperation and Reimbursement Agreement and First Amendment to Cooperation and Reimbursement Agreement.

In June of 2011, the California Legislature approved trailer bills AB 1x 26 and AB 1x 27 to dissolve redevelopment agencies. On January 10, 2012, the City Council adopted Resolution No. 2012-04, designating the City as Successor Agency to the Agency (“Successor Agency”) for the purpose of discharging the obligations of the Agency.

Following dissolution of the Agency, the Successor Agency is required to submit a Recognized Obligation Payment Schedule (ROPS) to the Department of Finance (DOF) to fulfill the Agency’s obligations. The ROPS includes payment of available TI payable towards the CFD No. 87-1 special tax requirement. The DOF has approved the payment of TI for this purpose through June 2019. If future TI is unavailable, special taxes will need to be

levied at a rate sufficient to cover the special tax requirement of the District, provided the special tax does not exceed the maximum special tax rate as authorized under the terms of the Rate and Method of Apportionment of Special Tax (“RMA”) of the District.

For further information concerning the City, Agency, Agency Towngate Agreement, or the redevelopment project area, reference is made to the Official Statement of the Bonds.

Table 1: Summary of Proceedings

Document	Number	Date
Resolution of Intention	87-83	August 25, 1987
Resolution of Formation	87-99	October 20, 1987
Resolution of Issuance (Series A Bonds)	88-13	April 12, 1988
Resolution of Issuance (Series B Bonds)	91-90	June 25, 1991
Resolution of Issuance (1994 Refunding Bonds)	94-28	May 24, 1994
Resolution of Issuance (Bonds)	2007-119	October 23, 2007

CFD No. 87-1 Bonds	
Date of Bond Issue (Dated Date)	November 29, 2007
Date of Bond Maturity	December 1, 2021
Amount of Bond Issue	\$10,665,000
Bond Insurer	Ambac Assurance Corp.*

*Bond Insurer’s current rating information may be obtained through the bond rating agencies.

Table 2: 2007 Special Tax Refunding Bond Principal

Year	CUSIP*	Principal	Year	CUSIP*	Principal
2012	616865 EH0	\$680,000	2018	616865 EP2	\$120,000
2013	616865 EJ6	700,000	2018	616865 EQ0	750,000
2014	616865 EK3	730,000	2019	616865 ER8	910,000
2015	616865 EL1	760,000	2020	616865 ES6	950,000
2016	616865 EM9	790,000	2021	616865 ET4	985,000
2017	616865 EN7	830,000			

* Committee on Uniform Security Identification Procedures (CUSIP)

The principal amount outstanding for the Bonds following the December 1, 2017 debt service payment is \$3,715,000. For a complete principal payment schedule, please refer to Appendix C: Debt Service Schedule.

B. DISTRICT DESCRIPTION

CFD No. 87-1 is bounded on the north by State Route 60, on the west by Day Street, on the south by Eucalyptus Avenue and Towngate Boulevard, and on the east by Frederick Street and includes approximately 254 gross developable acres (247.80 net taxable acres) of land. A boundary map of CFD No. 87-1 is included in Appendix D of this report.

CFD No. 87-1 is located within and adjacent to the boundaries of the Towngate development and consists of the following areas: 1) Towngate Center and Plaza, 2) Moreno Valley Mall, 3) Towngate Promenade, 4) Towngate Crossing, 5) Towngate Square, and 6) Fresco Apartment Homes, formerly Stonegate at Towngate Apartments.

i. ASSESSED VALUATION

The following tables list the most recent assessed and historical assessed values for taxable property within the District.

Table 3: Historical Valuation

Fiscal Year	Assessed Land Value	Assessed Structure Value	Total Assessed Value
2007/08	\$ 77,598,229	\$ 233,227,451	\$ 310,825,680
2008/09	83,203,113	292,577,793	375,780,906
2009/10	84,909,506	269,773,103	354,682,609
2010/11	86,180,297	225,085,220	311,265,517
2011/12	93,371,604	278,225,623	371,597,227
2012/13	93,563,138	247,463,314	341,026,452
2013/14	96,296,902	229,544,733	325,841,635
2014/15	110,810,809	281,343,815	392,154,624
2015/16	109,361,101	292,269,229	401,630,330
2016/17	113,473,963	303,617,372	417,091,335
2017/18	119,069,669	323,089,556	442,159,225
2018/19	121,957,728	333,922,936	455,880,664

Source: Assessed Values - Riverside County Property Tax Roll Information - May 2017.

