

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

**CONTINUING DISCLOSURE REPORT**  
FOR FISCAL YEAR 2009/10



**Report Date:**  
FEBRUARY 2011

**Prepared by:**  
PUBLIC WORKS DEPARTMENT  
SPECIAL DISTRICTS DIVISION

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## **I. INTRODUCTION**

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### **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), Improvement Area No.1, of the City of Moreno Valley (“CFD No. 87-1, IA1” or “District”) was formed in 1992 to finance costs to construct, purchase, modify, expand, improve, and rehabilitate additional public facilities within Community Facilities District No. 87-1 (“CFD No. 87-1”). The facilities included the acquisition, construction and/or installation of certain domestic water improvements, sewer improvements, traffic signals, freeway ramps and land for a detention basin.

CFD No. 87-1, IA1, is located within the boundaries of the TownGate development and consists of the following areas: 1) Regional Mall, 2) Towngate at Promenade, 3) Fire Station, and 4) Towngate Square.

On March 23, 1993, the City Council approved the issuance of \$5,000,000 of CFD No. 87-1, IA1, Special Tax Bonds, which were issued on April 1, 1993. On November 29, 2007, the CFD No. 87-1, 2007 Special Tax Refunding Bonds and the CFD No. 87-1, IA1, Special Tax Refunding Bonds were sold. The special tax refunding bonds were issued for \$10,665,000 and \$4,075,000, respectively.

On October 23, 2007, the Community Redevelopment Agency (“Agency”) approved and authorized the execution of the Agency Improvement Area Agreement (the “Agreement”). Per the Agreement, the Agency shall pay to CFD No. 87-1, IA1, an amount of available tax increment sufficient to defray up to 70.3% of the debt requirement for the Bonds. The available tax increment will be calculated each Fiscal Year (“FY”) as per the terms of the Agreement. The Bonds are secured by CFD No. 87-1, IA1, Special Taxes, and there is no expressed or implied guarantee that any amount of a tax increment contribution shall be available in any FY. For further information concerning the City, Agency, or Agreement, reference is made to the Official Statement of the CFD No. 87-1, IA1, Special Tax Refunding Bonds (“Bonds”).

Table 1 provides a summary of pertinent proceedings.

**Table 1: Summary of Proceedings**

<b>Document</b>	<b>Number</b>	<b>Date</b>
Resolution of Intention	91-91	June 25, 1991
Resolution of Formation	92-119	August 25, 1992
Resolution of Issuance (1993 Bonds)	93-16	March 23, 1993
Resolution of Issuance (2007 Refunding Bonds)	2007-120	October 23, 2007

<b>Improvement Area No. 1 Bonds</b>	
Date of Bond Issue (Dated Date)	November 29, 2007
Date of Bond Maturity	October 1, 2023
Amount of Bond Issue	\$4,075,000
Bond Rating	Not Rated

**Table 2: Bond Principal**

<b>Year</b>	<b>CUSIP*</b>	<b>Principal</b>	<b>Year</b>	<b>CUSIP*</b>	<b>Principal</b>
2009	616865 DN8	\$190,000	2017	616865 DW8	\$260,000
2010	616865 DP3	195,000	2018	616865 DX6	275,000
2011	616865 DQ1	205,000	2019	616865 DY4	290,000
2012	616865 DR9	210,000	2020	616865 DZ1	300,000
2013	616865 DS7	220,000	2021	616865 EA5	315,000
2014	616865 DT5	230,000	2022	616865 EB3	330,000
2015	616865 DU2	240,000	2023	616865 EC1	345,000
2016	616865 DV0	250,000			

\* Committee on Uniform Security Identification Procedures.

## II. FINANCIAL AND OPERATING DATA

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### A. FINANCIAL INFORMATION

The City's audited financial statements for the period ended June 30, 2010, will be filed separately with the Electronic Municipal Market Access ("EMMA") service provided by the Municipal Securities Rulemaking Board ([www.emma.msrb.org](http://www.emma.msrb.org)) and are hereby incorporated by reference into this report. The audited financial statements shall also be available through the City's Financial & Administrative Services Department and available for review on the City's website at [www.moval.org](http://www.moval.org). The City's audited financial statements are provided solely to comply with the Continuing Disclosure Agreement.

