

COMMUNITY FACILITIES DISTRICT NO. 5

STONERIDGE TOWNE CENTER

ANNUAL
SPECIAL TAX &

2022/23

BOND ACCOUNTABILITY REPORT

REPORT DATE: JUNE 2022

CITY OF MORENO VALLEY
SPECIAL DISTRICTS DIVISION
FINANCIAL & MANAGEMENT SERVICES DEPARTMENT

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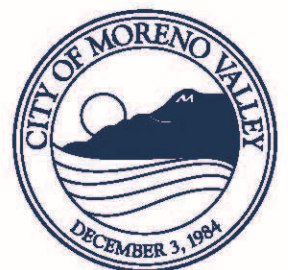


TABLE OF CONTENTS

| | | |
|------------------------|--|----------------|
| I. | INTRODUCTION | 1 |
| A. | Description of Proceedings..... | 1 |
| B. | District Description..... | 2 |
| i. | Boundaries of the District | 2 |
| ii. | Assessed Valuation | 3 |
| C. | Public Facilities..... | 4 |
| i. | City Facilities..... | 4 |
| ii. | EMWD Facilities | 4 |
| D. | Public Improvements Acquired..... | 4 |
| E. | Construction Progress | 5 |
| F. | Development Restrictions..... | 6 |
| II. | FINANCIAL INFORMATION | 7 |
| A. | Financial Statements | 7 |
| B. | Principal Amount Outstanding | 7 |
| C. | Description of Funds..... | 7 |
| i. | Special Tax Fund..... | 7 |
| ii. | Rebate Fund | 8 |
| iii. | Costs of Issuance Fund | 8 |
| iv. | Surplus Fund | 8 |
| D. | Fund Balances..... | 9 |
| III. | COMPUTATION OF THE SPECIAL TAX REQUIREMENT..... | 10 |
| A. | Administrative Expenses | 10 |
| i. | Fiscal Agent Fees | 10 |
| ii. | Arbitrage Rebate Calculation..... | 10 |
| iii. | Professional Services | 10 |
| iv. | City Costs | 10 |
| v. | County Costs | 10 |
| B. | Special Tax Requirement | 11 |
| IV. | SPECIAL TAX ALLOCATION | 12 |
| A. | Special Tax Rates | 12 |
| B. | Rate and Method of Apportionment | 13 |
| i. | Special Tax Levy | 13 |
| ii. | Special Tax Lien | 13 |
| C. | Special Tax Allocation | 13 |
| D. | Delinquencies in Payments | 15 |
| E. | Foreclosure Actions..... | 15 |
| Appendix A: | Bond Accountability Report (SB 165) | A-1 |
| Appendix B: | Debt Service Schedule | B-1 |
| Appendix C: | District Boundary Map..... | C-1 |

Appendix D: Assessor’s Parcel Map D-1

Appendix E: Stoneridge Towne Centre Site Plan..... E-1

TABLES

TABLE 1: SUMMARY OF PROCEEDINGS 1
TABLE 2: BOND PRINCIPAL 2
TABLE 3: HISTORICAL VALUATION 3
TABLE 4: DETAIL VALUATION 3
TABLE 5: PUBLIC IMPROVEMENTS 5
TABLE 6: FUND BALANCES 9
TABLE 7: SPECIAL TAX REQUIREMENT 11
TABLE 8: SPECIAL TAX RATES 12
TABLE 9: SPECIAL TAX ALLOCATION 14
TABLE 10: CURRENT DELINQUENCIES 15

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I. INTRODUCTION

A. DESCRIPTION OF PROCEEDINGS

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

Community Facilities District (CFD) No. 5 of the City of Moreno Valley (the “District”) was formed on October 25, 2005. On May 8, 2007, the City Council adopted a resolution to issue debt to finance a portion of the public improvement capital costs related to the Stoneridge Towne Centre. In May 2007, the City issued the CFD No. 5, 2007 Special Tax Bonds (“2007 Bonds”) in the amount of \$5,870,000.

The 2007 Bonds were issued to finance the cost of constructing and acquiring certain public improvements needed to develop property located within the District, pay costs related to the issuance of the Bonds, and fund the Reserve Fund and capitalized interest on the Bonds. Proceeds were also used to finance Eastern Municipal Water District (EMWD) fees for financing master planned capital facilities.