Table 4: Detailed Valuation

Assessor's Parcel Number	Property Owner	Development Status	Taxable Acres	2018/19 Assessed Land Value	2018/19 Assessed Structure Value	Total 2018/19 Assessed Value
291-110-017	TOWNGATE ON MEMORIAL APARTMENTS	Developed	26.09	\$ 17,340,000	\$ 83,181,000	\$ 100,521,000
291-110-032	MORENO VALLEY MALLHOLDING	Developed	31.09	12,948,824	51,570,106	64,518,930
291-110-033	MORENO VALLEY MALLHOLDING	Developed	7.43	3,643,682	8,742,142	12,385,824
291-110-034	EL CORTE INGLES	Developed	9.58	6,745,433	11,432,144	18,177,577
291-110-035	SERITAGE SRC FINANCE	Developed	10.51	4,759,830	8,505,270	13,265,100
291-110-036	J C PENNEY PROP INC	Developed	10.13	7,188,730	12,413,867	19,602,597
291-110-037	MACYS CALIF INC	Developed	11.41	5,390,298	9,923,053	15,313,351
291-110-039	COSTCO WHOLESALE CORP	Developed	12.69	6,094,807	10,183,310	16,278,117
291-110-040	NEAL T BAKER ENTERPRISES	Developed	0.79	885,302	676,040	1,561,342
291-110-041	CFT DEV	Developed	0.79	998,784	1,029,996	2,028,780
291-570-001	BRIXTON ALTO SHOPPING CENTER	Developed	0.61	301,660	680,207	981,867
291-570-002	BRIXTON ALTO SHOPPING CENTER	Developed	2.42	953,470	2,278,637	3,232,107
291-570-003	BRIXTON ALTO SHOPPING CENTER	Developed	2.08	1,023,500	2,639,556	3,663,056
291-570-005	BRIXTON ALTO SHOPPING CENTER	Developed	0.40	193,923	1,556,798	1,750,721
291-570-006	BRIXTON ALTO SHOPPING CENTER	Developed	0.69	339,368	1,007,339	1,346,707
291-570-007	BRIXTON ALTO SHOPPING CENTER	Developed	2.30	904,988	2,273,249	3,178,237
291-570-008	BRIXTON ALTO SHOPPING CENTER	Developed	1.41	694,902	1,713,016	2,407,918
291-570-010	BRIXTON ALTO SHOPPING CENTER	Developed	3.30	1,298,228	2,634,169	3,932,397
291-570-011	E D D INV CO	Developed	0.64	263,415	969,631	1,233,046
291-570-013	BRIXTON ALTO EASTRIDGE	Undeveloped 1	0.76	380,309	11,848	392,157
291-570-014	YANLOT DEV CORP	Developed	0.85	618,783	2,640,664	3,259,447
291-570-015	BRIXTON ALTO EASTRIDGE	Undeveloped 1	0.25	128,096	1,182	129,278
291-570-016	BRIXTON ALTO EASTRIDGE	Undeveloped 1	2.10	689,514	59,252	748,766
291-570-017	BRIXTON ALTO SHOPPING CENTER	Developed	0.80	797,251	452,493	1,249,744
291-570-018	BRIXTON ALTO SHOPPING CENTER	Developed	0.91	447,105	1,125,850	1,572,955
291-570-019	BRIXTON ALTO SHOPPING CENTER	Developed	0.34	339,368	985,791	1,325,159
291-570-020	BRIXTON ALTO SHOPPING CENTER	Developed	0.49	242,405	1,438,287	1,680,692
291-570-021	BRIXTON ALTO SHOPPING CENTER	Developed	0.80	393,237	2,084,710	2,477,947
291-570-022	BRIXTON ALTO SHOPPING CENTER	Developed	4.69	1,842,301	4,945,128	6,787,429
291-570-024	BRIXTON ALTO SHOPPING CENTER	Developed	2.96	1,163,557	3,038,182	4,201,739
291-570-026	BRIXTON ALTO SHOPPING CENTER	Developed	0.90	441,719	1,077,368	1,519,087
291-570-027	BRIXTON ALTO SHOPPING CENTER	Developed	3.40	1,669,922	3,361,392	5,031,314
291-570-028	HAROLD BERAL/FDC	Developed	1.18	410,844	1,942,357	2,353,201
291-570-029	HAROLD BERAL	Developed	1.25	432,396	97,758	530,154
291-570-030	HAROLD BERAL/FDC	Developed	0.83	296,978	1,403,430	1,700,408
291-570-031	HAROLD BERAL/FDC	Developed	1.10	429,459	1,363,102	1,792,561
291-570-032	HAROLD BERAL/FDC	Developed	0.64	249,897	1,318,586	1,568,483
291-570-033	HAROLD BERAL/FDC	Developed	2.11	823,828	2,089,104	2,912,932
291-570-034	HAROLD BERAL/FDC	Developed	0.92	359,253	1,209,240	1,568,493
291-570-035	HAROLD BERAL/FDC	Developed	2.34	634,239	2,016,523	2,650,762
291-570-036	BURLINGTON COAT FACTORY OF CALIF/REALTY INCOME PROP23	Developed	6.68	2,835,521	6,454,604	9,290,125
291-590-021	GATEWAY CO	Developed	1.52	57,877	1,527,039	1,584,916
291-590-022	GATEWAY CO	Developed	0.83	31,601	2,175,367	2,206,968
291-590-023	LOWES HIW INC	Developed	14.29	8,894,048	7,074,917	15,968,965
291-590-025	SC HOTEL MANAGEMENTCORP	Developed	0.95	1,290,096	2,819,484	4,109,580
291-590-033	GATEWAY CO	Developed	1.77	52,764	4,767,218	4,819,982
291-590-034	DAY MORENO VALLEY	Developed	3.53	1,528,907	7,136,754	8,665,661
291-590-037	SOUTHERN CALIF DEV	Developed	0.78	867,000	2,626,500	3,493,500
291-590-038	MORENO VALLEY SLEEPONE	Developed	0.98	947,857	22,888	970,745
291-590-039	99 ONLY STORES	Developed	3.50	1,134,458	1,422,574	2,557,032
291-650-001	LEW LA FAYETTE PROP	Developed	1.50	1,055,820	2,090,096	3,145,916
291-650-002	WINCO FOODS	Developed	10.94	5,164,501	3,666,375	8,830,876
291-650-003	QUICK QUACK DEV II	Undeveloped 1	0.94	35,106	55,851	90,957
291-650-004	GATEWAY CO	Undeveloped 1	1.96	73,210	23,578	96,788
291-650-005	GATEWAY CO	Undeveloped 1	1.95	72,840	60,637	133,477
291-650-006	GATEWAY CO	Undeveloped 1	1.90	70,967	82,542	153,509
291-650-007	GATEWAY CO	Undeveloped 1	1.56	58,266	163,244	221,510
291-650-008	GATEWAY CO	Developed	1.98	73,957	48,947	122,904
291-650-009	GATEWAY CO	Developed	2.07	77,320	116,490	193,810
291-650-020	GATEWAY CO	Undeveloped 1	1.29	48,181	129,659	177,840
291-650-021	STEVE GRADY/JOAN WARREN GRADY/FOCUS DAY STREET	Developed	1.42	1,224,363	110,907	1,335,270
291-650-018	SDG INV	Developed	1.05	571,434	1,543,109	2,114,543
291-660-001	GATEWAY CO	Developed	1.15	27,440	2,643,475	2,670,915
291-660-002	GATEWAY CO/SWH CORP	Developed	1.23	1,157,803	2,159,266	3,317,069
291-660-003	MAX EXO	Developed	1.13	719,680	1,464,720	2,184,400
291-660-004	GALA DEV PARTNERS	Undeveloped 1	1.13	1,051,248	103,148	1,154,396
291-660-028	AYRES MORENO VALLEY	Developed	2.76	2,613,395	6,173,126	8,786,521
291-660-029	BRE POLYGON PROP OWNER	Developed	2.39	2,218,158	11,090,793	13,308,951
291-660-033	GATEWAY CO	Undeveloped 1	1.04	6,144	86,536	92,680
291-660-034	GATEWAY CO	Developed	1.18	27,668	112,348	140,016
291-660-035	CHE CHEN LIU/SHU FEN LIU	Developed	3.80	2,622,707	12,376,268	14,998,975
291-660-040	GATEWAY CO	Developed	1.53	172,331	1,597,445	1,769,776
291-660-042	GATEWAY CO	Developed	1.40	158,087	1,799,486	1,957,573
291-660-043	GATEWAY CO	Developed	1.69	257,368	4,125,768	4,383,136
Total			247.80	\$ 121,957,728	\$ 333,922,936	\$ 455,880,664

¹ APNs which are Undeveloped, but have constructed certain parcel improvements.

Source: Assessed Values - Riverside County Property Tax Roll Information - April 2018.

ii. DEVELOPMENT RESTRICTIONS

As of the date of this report, there have not been any significant amendments to land use entitlements or significant legislative, administrative, or judicial challenges to construction, development or to the use of any parcels in the District known to the City.

iii. DEVELOPMENT STATUS

Table 5 is a summary of building permits (BP) issued for new construction and certificates of occupancy (CofO) issued on parcels subject to the special tax for fiscal year (FY) 2017/18, through May 2018.

