

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

CONTINUING DISCLOSURE REPORT
FOR FISCAL YEAR 2013/14



Report Date:
FEBRUARY 2015

Prepared by:
FINANCIAL AND MANAGEMENT SERVICES DEPARTMENT
SPECIAL DISTRICTS DIVISION

LIST OF PARTICIPANTS

Community Facilities District No. 87-1, Improvement Area No. 1 (Towngate) 2007 Special Tax Refunding Bonds

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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), 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 October 23, 2007, the City Council approved the issuance of the CFD No. 87-1, IA1 Special Tax Refunding Bonds ("Bonds") to refinance the existing CFD No. 87-1 IA1 Special Tax Bonds, dated as of April 1, 1993. On November 29, 2007, the CFD No. 87-1, IA1 Special Tax Refunding Bonds were issued for \$4,075,000.

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.

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 designating the City of Moreno Valley as the Successor Agency to the Community Redevelopment Agency of Moreno Valley ("Successor Agency") for the purpose of discharging the obligations of the former RDA.

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

Document	Number	Date
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

Improvement Area No. 1 Bonds	
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

Year	CUSIP*	Principal	Year	CUSIP*	Principal
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

A. FINANCIAL INFORMATION

The City's audited financial statements for the period ended June 30, 2014 are 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. The audited financial statements are also available through the City's Financial & Management Services Department and available for review on the City's website at 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, 2014 payment date was \$2,605,000. For a complete principal payment schedule, please refer to Appendix A: Debt Service Requirement.

C. FUND BALANCES

Table 3: Fund Balances

Fund / Account	Balance as of October 31, 2014
Special Tax Fund	\$ 100,063.46
Interest Account	0.12
Principal Account	0.38
Redemption Account	-
Reserve Account	365,372.65
Administration Expense Account	508.37
Rebate Fund	-
Cost of Issuance Fund	-
Surplus Fund	-

The Reserve fund Requirement as of October 1, 2014 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

Fiscal Year	Total Assessed Value
2008/09	169,284,365
2009/10	148,773,858
2010/11	146,531,519
2011/12	198,988,088
2012/13	169,005,486
2013/14	145,649,897
2014/15	203,010,059

*The Total Assessed Value includes land and structure values.

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

E. DELINQUENCIES

For FY 2014/15 the Special Tax for the District was \$114,615.60. As of the date of this report, the first installment has been received in the amount of \$57,307.80. As of the date of this report, there are no outstanding delinquencies for FY 2013/14 or prior years.

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

Fiscal Year	No. of Parcels Levied	Amount Levied	No. of Parcels Delinquent	Amount Delinquent	Percent Delinquent
2006/07	25	\$425,228.00	0	\$0.00	0.00%
2007/08	35	429,990.00	0	0.00	0.00%
2008/09	35	108,706.00	0	0.00	0.00%
2009/10	34	78,519.00	0	0.00	0.00%
2010/11	34	112,162.00	0	0.00	0.00%
2011/12	34	115,946.00	0	0.00	0.00%
2012/13	34	110,672.00	0	0.00	0.00%
2013/14	34	117,164.00	0	0.00	0.00%
2014/15	34	114,615.60	0	0.00	0.00%