On December 7, 2021, Resolution No. 2021-81 authorized the issuance of CFD No. 5 Special Tax Refunding Bonds, Series 2021 (“Bonds”). In December 2021, the Bonds were issued in the amount of \$4,795,000. The Bonds are payable solely from revenues derived from annual special taxes levied on properties within the District.

For further information about the City, District, or Bonds, reference is made to the Official Statement of the Bonds.

Table 1: Summary of Proceedings

| Document | Number | Date |
|---|----------|--------------------|
| Resolution Approving a Boundary Map | 2005-78 | September 13, 2005 |
| Resolution of Intention to Establish the District | 2005-79 | September 13, 2005 |
| Resolution Declaring the Necessity to Incur Bonded Indebtedness | 2005-80 | September 13, 2005 |
| Resolution Forming and Establishing the District | 2005-104 | October 25, 2005 |
| Ordinance Authorizing the Levy of a Special Tax | 701 | November 8, 2005 |
| Resolution Authorizing the Issuance of Bonds (2007 Special Tax Bonds) | 2007-51 | May 8, 2007 |
| Resolution Authorizing the Issuance of Bonds (Bonds) | 2021-81 | December 7, 2021 |
| CFD No. 5, 2021 Refunding Bonds | | |
| Date of Bond Issue (Dated Date) | | December 21, 2021 |
| Date of Bond Maturity | | September 1, 2037 |
| Amount of Bond Issue | | \$4,795,000 |
| Bond Rating | | Not Rated |

Table 2: Bond Principal

| Year | CUSIP* | Principal | Year | CUSIP* | Principal |
|------|------------|-----------|------|------------|-----------|
| 2022 | 616865 FQ9 | \$265,000 | 2028 | 616865 FW6 | \$255,000 |
| 2023 | 616865 FR7 | 165,000 | 2029 | 616865 FX4 | 270,000 |
| 2024 | 616865 FS5 | 185,000 | 2030 | 616865 FY2 | 295,000 |
| 2025 | 616865 FT3 | 195,000 | 2031 | 616865 FZ9 | 315,000 |
| 2026 | 616865 FU0 | 215,000 | 2037 | 616865 GA3 | 2,400,000 |
| 2027 | 616865 FV8 | 235,000 | | | |

* Committee on Uniform Security Identification Procedures (CUSIP)
+ Copyright, American Bankers Association. CUSIP date is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP numbers are provided for convenience of reference only. The District takes no responsibility for the accuracy of such number.

B. DISTRICT DESCRIPTION

The District incorporates the Stoneridge Towne Centre (“the Centre”) which, based on the original land use, included approvals for over 560,000 square feet of commercial retail center uses. The portion of the Stoneridge Towne Centre owned and occupied by Super Target and Kohl’s is approximately 23.28 acres (including 4.58 acres of parking lot) and is not subject to the special tax. Prior to the issuance of the Bonds, Target and Kohl’s directly paid for their improvement costs and did not finance those improvements through the Bonds. On June 26, 2006, a Notice of Cessation of Special Tax Lien for the Target and Kohl’s parcels was recorded with the Riverside County Recorder’s office. The reduced improvement costs financed through the District resulted in a reduction of the final amount of Bonds issued. Accordingly, the number of parcels subject to the levy of the special tax was also reduced.

The Official Statement lists the total building square footage for taxable parcels as approximately 288,000, excluding the Target and Kohl’s parcels. In the Developer’s September 1, 2019 Report, it was noted that reporting is only provided for those Phase 1 parcels owned by Developer and exclude certain portions of Phase 1 and Phase 2. In April 2016, 4.9 acres of vacant land in Phase 2, was sold and developed as a Hyundai Auto Dealership. According to the Developer’s March 2020 Report, a ground lease with a purchase option was executed for the construction of a Tractor Supply Company store. Construction was completed and the store opened in September of 2020. According to the Developer’s March 2022 Report, Pad 12 and 13 were sold. Pad 12 is planned to be developed by Jiffy Lube. Pad 13 is planned to be developed by Popeye’s. Pad 14 is in lease negotiations with Super Star Car Wash.

i. BOUNDARIES OF THE DISTRICT

The District originally included approximately 64 gross acres (33 net taxable acres), located at the southeast corner of the intersection of State Route 60 and Nason Street. The boundary map of the District was filed in the Riverside County Recorder’s office, as Instrument No. 2005-0785281, in Book 64 of Maps of Assessment and Community Facilities Districts Page 20, and is included in Appendix C.

ii. **ASSESSED VALUATION**

The historical assessed valuation, as well as the most recent detail assessed valuation, for taxable property within the District are included in the tables below.