Table 5: Development Status

APN	Permit Date ¹	Permit Description
291110032 ²	07/03/2017	CofO for: "Tobacco & Gifts" Suite 2066 (No Changes) 1,600 SF - 2nd Floor Moreno Valley Mall
291110032 ²	07/03/2017	CofO for Champions Barbershop, Ste 2063, No Changes, 2,492 SF 06/08/2017 - Germal King - Sub Lease 06/26/2017 - Kimberlyn Brown - Sub Lease 08-08-2017 - Daryl P Jemerson - Sub Lease
291110032 ²	07/28/2017	CofO for: "Ashika Shoes" Moreno Valley Mall 1st Floor, Suite 1102 (No Changes) Total 1,100 SF (Next To Sears)
291110032 ²	08/09/2017	CofO for: "Exclusive Stylez Boutique" Space 2094 - 777 SF (No Changes)
291110032 ²	08/10/2017	CofO for: Duke'z Mens Store - Suite 2106 (2nd Floor Moreno Valley Mall Next To Lens Crafters) No Changes
291110032 ²	08/21/2017	CofO for: "Mark Jewelers" Space #2199 (No Changes) Total 1,000 SF - Jewelry Sales And Repair
291110032 ²	08/25/2017	TI / CofO For Miniso Depot Inc In MV Mall Suite 1036, 3,800 sf of Tenant Retail Space
291110032 ²	08/30/2017	CofO - Zero Gravity 2,350sf of Tenant Space In Suite 2232 At MV Mall
291110032 ²	09/07/2017	CofO for: "Wapa International" Retail Clothing Store - Space No.1198 (No Changes) Total 1,835 SF
291110032 ²	09/18/2017	TI/ CofO - Shiekh Shoes In 5,934sf of Tenant Space In MV Mall Unit 1162
291110032 ²	09/25/2017	CofO for Shoe 101 I.E. in 2,345 sf of Tenant Space In Suite 2175, No Changes
291110032 ²	09/27/2017	City Project-Tenant Improvement for "Moreno Valley Satellite Library" - 4,878 Sf; Space 2078
291110032 ²	09/27/2017	CofO for CLO (Women's Sportswear) In Suite 1147 Of 4,421sf Tenant Space, No Changes
291110032 ²	10/17/2017	CofO for: "First Capital Retail LLC DbA Cinnabon" Space# 1111 (No Changes) Change Of Business Ownership - Total 1,024 SF

APN	Permit Date ¹	Permit Description
291110032	² 10/19/2017	CofO " A Girls Best Friend" - MV Mall Suite # 1000- (No Changes)
291110032	² 11/17/2017	CofO for: "Streetbeat Records" Suite 2117 - Total 854 SF (No Changes)
291110032	² 12/05/2017	CofO for: "Bayside Watch" Space 1061 - Total 803 SF (No Changes)
291110032	² 12/13/2017	CofO - Perfume Hut In 980 Sf of Tenant Space In Suite 1183
291110032	² 01/05/2018	CofO for: "Comics & Anime" Space 2106 (No Changes) Total 1,617 SF - Moreno Valley Mall 2nd Floor
291110032	² 01/09/2018	CofO for: "Dollar Book Fair" Space #2099 - Moreno Valley Mall (Retail Book Store) Total 2,226 Sq Ft (No Changes)
291110032	² 01/17/2018	CofO for: "The Choco Noodle Cookie Company" Moreno Valley Mall - Space #2093 (No Changes) Total 668 SF
291110032	² 01/22/2018	CofO - Visage Beauty In Space 2161 of 648 SF of Tenant Space - No Changes
291110032	² 02/02/2018	CofO - STE 2232 - ASYA HOME - 1,959 SF (No Changes)
291110032	² 03/22/2018	Cell Modification For Verizon - Installing (2) Equipment Racks In A Secure Room #1003 At MV Mall
291110032	² 03/22/2018	CofO for: "Comics & Anime, LLC" Suite 2193 (2nd Floor) Total 3,015 SF (No Changes) Retail Comic Books, Toys & Apparel
291110032	² 04/06/2018	CofO - Meta Food Inc In Suite 2128 Of 1 109 sf If Tenant Space, Change of Ownership
291110032	² 04/10/2018	Certificate of Occupancy/Change of Ownership for "Pretzelmaker", Ste 1205 - 593 Sf
291110032	² 04/19/2018	CofO - Lexy (Retail-Clothing) In Suite 1147 @ MV Mall Of 4421sf of Tenant Space (No Changes)
291110032	² 05/02/2018	CofO for: "Trackless Train" Suite 2054 - Storage Suite Only For (3) Train Cars And (1) Engine (2nd Floor) Moreno Valley Mall
291110032	² 05/04/2018	CofO for: "Beauty Bar Wigs And Hair" Suite 1102 (Total 1,401 SF) Moreno Valley Mall 1st Floor (No Changes)
291110037	04/06/2018	Macy's Backstage - 2nd Floor Interior Remodel 28,868 SF (Removal Of Mill Work Display Cabinet, Installation of Electrical Work for New Cash Register, Removal of Carpet, Paint Perimeter Walls)
291570001	11/28/2017	CofO - Moreno Valley Treats, Inc In 1,000 sf Tenant Space in Suite W3, Change of Name (Former Baskin Robbins Under B0304481)
291570001	03/09/2018	Owner Tenant Improvement To Demolish Interior Only For New Tenant (Sherwin Williams) Suites W1, W2 And W4 (Demo Walls, Restrooms, Ceiling, Lighting, Floor Finishes, And Plumbing Fixtures)
291570001	03/30/2018	Landlord's Shell Improvements For Suite W1. W2 & W4 - For Sherwin Williams = Interior Drywall Repair, New Storefront Doors, New Roll Up Door And Replacement Of

APN	Permit Date ¹	Permit Description
		(3) RTUS's, Re-Stripe For Van Accessible Parking Stall And Safe Off Of Existing Plumbing
291570003	04/09/2018	CofO for: " Peristore, LLC" Suite B4 (No Changes) Total 1,818 SF (Clothing Dress Store)
291570008	12/13/2017	CofO - MV Jewelry Exchange In 975 Sf of Tenant Space In Suite F11, No Changes
291570008	03/22/2018	TI & CofO - Gazpachos La Michoacana In 1,350 sf of Tenant Space In Suite F2 & F3
291590034	08/22/2017	Jerome's Furniture - Interior TI/CO of Existing Retail Building with New Partition Walls and Finishes, New Roll-Up Door at Customer Pick-Up
291590037	01/24/2018	TI - Wendy's: Exterior; Window Framing and New Metal Cladding and Tile on Front/Side Facades and Interior; Remove all Existing Finishes in Dining Room/Bathroom and Install New Finishes, Install New Suspended Ceiling
291590038	10/23/2017	New Commercial Building "Sit N Sleep" - Total 8,847 Sq Ft with Canopy 145 Sq Ft (PA16-0052)
291590039	10/06/2017	CofO and Change of Business Ownership for: "Crest Spa and Salon, Inc. DbA Meridian Spa Hair & Nail Salon" Suite E-1A (No Changes) Total 5,474 SF
291650001	01/09/2018	CofO and Change of Business Ownership for: "Portillo's Hot Dogs, LLC" Total 9,271 SQ FT (No Changes)
291650008	01/31/2018	Fairfield Inn & Suites Marriott 106 Units (4) Story Building, (Includes Fire Access) - MSHCP Fee
291650021	08/15/2017	TI And CofO for "Pieology" Ste A - to Include MEP's In 2202 Sf of Tenant Space
291650021	08/15/2017	Popeyes Restaurant with Drive Thru (2,646 Sq Ft)
291660034	06/12/2017	New Multi-Tenant Retail Shop Shell Building "H" with Drive Thru - Total 7,020 Sq Ft (PA16-0069)
291660034	09/28/2017	TI/ CofO - Café Rio Mexican Grill - Work is to Include Non-Structural Walls, Mechanical, Electrical and Plumbing Work, in 2,695 Sf of Tenant Space in Unit C
291660034	10/30/2017	TI and CofO for: "The Habit Burger" Unit A - Construct Non-Structural Walls and MEP's
291660042	04/20/2018	TI and CofO - Organic Nail Bar (Expansion into Suite B: 1,799 Sf; Remodel of Existing Suite C: 1,230 sf of Tenant Space); New Layout to Include New Laundry Room, (2) New Wax Facial Rooms, New Waiting Room and New Nail Bar Stations Including Spa Pedicure Chairs
¹ Permit Date represents date the permit for certificate of occupancy or tenant improvement was issued, not the date of the final inspection ² 291110032 is the Mall's common area and includes smaller (non-anchor) businesses Source: ACP		