### B. PRINCIPAL AMOUNT OUTSTANDING

The principal amount outstanding for the Bonds following the October 1, 2010 payment date was \$3,470,000. For a complete principal payment schedule, please refer to Appendix A: Debt Service Requirement.

### C. FUND BALANCES

**Table 3: Fund Balances**

<b>Fund / Account</b>	<b>Balance as of December 30, 2010</b>
Special Tax Fund	\$ 109,067.03
Interest Account	0.13
Principal Account	-
Redemption Account	-
Reserve Account	365,375.35
Administration Expense Account	7.94
Rebate Fund	-
Cost of Issuance Fund	-
Surplus Fund	-

The Reserve fund Requirement as of October 1, 2010 is \$365,351.26.

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.

## D. DISTRICT VALUATION

**Table 4: CFD No. 87-1, IA1 Valuation**

<b>Fiscal Year</b>	<b>Total Assessed Value</b>
2006/07	\$ 134,330,057
2007/08	138,362,551
2008/09	169,284,365
2009/10	148,773,858
2010/11	146,531,519

\*The Total Assessed Value includes land and structure values.

Source: Assessed Values - Riverside County Secured Property Tax Roll.

## E. DELINQUENCIES

For FY 2010/11 the Special Tax for the District was \$112,162. As of the date of this report, the first installment has been received in the amount of \$55,671 with one parcel delinquent in the amount of \$410. The second installment is due April 10, 2011 in the amount of \$56,081. As of the date of this report there are no outstanding delinquencies for FY 2009/10 or prior years.

**Table 5: CFD No. 87-1, IA1 Delinquencies**

<b>Fiscal Year</b>	<b>No of Parcels Levied</b>	<b>No of Parcels Delinquent</b>	<b>Amount Levied</b>	<b>Amount Delinquent</b>	<b>Percent Delinquent</b>
2006/07	25	0	\$425,228.00	\$0.00	0.00%
2007/08	35	0	429,990.00	0.00	0.00%
2008/09	35	0	108,706.00	0.00	0.00%
2009/10	34	0	78,519.00	0.00	0.00%
2010/11	34	1 <sup>(1)</sup>	112,162.00	410.00 <sup>(2) (3)</sup>	0.37%

(1) APN 291-660-004

(2) Represents the first installment delinquencies.

(3) The total Riverside County tax bill was delinquent as of December 11, 2010, in the amount of \$6,746.44. This amount does not include any amounts due for the second installment of the tax bill.

Source: Riverside County Tax Collector

## F. FORECLOSURE ACTIONS

There are no foreclosure actions or 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, and 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.