Table 3: Historical Valuation

| Fiscal Year | Assessed Land Value | Assessed Structure Value | Total Assessed Value |
|-------------|---------------------|--------------------------|----------------------|
| 2021/22 | 18,590,765 | 41,867,035 | 60,457,800 |

Excludes exempt parcels (Target and Kohl's parcels).
Source: Assessed Values - Riverside County Property Tax Roll Information.

Table 4: Detail Valuation

| Assessor's Parcel Number | Property Owner | Development Status | Taxable Acres | Assessed Land Value | Assessed Structure Value | Total Assessed Value |
|--------------------------|--|--------------------|---------------|----------------------|--------------------------|----------------------|
| 488-400-002 | LEDGER WILLIAM DEAN TRUST DTD 9/25/87 | Developed | 0.66 | \$ 450,323 | \$ 568,266 | \$ 1,018,589 |
| 488-400-008 | V G STONERIDGE CORP | Developed | 1.91 | 1,261,413 | 2,634,253 | 3,895,666 |
| 488-400-009 | SUSAN A TRUST OF 2003 | Developed | 1.53 | 1,040,666 | 2,561,721 | 3,602,387 |
| 488-400-010 | JP MORGAN CHASE BANK | Developed | 0.37 | 405,291 | 34,308 | 439,599 |
| 488-400-011 | KALMS | Developed | 0.72 | 402,074 | 53,609 | 455,683 |
| 488-400-012 | JP MORGAN CHASE BANK | Developed | 0.31 | 364,548 | 2,208,735 | 2,573,283 |
| 488-400-014 | KALMS | Developed | 0.26 | 455,685 | 1,903,157 | 2,358,842 |
| 488-400-015 | CTI INV | Developed | 1.36 | 1,224,000 | 2,244,000 | 3,468,000 |
| 488-400-016 | J&R HOCK ENTERPRISES INC | Developed | 0.79 | 583,243 | 1,285,417 | 1,868,660 |
| 488-400-017 | TASH GEORGE | Developed | 0.58 | 543,604 | 2,278,429 | 2,822,033 |
| 488-400-018 | DATED 06/19/2001 | Developed | 1.06 | 1,020,000 | 1,351,500 | 2,371,500 |
| 488-400-019 | LIANG TEH SHAN | Developed | 0.92 | 482,490 | 536,100 | 1,018,590 |
| 488-400-020 | MCA STONERIDGE | Developed | 5.31 | 2,102,356 | 2,917,019 | 5,019,375 |
| 488-400-021 | AHNS & ASSN | Developed | 2.44 | 1,066,636 | 6,096,243 | 7,162,879 |
| 488-400-022 | 27150 EUCALYPTUS AVE | Undeveloped | 0.52 | 321,660 | 857,760 | 1,179,420 |
| 488-400-023 | BAZI INV | Developed | 1.89 | 1,156,295 | 2,948,967 | 4,105,262 |
| 488-400-024 | EUCALYPTUS | Undeveloped | 0.06 | 32,586 | 5,253 | 37,839 |
| 488-400-025 | MCA STONERIDGE | Developed | 1.87 | 998,618 | 1,566,255 | 2,564,873 |
| 488-400-026 | MASSCO INV | Developed | 4.89 | 2,466,064 | 7,864,601 | 10,330,665 |
| 488-400-027 | WASHINGTON MUTUAL BANK | Developed | 0.59 | 209,183 | 6,306 | 215,489 |
| 488-400-028 | MCA STONERIDGE | Developed | 0.78 | 220,747 | 65,172 | 285,919 |
| 488-400-040 | MCA STONERIDGE | Developed | 1.43 | 427,828 | 94,606 | 522,434 |
| 488-400-041 | STONERIDGE PHASE II LAND | Undeveloped | 0.88 | 113,342 | - | 113,342 |
| 488-400-042 | STONERIDGE PHASE II LAND | Undeveloped | 0.93 | 63,960 | - | 63,960 |
| 488-400-043 | STONERIDGE PHASE II LAND | Undeveloped | 0.93 | 120,353 | - | 120,353 |
| Total | | | 32.99 | \$ 17,532,965 | \$ 40,081,677 | \$ 57,614,642 |