C. PUBLIC FACILITIES

The public facilities were developed in two phases. Phase One included the development of approximately 163 acres within CFD No. 87-1. The public facilities financed with bond proceeds were constructed to serve Phase One development and consisted of roadway

improvements to include certain grading, paving, base, curbs, gutters, sidewalks, landscaping, sewers, drainage, intersection work, street lights, signing, striping, traffic signals, irrigation conduit and utilities, together with appurtenances and appurtenant work on Eucalyptus Avenue (formerly Eastridge Avenue), Heritage Way, a segment of Towngate Circle, Centerpoint Drive, and Frederick Street, as well as storm drain improvements, water and sewer improvements, and construction of a freeway ramp.

The Phase Two improvements consisted of road improvements to include certain grading, paving, base, curbs, gutters, sidewalks, landscaping, drainage, intersection work, street lights, signing, striping, traffic signal, irrigation conduit and utilities, together with appurtenances and appurtenant work on Campus Parkway, Gateway Drive, Eucalyptus Avenue (formerly Eastridge Avenue, northwest to southeast), Eucalyptus Avenue (northeast to southwest), and Day Street, as well as storm drain improvements, sewer improvements, a sewer lift station, detention basin, purchase of right-of way, and construction of a freeway ramp.

II. FINANCIAL INFORMATION

A. FINANCIAL STATEMENTS

The City's audited financial statements for the period ending June 30, 2018, will be filed separately with the Electronic Municipal Market Access (EMMA) service provided by the Municipal Securities Rulemaking Board (www.emma.msrb.org) and are hereby incorporated by reference into this report. In addition, the audited financial statements will be available from the City's Financial & Management Services Department and available for review on the City's website at www.moval.org.

B. DESCRIPTION OF FUNDS

Article III of the Bond Indenture requires the Trustee to establish and maintain the following funds and accounts.

i. SPECIAL TAX FUND

The Trustee shall transfer available monies from the Special Tax Fund in accordance with the Bond Indenture (Section 3.2).

a) Administrative Expense Account

The Trustee in accordance with the Bond Indenture (Section 3.3) shall, not less than annually, transfer payment of funds to the Administrative Expense Account.

b) Principal and Interest Accounts

The principal and interest due on the Bonds until maturity shall be paid by the Trustee from the Principal and Interest Accounts. In accordance with the Bond Indenture (Section 3.4), the Trustee shall transfer the payment of principal prior to each December 1 and interest prior to each June and December 1. Payment shall be applied first to the Interest Account, then to the Principal Account from the Special Tax Fund. If the amounts in the Special Tax Fund are inadequate, any deficiency shall be made up by the Reserve Account.

The payment of interest, as set forth in the Bond Indenture (Section 3.4[a]), shall equal the amount of interest due on the Bonds as of the interest payment date and include any amount of prior unpaid interest.

The payment of principal, as set forth in the Bond Indenture (Section 3.4[b]), shall equal the amount of the principal payment due on December 1 and any unpaid principal amount due from the previous December 1.

c) Redemption Account

As set forth in the Bond Indenture (Section 3.5), the Redemption Account is available for the purpose of paying the interest, principal, and premiums, if any, on the Bonds called for optional redemption. This fund shall be used solely for the purpose of redeeming Bonds.

d) Reserve Account

The Reserve Account, as set forth in the Bond Indenture (Section 3.6), is established to maintain an amount equal to the Reserve Requirement. The Reserve Account will be used solely to pay principal and interest on the Bonds in the event that the monies in the Interest and Principal Accounts are insufficient to pay the principal and interest due on any payment date or any required transfer to the Rebate Fund in accordance with the Bond Indenture.

As set forth in the Bond Indenture, monies in the Reserve Account in excess of the Reserve Requirement are to be transferred to the Interest Account to pay interest on the Bonds.

ii. REBATE FUND

Per the Bond Indenture (Section 3.7), the Trustee shall establish and maintain the Rebate Fund, which is separate from any other fund. All money at any time deposited in the Rebate Fund, Rebate Account, or Alternative Penalty Account shall be held by the Trustee for payment to the United States Treasury.

a) Rebate Account

The Rebate Account shall be maintained by the Trustee in accordance with Section 3.7(i) of the Bond Indenture.

b) Alternative Penalty Account

The Alternative Penalty Account shall be maintained by the Trustee in accordance with Section 3.7(ii) of the Bond Indenture.

c) Rebate Liability

With regard to the Bonds, the Arbitrage Rebate Consultant shall prepare the computations for the arbitrage rebate liability for each account requiring an arbitrage calculation. The first installment computation for the Bonds was due November 29, 2012, five years from the dated date of the Bonds. For Arbitrage purposes, the 8038G tax certificate treats the Bonds and the Agency's 2007 Tax Allocation Bonds, Series A as a single issue. As such, the Arbitrage Report contains the combined calculation for both issues. The table below reflects the cumulative arbitrage calculation through November 29, 2017. The next installment computation for the Bonds is due November 29, 2022.