## G. PROPERTY OWNERS

**Table 6: Property Owners**

Assessor's Parcel Number	Property Owner	Development Status	FY 2010/11 Assessed Land Value	FY 2010/11 Assessed Structure Value	FY 2010/11 Total Assessed Value	2010/11 Maximum Special Tax	2010/11 Special Tax	Bonded Indebtedness (1)
291-110-032	Homart Newco Two, Inc.*	Developed	\$ 11,126,100	\$ 22,095,700	\$ 33,221,800	\$ 138,351	\$ 25,668	\$ 794,143
291-110-033	GGP Moreno Valley, Inc.*	Developed	4,003,230	9,215,510	13,218,740	33,064	6,135	189,787
291-110-034	El Corte Ingles	Developed	3,971,000	6,029,000	10,000,000	42,631	7,910	244,705
291-110-035	Sears Roebuck & Co.	Developed	4,319,465	8,098,997	12,418,462	46,770	8,677	268,461
291-110-036	J. C. Penney Property, Inc.	Developed	4,192,000	6,179,000	10,371,000	45,079	8,364	258,754
291-110-037	Macy's California, Inc.	Developed	4,751,413	8,746,918	13,498,331	50,775	9,420	291,450
			<b>\$ 32,363,208</b>	<b>\$ 60,365,125</b>	<b>\$ 92,728,333</b>	<b>\$ 356,668</b>	<b>\$ 66,174</b>	<b>\$ 2,047,300</b>
291-110-038	State of California	N/A	\$ -	\$ -	\$ -	Exempt	Exempt	Exempt
291-110-039	Costco Wholesale Corp.	Developed	5,372,419	8,976,328	14,348,747	\$ 48,857	\$ 9,212	\$ 285,034
291-110-040	Neal T. Baker Enterprises	Developed	780,377	595,918	1,376,295	3,042	574	17,744
291-110-041	CFT Dev	Developed	854,711	717,497	1,572,208	3,042	574	17,744
291-650-001	Gateway Co	Developed	277,444	2,899,994	3,177,438	5,775	1,089	33,692
291-650-002	Winco Foods	Developed	4,552,378	3,231,818	7,784,196	42,119	7,943	245,727
291-650-003	Gateway Co	Undeveloped <sup>2</sup>	30,950	49,237	80,187	3,619	682	21,114
291-650-004	Gateway Co	Undeveloped	64,538	20,790	85,328	7,546	1,423	44,024
291-650-005	Gateway Co	Undeveloped	64,211	53,456	117,667	7,508	1,416	43,800
291-650-006	Gateway Co	Undeveloped	62,562	72,765	135,327	7,315	1,379	42,677
291-650-007	Gateway Co	Undeveloped <sup>2</sup>	51,366	143,902	195,268	6,006	1,133	35,040
291-650-008	Gateway Co	Undeveloped <sup>2</sup>	65,198	43,153	108,351	7,623	1,438	44,473
291-650-009	Gateway Co	Undeveloped <sup>2</sup>	68,160	102,689	170,849	7,970	1,503	46,495
291-650-010	Gateway Co	Undeveloped <sup>2</sup>	45,440	114,296	159,736	5,313	1,002	30,997
291-650-011	Gateway Co	Undeveloped <sup>2</sup>	35,231	81,715	116,946	4,120	777	24,034
291-650-012	Gateway Co	Undeveloped <sup>2</sup>	43,793	94,018	137,811	5,121	966	29,874
291-650-017	City of Moreno Valley	N/A	-	-	-	Exempt	Exempt	Exempt
291-660-001	Gateway Co	Developed	24,193	2,330,159	2,354,352	4,428	835	25,831
291-660-002	Gateway Co	Developed	1,020,578	1,903,343	2,923,921	4,736	893	27,627
291-660-003	Campus Partners LP	Developed	1,200,372	555,357	1,755,729	4,351	820	25,381
291-660-004 <sup>1</sup>	Gala Development Co.	Undeveloped <sup>2</sup>	926,653	90,927	1,017,580	4,351	820	25,381
291-660-005	Gateway Co	Undeveloped <sup>2</sup>	29,451	148,716	178,167	5,390	1,016	31,446
291-660-006	Gateway Co	Undeveloped <sup>2</sup>	25,034	76,198	101,232	4,582	864	26,729
291-660-007	Gateway Co	Undeveloped <sup>2</sup>	42,706	161,941	204,647	7,816	1,474	45,596
291-660-008	Gateway Co	Undeveloped <sup>2</sup>	24,186	99,038	123,224	4,428	835	25,831
291-660-009	Gateway Co	Undeveloped <sup>2</sup>	4,378	76,286	80,664	3,234	610	18,868
291-660-010	Gateway Co	Undeveloped <sup>2</sup>	13,139	203,431	216,570	9,702	1,830	56,603
291-660-021	Palmetto Hospitality MV	Developed	1,500,000	7,000,000	8,500,000	9,279	1,750	54,132
291-660-022	Gateway Co	Undeveloped <sup>2</sup>	7,938	44,165	52,103	5,852	1,104	34,141
291-660-023	Ayres Moreno Valley	Developed	2,303,643	4,425,000	6,728,643	10,742	2,026	62,667
			<b>\$ 19,491,049</b>	<b>\$ 34,312,137</b>	<b>\$ 53,803,186</b>	<b>\$ 243,859</b>	<b>\$ 45,988</b>	<b>\$ 1,422,700</b>
<b>Total</b>			<b>\$ 51,854,257</b>	<b>\$ 94,677,262</b>	<b>\$ 146,531,519</b>	<b>\$ 600,527</b>	<b>\$ 112,162</b>	<b>\$ 3,470,000</b>

<sup>1</sup>Parcel is currently delinquent in paying the first installment of the FY 2010/11 Tax Bill. For Additional information, please refer to Section IIE of this Report.