Source: Riverside County Tax Collector as verified on 2/5/15

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 October 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 October 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 2014/15 Assessed Land Value	FY 2014/15 Assessed Structure Value	FY 2014/15 Total Assessed Value	Taxable Acres	FY 2014/15 Maximum Special Tax	FY 2014/15 Special Tax (3)	Bonded Indebtedness (1)
291-110-032	2250 TOWN CIRCLE HOLDINGS	Developed	\$ 12,447,969	\$ 49,575,392	\$ 62,023,361	31.09	\$ 138,350.50	\$ 26,230.94	\$ 648,817.33
291-110-033	2250 TOWN CIRCLE HOLDINGS	Developed	3,502,749	9,757,042	13,259,791	7.43	33,063.50	6,268.76	\$ 155,056.59
291-110-034	EL CORTE INGLES	Developed	6,484,525	10,989,956	17,474,481	9.58	42,631.00	8,082.74	\$ 199,925.04
291-110-035	SEARS ROEBUCK & CO	Developed	4,710,732	8,832,623	13,543,355	10.51	46,769.50	8,867.38	\$ 219,332.96
291-110-036	J C PENNEY PROP INC	Developed	6,910,676	11,933,706	18,844,382	10.13	45,078.50	8,546.78	\$ 211,402.98
291-110-037	MACYS CALIF INC	Developed	5,181,806	9,539,235	14,721,041	11.41	50,774.50	9,626.72	\$ 238,115.09
Tax Rate Area 1 (59%)			\$ 39,238,457	\$ 100,627,954	\$ 139,866,411	80.15	\$ 356,667.50	\$ 67,623.32	\$ 1,672,650.00
291-110-039	COSTCO WHOLESALE CORP	Developed	\$ 5,859,065	\$ 9,789,426	\$ 15,648,491	12.69	\$ 48,856.50	\$ 9,431.20	\$ 233,279.82
291-110-040	NEAL T BAKER ENTERPRISES	Developed	851,063	649,896	1,500,959	0.79	3,041.50	587.12	\$ 14,522.36
291-110-041	CFT DEV	Developed	932,130	782,486	1,714,616	0.79	3,041.50	587.12	\$ 14,522.36
291-650-001	LEW LA FAYETTE PROP	Developed	999,600	1,978,800	2,978,400	1.50	5,775.00	1,114.80	\$ 27,574.47
291-650-002	WINCO FOODS	Developed	4,964,742	3,524,564	8,489,306	10.94	42,119.00	8,130.60	\$ 201,109.61
291-650-003	GATEWAY CO	Undeveloped ¹	33,751	53,694	87,445	0.94	3,619.00	698.60	\$ 17,279.80
291-650-004	GATEWAY CO	Undeveloped ¹	70,381	22,669	93,050	1.96	7,546.00	1,456.66	\$ 36,030.34
291-650-005	GATEWAY CO	Undeveloped ¹	70,025	58,296	128,321	1.95	7,507.50	1,449.24	\$ 35,846.81
291-650-006	GATEWAY CO	Undeveloped ¹	68,225	79,353	147,578	1.90	7,315.00	1,412.08	\$ 34,927.66
291-650-007	GATEWAY CO	Undeveloped ¹	56,016	156,934	212,950	1.56	6,006.00	1,159.38	\$ 28,677.15
291-650-008	GATEWAY CO	Undeveloped ¹	71,100	47,058	118,158	1.98	7,623.00	1,471.52	\$ 36,397.91
291-650-009	GATEWAY CO	Undeveloped ¹	74,331	111,987	186,318	2.07	7,969.50	1,538.42	\$ 38,052.67
291-650-010	GATEWAY CO	Undeveloped ¹	49,552	124,647	174,199	1.38	5,313.00	1,025.60	\$ 25,368.12
291-650-012	GATEWAY CO	Undeveloped ¹	47,757	102,532	150,289	1.33	5,120.50	988.44	\$ 24,448.97
291-650-018	SDG INV	Developed	541,008	1,412,980	1,953,988	1.05	4,042.50	780.36	\$ 19,302.13
291-660-001	GATEWAY CO	Developed	26,382	2,541,230	2,567,612	1.15	4,427.50	854.68	\$ 21,140.43
291-660-002	GATEWAY CO	Developed	1,113,022	2,075,749	3,188,771	1.23	4,735.50	914.12	\$ 22,610.67
291-660-003	MAX EXO	Undeveloped ²	694,987	364,140	1,059,127	1.13	4,350.50	839.80	\$ 20,772.37
291-660-004	GALA DEV CO	Undeveloped ¹	1,010,589	99,161	1,109,750	1.13	4,350.50	839.80	\$ 20,772.37
291-660-009	GATEWAY CO	Undeveloped ¹	4,771	83,193	87,964	0.84	3,234.00	624.28	\$ 15,441.51
291-660-010	MORENO VALLEY TWENTY FOUR HOUR	Developed	886,329	219,300	1,105,629	2.52	9,702.00	1,872.86	\$ 46,325.01
291-660-022	MORENO VALLEY TWENTY FOUR HOUR	Developed	535,500	45,900	581,400	1.52	5,852.00	1,129.66	\$ 27,942.03
291-660-024	GATEWAY CO	Developed	32,116	162,184	194,300	1.39	5,351.50	1,033.04	\$ 25,552.14
291-660-025	GATEWAY CO	Undeveloped ¹	27,298	83,097	110,395	1.18	4,543.00	876.96	\$ 21,691.52
291-660-026	GATEWAY CO	Undeveloped ¹	46,572	176,607	223,179	2.02	7,777.00	1,501.26	\$ 37,133.52
291-660-027	GATEWAY CO	Undeveloped ¹	26,375	108,006	134,381	1.14	4,389.00	847.24	\$ 20,956.40
291-660-028	AYRES MORENO VALLEY	Developed	2,512,312	5,934,355	8,446,667	2.76	10,626.00	2,051.22	\$ 50,736.73
291-660-029	PALMETTO HOSPITALITY OF MOR VALLEY	Developed	1,773,770	8,976,635	10,750,405	2.39	9,201.50	1,776.24	\$ 43,935.12
Tax Rate Area 2 (41%)			\$ 23,378,769	\$ 39,764,879	\$ 63,143,648	63.23	\$ 243,435.50	\$ 46,992.30	\$ 1,162,350.00
Total			\$ 62,617,226	\$ 140,392,833	\$ 203,010,059	143.38	\$ 600,103.00	\$ 114,615.60	\$ 2,835,000.00

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

²The Building permit on this project has expired without completion of the structure and issue of a Certificate of Occupancy by the City Building Division for the intended use.