Table 6: Arbitrage Calculation Summary

**Arbitrage Rebate Liability
For the Period November 29, 2007 – November 29, 2017**

Costs of Issuance - 87-1 Refunding Bonds	\$	549.06
Costs of Issuance - 2007 TAB		189.73
Improvement - 2007 TAB (Unrestricted)		3,808,308.47
Improvement - 2007 TAB (Restricted)		2,521,864.44
Reserve - 87-1 Refunding Bonds		604,935.76
¹ FV Computation Date Credit - 11/29/08		2,221.93
FV Computation Date Credit - 11/29/09		2,204.52
FV Computation Date Credit - 11/29/10		2,113.26
FV Computation Date Credit - 11/29/11		2,039.10
FV Computation Date Credit - 11/29/12		1,979.98
FV Computation Date Credit - 11/29/13		1,934.02
FV Computation Date Credit - 11/29/14		1,876.35
FV Computation Date Credit - 11/29/15		1,819.77
FV Computation Date Credit - 11/29/16		1,732.81
Computation Date Credit - 11/29/17		1,670.00
Total	\$	6,955,439.20
Rebate Liability (90% of Total)		-

¹ FV = Future Value

Source: Arbitrage Rebate Calculation dated March 2018 prepared by Willdan Financial Services

iii. COSTS OF ISSUANCE FUND

In accordance with the Bond Indenture (Section 3.9), the Trustee has disbursed all monies from the Costs of Issuance Fund. During FY 2008/09, all remaining monies were transferred by the Trustee to the Surplus Fund and the Costs of Issuance Fund was closed.

iv. SURPLUS FUND

After all transfers have been made as required by the Bond Indenture (Sections 3.3 thru 3.7), all remaining amounts in the Special Tax Fund, if any, shall be transferred to the Surplus Fund. Monies remaining in this fund may be used for payment of interest, principal, administrative expenses, replenishment of the Reserve Fund, reduction of next year's special tax levy, or for any other lawful purpose.

C. FUND BALANCES

All TI for FY 2017/18 has been received and transferred to the Trustee in compliance with the Bond Indenture. The Bonds were primarily issued for refunding purposes. As such, no proceeds were allocated for the establishment or funding of an Acquisition and Construction Fund.

Table 7: Fund Balances

Fund / Account	Balance as of April 30, 2018
Special Tax Fund	\$ 707,884.18
Interest Account	6,322.04
Principal Account	195.55
Redemption Account	-
Reserve Account ¹	1,033,532.80
Administration Expense Account	1.40
Lehman Bros. Investment Agreement	537,308.03
Rebate Fund	-
Cost of Issuance Fund	-
Surplus Fund	0.35

¹ Funds in the Reserve Account reflect an amount at least equal to the Reserve Requirement. The Reserve Requirement for FY 2018/19 is \$1,028,681.26.

III. COMPUTATION OF THE SPECIAL TAX REQUIREMENT

A. ADMINISTRATIVE EXPENSES

The administrative expense categories are described below. The estimates for these administrative expenses are set forth in Section III.B of this report, Special Tax Requirement. Expenses of this type shall be paid from the Special Tax Fund (Section 3.3 of the Bond Indenture).

i. SPECIAL TAX REPORT AND ADMINISTRATION

This expense relates to the cost for preparing the Special Tax Report, Continuing Disclosure Report, delinquency monitoring and the special tax installment information to submit to the County of Riverside.

ii. TRUSTEE FEES

This expense relates to the fees for the Trustee's services associated with bond and fund administration.

iii. ARBITRAGE REBATE CALCULATION

This expense is related to the costs of calculating the arbitrage rebate as required by Federal Law.

iv. PROFESSIONAL SERVICES

This expense relates to the costs for preparation and dissemination of significant event reports associated with CFD No. 87-1, which may include disclosure and legal counsel services.

v. CITY COSTS – PERSONNEL

This estimated cost relates to the City's expense for coordinating the consultants, attorneys, bankers, investment bankers, and other administrative contractors, as well as administrative services and project management provided by the City staff in monitoring tax installments, foreclosure proceedings, bond proceedings, and compliance with related laws.

vi. CITY COSTS – ACCOUNTING

This expense relates to the cost of the City's accounting of the Bond proceeds, fund monitoring, and administration of the debt service requirements, as well as costs associated with outside auditors.

vii. CITY COSTS – GENERAL ADMINISTRATION

This expense relates to the cost of the City's general administrative services, overhead for personnel support, building rental and maintenance, insurance, City Council support, City Manager support, purchasing, communications, etc.

viii. COUNTY COSTS

This expense includes the Riverside County fees to levy and collect the tax installments on the property tax bills. Riverside County will assess additional fees for any adjustments made to the property tax bills.

B. SPECIAL TAX REQUIREMENT

Table 8: Special Tax Requirement FY 2018/19

GROSS REQUIREMENT	
Annual Debt Service	\$1,025,031.26
Reserve Fund Replenishment	-
Total Debt Requirement	\$1,025,031.26
Administrative Expenses:	
Special Tax Report & Administration	\$ 52,090.00
Trustee Fees	2,000.00
Arbitrage Rebate Calculation	500.00
Professional Services	950.00
Personnel	32,798.00
Accounting	37,230.00
General Administration	20,996.00
Total Administrative Expenses	\$ 146,564.00
County Costs:	
County Tax Roll Fees	\$ -
Total County Administrative Expenses	\$ -
TOTAL GROSS REQUIREMENT	\$1,171,595.26
CREDITS: INTEREST EARNINGS, TRANSFERS & TAX CONTRIBUTIONS	
Interest Earnings (Estimated)	\$ -
Surplus Reserve Fund Credit	-
Total Interest Earnings and Transfers	\$ -
Tax Increment Contribution/Recognized Obligation Payment Schedule (ROPS) ¹	\$1,171,595.26
Prior Year Tax Contribution Adjustment	-
Total Tax Increment/ROP Contributions	\$1,171,595.26
ERAF Shift	\$ -
TOTAL CREDITS	\$1,171,595.26
TOTAL NET SPECIAL TAX REQUIREMENT	\$ -

¹ The ROPS amount is approved through June 2019.

IV. SPECIAL TAX ALLOCATION

The City has the power and as such is obligated to levy and collect the special tax according to the RMA, which the qualified electors within CFD No. 87-1 have approved. The special tax formula apportions the total net special tax requirement (principal, interest, administrative expenses, and restoration of the Bond Reserve Account, if required) each year and takes into account the availability of other revenues.

The City has covenanted in the Bond Indenture to levy the special tax for collection in each FY to generate that amount of special tax revenue which, when combined with the estimated reimbursement of TI to be received by CFD No. 87-1 during such FY and all available funds on deposit in the Special Tax Fund, will yield an amount adequate to pay for the following costs, listed by priority as stated in Section 3.2 of the Bond Indenture:

1. Authorized costs of administration,
2. Interest on the Bonds,
3. Principal on the Bonds, and
4. Replenishment of the Bond Reserve Account to the reserve requirements.

A. SPECIAL TAX RATES

The maximum special tax shall first be uniformly applied to the developed property in an amount not to exceed \$11,500 per net acre. The maximum special tax shall be applied to the developed property prior to the levy of any special tax on the undeveloped property. The remaining special tax levy, if any, shall then be uniformly applied to the undeveloped property which amount shall not exceed \$11,500 per net acre. There is no escalator clause for the maximum special tax for this district. Below are the maximum special tax rates and the FY 2018/19 applied special tax rates for each parcel classification.