Please refer to the Developer's Continuing Disclosure Reports for information pertaining to property ownership changes.
Excludes parcels not subject to the special tax (Target and Kohl's parcels).
Source: Assessed Values - Riverside County Property Tax Roll Information dated April 4, 2022.

C. PUBLIC FACILITIES

i. CITY FACILITIES

The public improvements financed with Bond proceeds include all or a portion of the design, construction, and indirect and administration costs related to the construction of certain infrastructure improvements required in connection with the development of the Centre. These facilities include street lighting, traffic signals, and street improvements (i.e., subgrade preparation, curb and gutter, sidewalks/drive approaches, asphalt concrete base, paving, signage, and striping).

ii. EMWD FACILITIES

The District also financed certain fees for water and sewer facilities included in EMWD water and sewer capacity and connection fee programs (“Connection/Capacity Fees”). The EMWD Connection/Capacity Fees are used to finance expansion projects constructed by EMWD.

D. PUBLIC IMPROVEMENTS ACQUIRED

Stoneridge Centre Partners L.P. (“Developer”) entered into a Purchase and Sale Agreement with Beazer Homes Holdings Corp., a Delaware corporation (“Beazer”) on May 11, 2004. Pursuant to that agreement, Beazer was obligated to rough grade the property in the District for the Developer and complete certain shared infrastructure improvements. Beazer constructed offsite improvements for the District. The costs of the offsite improvements, which were partially financed by the bonds, were estimated at over \$30,000,000 of which the Developer was responsible to pay 37%. The offsite improvements include facilities relating to sewer, water, electric, drainage, curbs, gutters, sidewalks, traffic signals, and the installation of approximately 1.7 miles of arterial roads.

The public improvements listed below were acquired.

Table 5: Public Improvements

| Facilities/Fees | Acquired/Paid From Bond Proceeds |
|---|----------------------------------|
| Street Improvements | |
| Nason Street | Yes |
| Eucalyptus Avenue | Yes |
| Fir Avenue | Yes |
| Dracaea Avenue | Yes |
| Traffic Signals | |
| Nason Street at Fir Avenue | Yes |
| Nason Street at Eucalyptus Avenue | Yes |
| Nason Street at Dracaea Avenue | Yes |
| Fir Avenue at Eucalyptus Avenue | Yes |
| Stoneridge Fir Entrance | Yes |
| Stoneridge Eucalyptus Entrance | Yes |
| EMWD Connection/Capacity Fees (Phase 1) | Yes |
| In compliance with the Acquisition/Financing Agreement (AFA) and the Fiscal Agent Agreement, Bond proceeds have been used to pay for certain facilities and fees. | |

E. CONSTRUCTION PROGRESS

The Centre is being developed in two phases, as indicated in the developer’s Continuing Disclosure Reports. Phase 1 includes approximately 199,435 square feet of building space. Building permits have been obtained for all major tenants in Phase 1 (see appendix E for the site plan).

Major E sold to California Gold Moreno Valley, LP on March 27, 2020 and subsequently developed into Tractor Supply Co., which opened in September 2020.

According to the Developer’s March 2022 Report, Pad 12 and 13 were sold. Pad 12 is planned to be developed by Jiffy Lube. Pad 13 is planned to be developed by Popeye’s. Pad 14 is in lease negotiations with Super Star Car Wash. Building permits for pads 12, 13, and 14 have not been issued.

In prior developer Continuing Disclosure Reports, Phase 2 was proposed to consist of approximately 88,071 square feet of lease space.