<sup>2</sup>APNs which are Undeveloped, but have constructed certain parcel improvements.

Source: Property Owners -Assessed Values - Riverside County Secured Property Tax Roll.

\*The City has been notified that General Growth Properties\Homart Newco Two Inc., (GGP), owner of APNs 291-110-032 and 291-110-033, has emerged from Chapter 11 debt restructuring. Following the restructuring, C.W. Capital, a subsidiary of Boston based C.W. Financial Services, acquired the property formerly owned by GGP. Additional information regarding the debt restructuring or the acquisition of the property may be acquired through either GGP or C.W. Capital.

## H. DEVELOPMENT RESTRICTIONS

As of the date of this report, there have been no significant amendments to land use entitlements for property in the District nor significant legislative, administrative, or judicial challenges to the construction of the development in the District or to the use of any parcels known to the City's Chief Financial Officer.

## I. DEVELOPMENT STATUS

The following table sets forth a summary of the building permits (BP) and certificates of occupancy (COO) issued for parcels subject to the Special Taxes, for the period of July 1, 2009 through July 1, 2010.

**Table 7: Development Status**

APN <sup>1</sup>	BP or COO	Date Issued	Project Desc.	
291-110-032	COO	07/29/2009	It's a Party	4,000 sq. ft. Retail (Suite 2000)
291-110-032	COO	08/03/2009	The Snack Shop	581 sq. ft. Resturant (Sute 1210)
291-110-032	COO	10/05/2009	M Tel Wireless, Inc.	1,540 sq. ft. Retail/Service (Space 1000)
291-110-032	COO	10/08/2009	Photos Onsite	1,501 sq. ft. Service (Suite 1090)
291-110-032	COO	10/12/2009	Angelababy Shoes & Assessories	3,473 sq. ft. Retail (Space 1027)
291-590-022	COO	10/12/2009	Nutrition Zone	1,239 sq. ft. Retail (Suite C-2)
291-110-032	COO	11/04/2009	Sacred Smoke and Glass	1,200 sq. ft. Retail (Suite 1117)
291-110-032	COO	11/09/2009	Cap World Embroidery Shop	900 sq. ft. Retail (Sutie 2226)
291-590-018	COO	12/17/2009	99 Cent Store	17,993 sq. ft. Retail (Suite E-2)
291-110-032	COO	01/05/2010	Harmony Massage	1,548 sq. ft. Service (Suite 2060)
291-110-032	COO	02/09/2010	Fusion Etc. Clothing	851 sq. ft. Retail (Suite 2163)
291-110-032	COO	03/25/2010	1Brightersmile 4U <sup>2</sup>	1,426 sq. ft. Service (Suite 1102)
291-110-032	COO	03/25/2010	Beijing Express <sup>2</sup>	939 sq. ft. Resturant (Suite 2151)
291-110-032	COO	04/13/2010	One Dollar Book Store	3,329 sq. ft. Retail (Suite 2169)
291-110-032	COO	04/15/2010	Diamond Wireless	850 sq. ft. Retail (Suite 2117)
291-110-032	COO	04/20/2010	Ashika Shoes	1,500 sq. ft. Retail (Suite 1123)
291-110-032	COO	04/27/2010	Hope Diamonds & Co.	1,008 sq. ft. Retail (Suite 1063)
291-110-032	COO	04/29/2010	Fashion Island Jewelers	1,426 sq. ft. Retail (Suite 2114)
291-110-032	COO	05/04/2010	Albertos Mexican Food	684 sq. ft. Resturant (Suite 2142)
291-110-032	COO	05/17/2010	The Fruity Bar	684 sq. ft. Resturant (Space 2161)
291-110-032	COO	05/20/2010	Banned <sup>2</sup>	2,500 sq. ft. Retail (Space 2040)

Notes:

<sup>1</sup> 291-110-032 is the Mall's Main Area, which includes the smaller (non-anchor) shops.