Table 9: Special Tax Rates

Development Status	Maximum Special Tax Rate	2018/19 Applied Special Tax Rate
Developed	\$ 11,500.00	\$ -
Undeveloped	11,500.00	-

B. RATE AND METHOD OF APPORTIONMENT

i. SPECIAL TAX LEVY

Each year, the City Council, acting as the Legislative Body of the District, shall determine the total special tax to be levied and collected for the upcoming FY including, but not limited to, the amounts required to pay for debt service on any indebtedness, pay incidental or administrative expenses incurred by the District, and replenish the Reserve Account, as necessary.

ii. SPECIAL TAX LIEN

The special taxes and any penalties thereon constitute a lien against the lots and parcels of land, which will be annually imposed until they are paid. Such lien is on parity with all special taxes and special assessments and is co-equal to and independent of the lien for general property taxes regardless of when they are

imposed upon the same property. The special taxes have priority over all existing and future private liens imposed on the property. Although the special taxes constitute liens on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of property within the District. There is no assurance that the owners will be financially able to pay the annual special taxes or that they will pay such taxes even if financially able to do so. With certain limitations, the City has covenanted to commence foreclosure proceedings in the event delinquencies occur. These limitations are more fully described in Article V of the Bond Indenture, and in the "Sources of Payment for the Bonds" section of the Official Statement.

C. SPECIAL TAX ALLOCATION

The special taxes for the District are allocated to all taxable properties. The following table sets forth the FY 2018/19 allocation of Special Taxes.

Table 10: Special Tax Allocation/Property Owners

Assessor's Parcel Number	Property Owner	Development Status	Taxable Acres	FY 2018/19 Maximum	FY 2018/19 Applied
				Special Tax	Special Tax ²
291-110-017	TOWNGATE ON MEMORIAL APARTMENTS	Developed	26.09	\$ 300,035	\$ -
291-110-032	MORENO VALLEY MALLHOLDING	Developed	31.09	357,535	-
291-110-033	MORENO VALLEY MALLHOLDING	Developed	7.43	85,445	-
291-110-034	EL CORTE INGLES	Developed	9.58	110,170	-
291-110-035	SERITAGE SRC FINANCE	Developed	10.51	120,865	-
291-110-036	J C PENNEY PROP INC	Developed	10.13	116,495	-
291-110-037	MACYS CALIF INC	Developed	11.41	131,215	-
291-110-039	COSTCO WHOLESALE CORP	Developed	12.69	145,935	-
291-110-040	NEAL T BAKER ENTERPRISES	Developed	0.79	9,085	-
291-110-041	CFT DEV	Developed	0.79	9,085	-
291-570-001	BRIXTON ALTO SHOPPING CENTER	Developed	0.61	7,015	-
291-570-002	BRIXTON ALTO SHOPPING CENTER	Developed	2.42	27,830	-
291-570-003	BRIXTON ALTO SHOPPING CENTER	Developed	2.08	23,920	-
291-570-005	BRIXTON ALTO SHOPPING CENTER	Developed	0.40	4,600	-
291-570-006	BRIXTON ALTO SHOPPING CENTER	Developed	0.69	7,935	-
291-570-007	BRIXTON ALTO SHOPPING CENTER	Developed	2.30	26,450	-
291-570-008	BRIXTON ALTO SHOPPING CENTER	Developed	1.41	16,215	-
291-570-010	BRIXTON ALTO SHOPPING CENTER	Developed	3.30	37,950	-
291-570-011	E D D INV CO	Developed	0.64	7,360	-
291-570-013	BRIXTON ALTO EASTRIDGE	Undeveloped ¹	0.76	8,740	-
291-570-014	YANLOT DEV CORP	Developed	0.85	9,775	-
291-570-015	BRIXTON ALTO EASTRIDGE	Undeveloped ¹	0.25	2,875	-
291-570-016	BRIXTON ALTO EASTRIDGE	Undeveloped ¹	2.10	24,150	-
291-570-017	BRIXTON ALTO SHOPPING CENTER	Developed	0.80	9,200	-
291-570-018	BRIXTON ALTO SHOPPING CENTER	Developed	0.91	10,465	-
291-570-019	BRIXTON ALTO SHOPPING CENTER	Developed	0.34	3,910	-
291-570-020	BRIXTON ALTO SHOPPING CENTER	Developed	0.49	5,635	-
291-570-021	BRIXTON ALTO SHOPPING CENTER	Developed	0.80	9,200	-
291-570-022	BRIXTON ALTO SHOPPING CENTER	Developed	4.69	53,935	-
291-570-024	BRIXTON ALTO SHOPPING CENTER	Developed	2.96	34,040	-
291-570-026	BRIXTON ALTO SHOPPING CENTER	Developed	0.90	10,350	-
291-570-027	BRIXTON ALTO SHOPPING CENTER	Developed	3.40	39,100	-
291-570-028	HAROLD BERL/FDC	Developed	1.18	13,570	-
291-570-029	HAROLD BERL	Developed	1.25	14,375	-
291-570-030	HAROLD BERL/FDC	Developed	0.83	9,545	-
291-570-031	HAROLD BERL/FDC	Developed	1.10	12,650	-
291-570-032	HAROLD BERL/FDC	Developed	0.64	7,360	-
291-570-033	HAROLD BERL/FDC	Developed	2.11	24,265	-
291-570-034	HAROLD BERL/FDC	Developed	0.92	10,580	-
291-570-035	HAROLD BERL/FDC	Developed	2.34	26,910	-
291-570-036	BURLINGTON COAT FACTORY OF CALIF/REALTY INCOME PROP23	Developed	6.68	76,820	-
291-590-021	GATEWAY CO	Developed	1.52	17,480	-
291-590-022	GATEWAY CO	Developed	0.83	9,545	-
291-590-023	LOWES HIW INC	Developed	14.29	164,335	-
291-590-025	SC HOTEL MANAGEMENTCORP	Developed	0.95	10,925	-
291-590-033	GATEWAY CO	Developed	1.77	20,355	-
291-590-034	DAY MORENO VALLEY	Developed	3.53	40,595	-
291-590-037	SOUTHERN CALIF DEV	Developed	0.78	8,970	-
291-590-038	MORENO VALLEY SLEEPONE	Developed	0.98	11,270	-
291-590-039	99 ONLY STORES	Developed	3.50	40,250	-
291-650-001	LEW LA FAYETTE PROP	Developed	1.50	17,250	-
291-650-002	WINCO FOODS	Developed	10.94	125,810	-
291-650-003	QUICK QUACK DEV II	Undeveloped ¹	0.94	10,810	-
291-650-004	GATEWAY CO	Undeveloped ¹	1.96	22,540	-
291-650-005	GATEWAY CO	Undeveloped ¹	1.95	22,425	-
291-650-006	GATEWAY CO	Undeveloped ¹	1.90	21,850	-
291-650-007	GATEWAY CO	Undeveloped ¹	1.56	17,940	-
291-650-008	GATEWAY CO	Developed	1.98	22,770	-
291-650-009	GATEWAY CO	Developed	2.07	23,805	-
291-650-020	GATEWAY CO	Undeveloped ¹	1.29	14,835	-
291-650-021	STEVE GRADY/JOAN WARREN GRADY/FOCUS DAY STREET	Developed	1.42	16,330	-
291-650-018	SDG INV	Developed	1.05	12,075	-
291-660-001	GATEWAY CO	Developed	1.15	13,225	-
291-660-002	GATEWAY CO/SWH CORP	Developed	1.23	14,145	-
291-660-003	MAX EXO	Developed	1.13	12,995	-
291-660-004	GALA DEV PARTNERS	Undeveloped ¹	1.13	12,995	-
291-660-028	AYRES MORENO VALLEY	Developed	2.76	31,740	-
291-660-029	BRE POLYGON PROP OWNER	Developed	2.39	27,485	-
291-660-033	GATEWAY CO	Undeveloped ¹	1.04	11,960	-
291-660-034	GATEWAY CO	Developed	1.18	13,570	-
291-660-035	CHE CHEN LIU/SHU FEN LIU	Developed	3.80	43,700	-
291-660-040	GATEWAY CO	Developed	1.53	17,595	-
291-660-042	GATEWAY CO	Developed	1.40	16,100	-
291-660-043	GATEWAY CO	Developed	1.69	19,435	-
Total			247.80	\$ 2,849,700	\$ -