³The difference between the annual special tax requirement and the applied special tax is \$0.02, which is due to rounding down, per County requirements, and will be funded through available funds from the Special Tax Fund.

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

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.

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, 2013 through June 30, 2014.

Table 7: Development Status

APN	Date Issued ⁽¹⁾	Business Name	Address	Sq. Footage	Occupancy Type
291-650-018	07/08/2013	BUILDING PERMIT AND C OF O FOR "MIGUELS JR MEXICAN FOOD RESTAURANT" W/DRIVE THRU	12860 DAY ST., SUITE A	8,796	Restaurant
291-110-032 ⁽²⁾	09/11/2013	TENANT IMPROVEMENT FOR "VICTORIA SECRET'S"	2250 TOWN CIRCLE, SUITE 1039	Not available	Retail
291-110-032 ⁽²⁾	10/28/2013	TENANT IMPROVEMENT AND C OF O FOR "IMAGE"	2250 TOWN CIRCLE, SUITE 1123	10,387	Retail
291-110-032 ⁽²⁾	11/18/2013	TENANT IMPROVEMENT AND C OF O FOR "CRUNCH FITNESS CENTER"	2250 TOWN CIRCLE, SUITE 1090	19,954	Service
291-660-010	02/27/2014	BUILDING PERMIT AND C OF O FOR "24 HOUR FITNESS"	12660 DAY ST, SUITE M	120,000	Service
291-110-032 ⁽²⁾	04/29/2014	TENANT IMPROVEMENT AND C OF O FOR "TILLY'S"	2250 TOWN CIRCLE, SUITE 1027	7,129	Retail
291-110-032 ⁽²⁾	05/07/2014	TENANT IMPROVEMENTS AND C OF O FOR "PIZZA FIVE 85"	12510 DAY ST, SUITE A-3	2,536	Restaurant

Notes:

¹ Date issued represents the date the certificate of occupancy or tenant improvement permit was issued, not the date of the final inspection.

² 291-110-032 is the Mall's Main Area, which includes the smaller (non-anchor) shops.

Source: Permit Plus

III. RDA DISSOLUTION

On June 29, 2011, the Governor of the State of California signed Assembly Bills 1X 26 and 27 as part of the State's budget package. Assembly Bill 1X 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill 1X 27 provides a means for redevelopment agencies to continue to exist and operate by way of a voluntary alternative redevelopment program.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court (the "Court") to overturn Assembly Bills 1X 26 and 27 on the grounds that these bills violated the California Constitution.

On December 29, 2011, the Court ruled that Assembly Bill 1X 26, the dissolution measure, is largely upheld and is a proper exercise of the legislative power vested in the Legislature by the State Constitution. A different conclusion was rendered with respect to Assembly Bill 1X 27, which was invalidated in its entirety by the Court. Accordingly, the Agency was required to dissolve in fiscal year 2011/12 and the guidelines for dissolution are set forth in Assembly Bill 1X 26.

The provisions of ABX1 26 (the Dissolution Act) required all redevelopment agencies be legally dissolved as of October 1, 2011. As part of its decision, the Court extended the effective date of dissolution to February 1, 2012. The Dissolution Act also required the operations and assets of all dissolved redevelopment agencies be overseen by a Successor Agency. The City of Moreno Valley is the Successor Agency for the Community Redevelopment Agency of Moreno Valley pursuant to Part 1.85 of Division 24 of the Health and Safety Code. As Successor Agency, the City is responsible for winding down the affairs of the redevelopment agency including disposing of its assets, making payments and performing other obligations related to the Enforceable Obligations of the former RDA. The Amended Enforceable Obligations Schedule, which includes the Bonds, was transmitted to the City, the State Controller's Office.

The Enforceable Obligation Schedule was reviewed and adopted by the Community Redevelopment Agency of the City of Moreno Valley at a regular city council meeting held on Tuesday, January 24, 2012. The City of Moreno Valley, acting as the Successor Agency, approved and amended the Enforceable Obligation Schedule at the regular city council meeting held on Tuesday, February 14, 2012. The Successor Agency continues to annually prepare and submit the Recognized Obligation Payment Schedules to the State of California, Department of Finance for approval of the use of funding from the Redevelopment Property Tax Trust Fund for the payment of debt service on the bonds.

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	-
Total	\$ 4,075,000		\$ 1,714,757.77	\$ 5,789,757.77	\$ 5,789,757.77	

Appendix B: District Map