<sup>2</sup> Commercial businesses that have undergone a change of tenant improvements.

## **J. SIGNIFICANT EVENTS**

The City is currently unaware of any of the following material events pertaining to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the security;
- (7) Modifications to rights of security holders;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities;  
and
- (11) Rating changes.

## Appendix A: Debt Service Requirement

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

Dated Date 29-Nov-07 Last Maturity 01-Oct-23  
Issue Date 29-Nov-07 First Coupon 01-Apr-08  
First Maturity 01-Oct-08

Date	Principal Due	Interest Rate	Interest Due	Total Debt Service	Annual Debt Service	Principal Remaining
01-Apr-08	\$ -		\$ 60,994.49	\$ 60,994.49	-	\$ 4,075,000
01-Oct-08	220,000	3.750%	89,991.88	309,991.88	\$ 370,986.37	3,855,000
01-Apr-09	-		85,866.88	85,866.88	-	3,855,000
01-Oct-09	190,000	3.900%	85,866.88	275,866.88	361,733.76	3,665,000
01-Apr-10	-		82,161.88	82,161.88	-	3,665,000
01-Oct-10	195,000	4.050%	82,161.88	277,161.88	359,323.76	3,470,000
01-Apr-11	-		78,213.13	78,213.13	-	3,470,000
01-Oct-11	205,000	4.150%	78,213.13	283,213.13	361,426.26	3,265,000
01-Apr-12	-		73,959.38	73,959.38	-	3,265,000
01-Oct-12	210,000	4.000%	73,959.38	283,959.38	357,918.76	3,055,000
01-Apr-13	-		69,759.38	69,759.38	-	3,055,000
01-Oct-13	220,000	4.100%	69,759.38	289,759.38	359,518.76	2,835,000
01-Apr-14	-		65,249.38	65,249.38	-	2,835,000
01-Oct-14	230,000	4.200%	65,249.38	295,249.38	360,498.76	2,605,000
01-Apr-15	-		60,419.38	60,419.38	-	2,605,000
01-Oct-15	240,000	4.250%	60,419.38	300,419.38	360,838.76	2,365,000
01-Apr-16	-		55,319.38	55,319.38	-	2,365,000
01-Oct-16	250,000	4.375%	55,319.38	305,319.38	360,638.76	2,115,000
01-Apr-17	-		49,850.63	49,850.63	-	2,115,000
01-Oct-17	260,000	4.500%	49,850.63	309,850.63	359,701.26	1,855,000
01-Apr-18	-		44,000.63	44,000.63	-	1,855,000
01-Oct-18	275,000	4.600%	44,000.63	319,000.63	363,001.26	1,580,000
01-Apr-19	-		37,675.63	37,675.63	-	1,580,000
01-Oct-19	290,000	4.700%	37,675.63	327,675.63	365,351.26	1,290,000
01-Apr-20	-		30,860.63	30,860.63	-	1,290,000
01-Oct-20	300,000	4.700%	30,860.63	330,860.63	361,721.26	990,000
01-Apr-21	-		23,810.63	23,810.63	-	990,000
01-Oct-21	315,000	4.750%	23,810.63	338,810.63	362,621.26	675,000
01-Apr-22	-		16,329.38	16,329.38	-	675,000
01-Oct-22	330,000	4.800%	16,329.38	346,329.38	362,658.76	345,000
01-Apr-23	-		8,409.38	8,409.38	-	345,000
01-Oct-23	345,000	4.875%	8,409.38	353,409.38	361,818.76	-
<b>Total</b>	<b>\$ 4,075,000</b>		<b>\$ 1,714,757.77</b>	<b>\$ 5,789,757.77</b>	<b>\$ 5,789,757.77</b>	

## Appendix B: District Map