¹ APNs which are Undeveloped, but have constructed certain parcel improvements.

² In accordance with the Official Statement, Agency Payments, "The Agency anticipates that Agency Towngate Agreement Amounts will be paid to the District in amounts sufficient to defray scheduled debt service payments on the Bonds for each year that the Bonds remain outstanding and to pay estimated administrative expenses of the District for such year.

Source: Property Owners/Values/Taxable Acres - Riverside County Property Tax Roll Information - April 2018.

V. SPECIAL TAX PAYMENTS

A. DELINQUENCIES

As of the date of this report, there are no outstanding special tax delinquencies in the District for FY 2017/18 or prior years.

Table 11: Delinquencies

Fiscal Year	No of Parcels Levied ¹	No of Parcels Delinquent	Amount Levied	Amount Delinquent	Percent Delinquent
2007/08	0	0	\$ -	\$ -	0.00%
2008/09	0	0	-	-	0.00%
2009/10	0	0	-	-	0.00%
2010/11	0	0	-	-	0.00%
2011/12	0	0	-	-	0.00%
2012/13	0	0	-	-	0.00%
2013/14	0	0	-	-	0.00%
2014/15	0	0	-	-	0.00%
2015/16	0	0	-	-	0.00%
2016/17	0	0	-	-	0.00%
2017/18	0	0	-	-	0.00%

¹ Special taxes have not been levied because tax increment has been available to meet historical special tax requirements.

Source: Riverside County Tax Collector.

B. FORECLOSURE ACTIONS

There are no delinquent parcels, foreclosure actions, or foreclosure sales pending in the District. In the event of any delinquencies, the District has covenanted for the benefit of the owners of the Bonds that it shall commence and diligently pursue judicial foreclosure proceedings against parcels with delinquent special taxes in excess of \$1,000 by December 1 following the close of the FY in which such special taxes were due. Additionally, the District shall commence and diligently pursue judicial foreclosure proceedings against all parcels with delinquent special taxes by December 1 following the close of any FY in which it receives special taxes in an amount that is less than 90% of the total special tax levied for the FY.

Appendix A: PROPERTY TAX INCREMENT CONTRIBUTIONS

A. TAX INCREMENT CONTRIBUTION

Pursuant to the Agency Towngate Agreement, CFD No. 87-1 is to receive a contribution of TI. The Specific Plan Area 200 (TownGate) documents define the property within the Project Area. The base year for the TI computation was 1986/87, but was changed to FY 1987/88 by Resolution No. RDA 87-4, adopted in July 1987.

On June 14, 1994, the City adopted Resolution No. 94-35 and the Agency adopted Resolution No. RDA 94-7 approving the First Amendment (“Amendment”) to the November 4, 1987, Cooperation and Reimbursement Agreement. The rating agency and Capital Guaranty Insurance Company, the municipal bond insurer for the Refunding Series A Bonds, requested this amendment. The Amendment continues the 1987 Moreno Valley Redevelopment Project Mixed Use Development Participation Agreement’s (the “Owner Participation Agreement’s”) pledge of TI contribution towards the debt service for the 1994 Refunding Bonds. The Amendment also specifies that the Agency will not cause the reimbursement TI to be reduced to an amount less than \$1,600,000 a FY so long as the Refunding Series A Bonds are outstanding.

On October 23, 2007, the City adopted Resolution No. 2007-121 and the Agency adopted Resolution No. RDA 2007-08, approving the Agency Towngate Agreement. The Agreement continued the previous pledge of TI contribution towards the debt service for the Bonds.

In June of 2011, the California Legislature approved trailer bills AB 1x 26 and AB 1x 27 to dissolve redevelopment agencies. On January 10, 2012, the Moreno Valley City Council adopted Resolution No. 2012-04, which names the City as the Successor Agency to the Agency for the purpose of discharging the obligations of the Agency.

Given the dissolution of the Agency and process established to fulfill its obligations, the Successor Agency submits the ROPS, which includes the calculation of the payment of available TI toward the CFD No. 87-1 special tax. For FY 2018/19, the CFD No. 87-1 TI amount is based upon the gross special tax calculation of \$1,171,595.26 (as identified in Table 8). The DOF has approved the payment of TI for this purpose through June 2019. In the future if TI is unavailable, any debt service obligation payments will be met through the levy and collection of the special taxes on taxable properties within the District.

Appendix B: Bond Accountability Report (SB 165)

This Bond Accountability Report is required to demonstrate the special tax requirement for each parcel within the District in order to meet the debt service requirements of the Bonds. Based upon the CFD No. 87-1 special tax requirement as calculated in Table 8, the FY 2018/19 special tax levy for each assessable parcel within the District is shown in Table 10.

The Local Agency Special Tax Bond and Accountability Act ("Act"), enacted by Senate Bill 165 and codified in the California Government Code Sections 53410 through 53412, requires local agencies to submit an annual report to its governing body on local bond measures sold after January 1, 2001. In addition to the Annual Special Tax Report, this report also serves as the Annual Bond Accountability Report as required in accordance with the Act. The purpose of the report is to comply with Section 53411 of the Government Code that states:

"The chief fiscal officer of the issuing local agency shall file a report with its governing body no later than January 1, 2002, and at least once a year thereafter. The annual report shall contain all of the following:

- (a) The amount of funds collected and expended.
- (b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 53410."

The requirements of the Act apply to the Improvement/Construction Fund of the District. All improvements for the District are complete. There were no improvement/construction funds associated with the issuance of the Bonds. Special Taxes were not levied on the parcels in the District. To date, TI has been available to pay the administrative expenses and debt service (principal and interest) for the District.

District	Date Bonds Issued	Initial Amount Deposited to Improvement / Construction Fund	Balance as of December 31, 2017	Expended Amount to Date	Project Status
CFD No. 87-1	Nov. 29, 2007	N/A	N/A	N/A	Completed

For additional information, please see Section II Financial Information.