In April 2016, the Developer sold 4.9 acres within Phase 2 for a 22,466 square foot Hyundai dealership. The dealership, which includes a show room and service bays, opened for business on April 7, 2018. The remaining portion of Phase 2 has not yet commenced construction, nor have any leases been signed for the remaining portion of Phase 2.

For additional information regarding ownership of each Phase, lease terms, proposed tenants, or the sale of land, reference is made to the developer's Continuing Disclosure Reports filed with the Electronic Municipal Market Access (EMMA) service provided by the Municipal Securities Rulemaking Board (MSRB) (www.emma.msrb.org). The developer's Continuing Disclosure Reports are due by March 1 and September 1 of each year.

F. DEVELOPMENT RESTRICTIONS

As of the date of this report, the City is not aware of any significant events that have occurred, which resulted in a reduction of the taxable acreage within the District.

An Interim Urgency Ordinance (Ordinance No. 859) was adopted by the City Council on January 22, 2013. The urgency ordinance placed a temporary moratorium on the issuance of land use entitlements in four designated areas along the State Route 60 east corridor, one of which included the undeveloped parcels in Phase 2 of the District. Ordinance No. 859 was effective for a period of 45-days. Pursuant to Government Code 65858, the City Council adopted Ordinance No. 861, extending the initial moratorium by ten months and 15-days during its February 26, 2013 meeting.

A study entitled "SR-60 East Corridor Study", prepared by Raimi & Associates, was presented to the City Council during its January 14, 2014 meeting. The Study outlined several options for proposed land uses in each of the four designated areas. The Council received and filed the Study and recognized that Ordinance 861 would expire on January 23, 2014.

II. FINANCIAL INFORMATION

A. FINANCIAL STATEMENTS

The City's audited financial statements for the period ending June 30, 2022, will be filed separately with the EMMA service and are hereby incorporated by reference into this report. The audited financial statements are also available from 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. No funds or assets of the City have been pledged or are required to be allocated for the payment of debt service on the Bonds.

B. PRINCIPAL AMOUNT OUTSTANDING

The principal amount outstanding for the Bonds following refunding of the District was \$4,795,000. The Debt Service Schedule is included in Appendix B.

C. DESCRIPTION OF FUNDS

The Bond Indenture (Article III) 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 September 1 and interest prior to each March and September 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 September 1 and any unpaid principal amount due from the previous September 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 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(a)(1) of the Bond Indenture.

b) Alternative Penalty Account

The Alternative Penalty Account shall be maintained by the Trustee in accordance with Section 3.7(a)(2) of the Bond Indenture.

c) Rebate Liability

The District, in accordance with the Agreement (Section 3.7(a)(1)(i)), shall calculate the arbitrage rebate requirement in accordance with the Tax Certificate for the Bonds and shall, in writing, direct the Trustee to transfer funds to the Rebate fund from the funds furnished by the District as provided for in the Agreement. The first installment computation for the Bonds will be calculated by October 26, 2022 for the period ending September 1, 2022.

iii. COSTS OF ISSUANCE FUND

All funds in the Costs of Issuance Fund were distributed in accordance with the Agreement (Section 3.1) and the 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 (Section 3.8). 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.

D. FUND BALANCES

All special taxes collected to date for FY 2021/22 have been transferred to the Fiscal Agent in compliance with the Fiscal Agent Agreement.

Table 6: Fund Balances

| Fund / Account | Balance as of March 31, 2022 |
|-----------------------------|---|
| Special Tax Fund | 198,880.94 |
| Surplus Account | - |
| Redemption Account | - |
| Interest Account | - |
| Principal Account | - |
| Reserve Fund | 483,600.00 |
| Administration Expense Fund | - |
| Rebate Fund | - |
| Alternate Penalty Account | - |
| Cost of Issuance Fund | 14,849.82 |

III. COMPUTATION OF THE SPECIAL TAX REQUIREMENT

A. ADMINISTRATIVE EXPENSES

The anticipated administrative expenses payable during the period for FY 2022/23 are included in the calculation of the special tax requirement (Table 8) of this report. Expenses of this type shall be paid through the District's Administrative Expense Fund.

i. FISCAL AGENT FEES

This expense pays fees of the Fiscal Agent for carrying out its responsibilities associated with the Bonds and fund administration.