Appendix C: Debt Service Schedule

**CITY OF MORENO VALLEY
COMMUNITY FACILITIES DISTRICT NO. 87-1 (TOWNGATE)
2007 SPECIAL TAX REFUNDING BONDS**

Dated Date	29-Nov-07	Last Maturity	01-Dec-21
Issue Date	29-Nov-07	First Coupon	01-Jun-08
First Maturity	01-Dec-08		

Date	Principal	Interest Rate	Interest	Total Debt Service	Annual Debt Service	Principal Remaining
01-Jun-08			\$ 226,176.08	\$ 226,176.08	-	\$ 10,665,000
01-Dec-08	\$ 575,000	4.000%	223,690.63	798,690.63	\$ 1,024,866.71	10,090,000
01-Jun-09			212,190.63	212,190.63	-	10,090,000
01-Dec-09	600,000	5.000%	212,190.63	812,190.63	1,024,381.26	9,490,000
01-Jun-10			197,190.63	197,190.63	-	9,490,000
01-Dec-10	630,000	3.750%	197,190.63	827,190.63	1,024,381.26	8,860,000
01-Jun-11			185,378.13	185,378.13	-	8,860,000
01-Dec-11	655,000	3.500%	185,378.13	840,378.13	1,025,756.26	8,205,000
01-Jun-12			173,915.63	173,915.63	-	8,205,000
01-Dec-12	680,000	3.500%	173,915.63	853,915.63	1,027,831.26	7,525,000
01-Jun-13			162,015.63	162,015.63	-	7,525,000
01-Dec-13	700,000	3.750%	162,015.62	862,015.62	1,024,031.25	6,825,000
01-Jun-14			148,890.63	148,890.63	-	6,825,000
01-Dec-14	730,000	4.000%	148,890.63	878,890.63	1,027,781.26	6,095,000
01-Jun-15			134,290.63	134,290.63	-	6,095,000
01-Dec-15	760,000	4.000%	134,290.63	894,290.63	1,028,581.26	5,335,000
01-Jun-16			119,090.63	119,090.63	-	5,335,000
01-Dec-16	790,000	5.000%	119,090.63	909,090.63	1,028,181.26	4,545,000
01-Jun-17			99,340.63	99,340.63	-	4,545,000
01-Dec-17	830,000	5.000%	99,340.63	929,340.63	1,028,681.26	3,715,000
01-Jun-18			78,590.63	78,590.63	-	3,715,000
01-Dec-18	870,000	3.875% / 5.000%	78,590.63	948,590.63	1,027,181.26	2,845,000
01-Jun-19			57,515.63	57,515.63	-	2,845,000
01-Dec-19	910,000	4.000%	57,515.63	967,515.63	1,025,031.26	1,935,000
01-Jun-20			39,315.63	39,315.63	-	1,935,000
01-Dec-20	950,000	4.000%	39,315.63	989,315.63	1,028,631.26	985,000
01-Jun-21			20,315.63	20,315.63	-	985,000
01-Dec-21	985,000	4.125%	20,315.63	1,005,315.63	1,025,631.26	-
Total	\$ 10,665,000		\$ 3,705,948.08	\$ 14,370,948.08	\$ 14,370,948.08	

Appendix D: District Boundary Map

ORIGINAL

SCALE: 1"=500'

SHEET 1 OF 1 SHEET

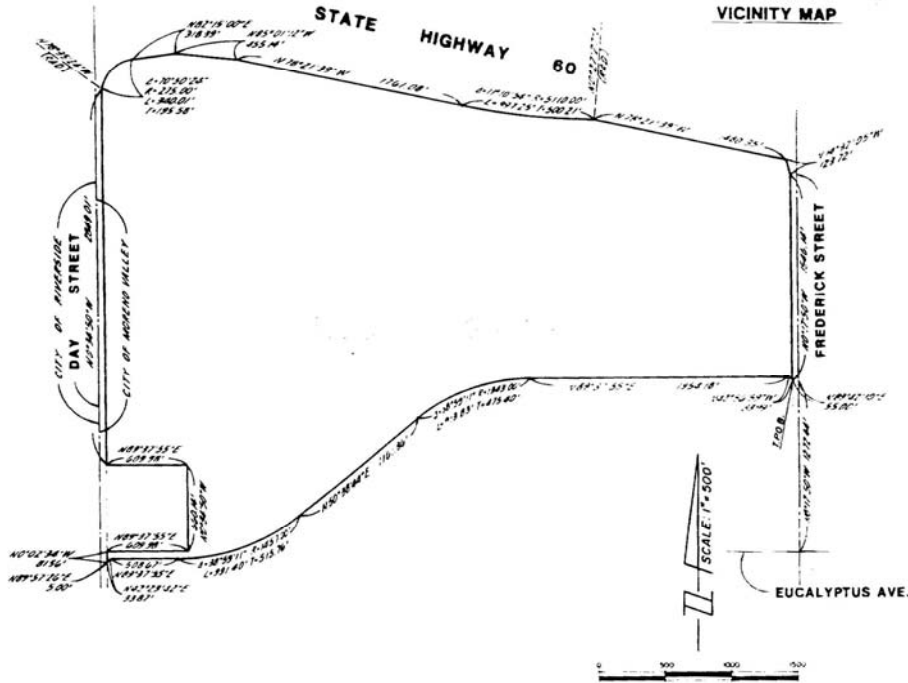
**PROPOSED BOUNDARIES
OF
COMMUNITY FACILITIES DISTRICT NO. 87-1**

CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

RECORDER'S CERTIFICATE
FILED THIS 4TH DAY OF SEPTEMBER, 1987
AT 2:00 P.M. IN BOOK 27 OF MAPS,
AT PAGE(S) 1, AT THE REQUEST OF THE
CITY CLERK
FEE \$6.00 WILLIAM E. COMERT
COUNTY RECORDER
NO. 259089 BY Santa Ragan



VICINITY MAP



THE BASIS OF BEARINGS IS THE CENTERLINE
OF FREDERICK STREET BEING NORTH 01°10'30" WEST
AS SHOWN ON A MAP FILED IN BOOK 40, PAGE 7,
OF RECORDS OF SURVEY, RECORDS OF RIVERSIDE
COUNTY, CALIFORNIA.

Filed in the Office of the City Clerk of the City of Moreno Valley, California, this
55th day of August, 1987.

Valerie G. Bannerman
CITY CLERK OF MORENO VALLEY, CALIFORNIA

I hereby certify that the within map showing proposed boundaries of District No. 87-1,
City of Moreno Valley, County of Riverside, State of California, was approved by the
City Council of the City of Moreno Valley at a regular meeting thereof, held on the
25th day of August, 1987, by its Resolution No. 87-12.

Valerie G. Bannerman
CITY CLERK OF MORENO VALLEY, CALIFORNIA

PREPARED BY:
QFB & ASSOCIATES, INC.
8809 INDIANA AVE. SUITE 201
RIVERSIDE, CA. 92506
(714) 781-0811

8522-0125 7-8 87 8W

Appendix E: Towngate Development Sites