ii. ARBITRAGE REBATE CALCULATION

This expense is for calculating the arbitrage rebate as required by Federal Law.

iii. PROFESSIONAL SERVICES

This expense is for the preparation and dissemination of annual disclosure reports and significant events associated with the District. Expenses may also include disclosure legal counsel services.

iv. CITY COSTS

This expense is for the City's coordination of consultants, attorneys, bankers, investment bankers, and other contractors. In addition, City staff provides administrative services, prepares the Annual Special Tax and Bond Accountability Report, commissions, provides data, and reviews the annual continuing disclosure and arbitrage reports, calculates and submits the special tax levy information to the Riverside County Auditor-Controller, monitors tax installments and Bond proceeds, wires special tax payments to the Trustees and requisitions payments for services, maintains information on the City's website, responds to customer inquiries, and ensures compliance with related laws.

City costs also include the City's accounting of the Bond proceeds, fund monitoring, special tax delinquency management, administration of the debt service requirements, costs associated with outside auditors, and the general administrative services, which includes overhead for personnel support, office rent and maintenance, insurance, and support from City Council, City Manager, purchasing, media, and communications.

v. COUNTY COSTS

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

B. SPECIAL TAX REQUIREMENT

Table 7: Special Tax Requirement

| SPECIAL TAX REQUIREMENT | |
|---|-----------------------|
| Annual Debt Service | \$ 344,550.00 |
| Reserve Fund Replenishment | - |
| Collection for Delinquent Installments | - |
| Total Debt Requirement | \$ 344,550.00 |
| Administrative Expenses: | |
| Fiscal Agent Fees | 2,000.00 |
| Arbitrage Rebate Calculation | 1,250.00 |
| Professional Services | 1,800.00 |
| Special Districts | 30,000.00 |
| Accounting | 2,000.00 |
| General Administration | 20,000.00 |
| Total City Administrative Expenses | \$ 57,050.00 |
| County Costs: | |
| County Tax Roll Fees | 150.00 |
| Total County Administrative Expenses | \$ 150.00 |
| TOTAL GROSS REQUIREMENT | \$ 401,750.00 |
| ADJUSTMENTS: CREDITS & TRANSFERS | |
| Credits: | |
| Misc Credit | \$ (10,709.16) |
| Refinancing Credit | (71,152.00) |
| Total Interest Earnings | \$ (81,861.16) |
| Transfer to Reserve Fund | |
| Adjustments & Contingency | - |
| Total Contributions / Transfers | \$ - |
| TOTAL ADJUSTMENTS | \$ (81,861.16) |
| TOTAL NET SPECIAL TAX REQUIREMENT | \$ 319,888.84 |

IV. SPECIAL TAX ALLOCATION

The City has the power, and as such is obligated, to levy and collect the special tax according to the rate and method of apportionment, which the legislative body (City Council) of the District and the eligible qualified electors within the District previously approved. The special tax formula apportions the total special tax requirement (principal, interest, administrative expenses, restoration of the Reserve Fund, if required, and anticipated delinquencies) each year and takes into account the availability of other revenues.

A. SPECIAL TAX RATES

The maximum annual special tax rate for each Assessor's Parcel of developed and undeveloped property was \$14,336.11 per acre for FY 2021/22, and shall increase thereafter, commencing on July 1, 2022 and on July 1 of each fiscal year thereafter, by an amount equal to two percent (2%) of the maximum annual special tax rate in effect in the previous fiscal year. The maximum special tax shall be applied to the developed property prior to the levy of any special tax on undeveloped property. The historical maximum special tax rate and the current fiscal year maximum and applied special tax rate for each parcel classification is listed below.

Table 8: Special Tax Rates

| Fiscal Year | Maximum Special Tax Rate | |
|-------------|--------------------------|-----------|
| | Annual Increase | per Acre |
| 2021/22 | base year | 14,336.11 |
| 2022/23 | 2.00% | 14,622.83 |

| Development Status | FY 2022/23 Applied Rates | |
|---------------------|--------------------------|-----------|
| Developed Parcels | \$ | 11,099.55 |
| Undeveloped Parcels | | - |

B. RATE AND METHOD OF APPORTIONMENT

There have been no changes to the rate and method of apportionment approved or submitted to the qualified electors for approval, prior to the date of this report.

i. SPECIAL TAX LEVY

Each year, the City Council, acting as the Legislative Body of the District, shall approve and adopt a resolution of the Council approving the calculation of the maximum and applied special tax rates for the fiscal year for which the special tax shall be levied, prior to the levy of such special tax. This amount will include, but is not limited to, (i) debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) any amount required to establish or replenish any reserve funds established in association with the Bonds, (iv) any delinquencies in the payment of prior years' Special Taxes, and (v) a reasonable estimate of delinquencies expected to occur in the Fiscal Year in which the Special Tax will be levied, less (vi) any amount available to pay debt service or other periodic costs on the Bonds as reasonably determined by the CFD Administrator pursuant to the Indenture.

ii. SPECIAL TAX LIEN

The special taxes and any penalties thereon constitute a lien against the parcels of land that 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 the taxes 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.

C. SPECIAL TAX ALLOCATION

In accordance with the rate and method of apportionment, the special tax levy will first be uniformly applied to Developed Property in an amount not to exceed the maximum special tax rate. Then, if additional monies are needed to satisfy the annual special tax requirement, the special tax shall be levied proportionately on each Undeveloped Property. The following table provides the development status for taxable properties in the District, the bonded indebtedness for each parcel, along with the allocation of the FY 2022/23 maximum and applied special tax.

Table 9: Special Tax Allocation

| Assessor's Parcel Number | Property Owner | Development Status ⁽¹⁾ | Taxable Acres | FY 2022/23 Maximum Special Tax | FY 2022/23 Applied Special Tax ⁽²⁾ | Percentage of Applied Special Tax | Bonded Indebtedness ^(3,4) |
|-----------------------------|--|-----------------------------------|---------------|--------------------------------|---|-----------------------------------|--------------------------------------|
| 488-400-002 | LEDGER WILLIAM DEAN TRUST DTD 9/25/87 | Developed | 0.66 | \$ 9,651.06 | \$ 7,325.70 | 2.29% | \$ 34,110.33 |
| 488-400-008 | WASHINGTON MUTUAL BANK | Developed | 0.59 | 8,627.46 | 6,548.72 | 2.05% | 30,492.56 |
| 488-400-009 | V G STONERIDGE CORP | Developed | 1.91 | 27,929.60 | 21,200.14 | 6.63% | 98,713.28 |
| 488-400-010 | ANDREWS ANDREW T & ANDREWS SUSAN A TRUST OF 2003 | Developed | 1.53 | 22,372.92 | 16,982.30 | 5.31% | 79,073.97 |
| 488-400-011 | JP MORGAN CHASE BANK | Developed | 0.37 | 5,410.44 | 4,106.82 | 1.28% | 19,122.45 |
| 488-400-012 | KALMS | Developed | 0.72 | 10,528.42 | 7,991.66 | 2.50% | 37,211.23 |
| 488-400-014 | JP MORGAN CHASE BANK | Developed | 0.31 | 4,533.06 | 3,440.86 | 1.08% | 16,021.47 |
| 488-400-015 | KALMS | Developed | 0.26 | 3,801.92 | 2,885.88 | 0.90% | 13,437.36 |
| 488-400-016 | CTI INV | Developed | 1.36 | 19,887.04 | 15,095.38 | 4.72% | 70,287.97 |
| 488-400-017 | J&R HOCK ENTERPRISES INC | Developed | 0.79 | 11,552.02 | 8,768.64 | 2.74% | 40,829.01 |
| 488-400-018 | TASH GEORGE | Developed | 0.58 | 8,481.24 | 6,437.72 | 2.01% | 29,975.76 |
| 488-400-019 | YOUNG SUPATTRA LIVING TRUST DATED 06/19/2001 | Developed | 1.06 | 15,500.18 | 11,765.52 | 3.68% | 54,783.23 |
| 488-400-020 | LIANG TEH SHAN | Developed | 0.92 | 13,453.00 | 10,211.58 | 3.19% | 47,547.75 |
| 488-400-021 | MCA STONERIDGE | Developed | 5.31 | 77,647.22 | 58,938.60 | 18.42% | 274,433.28 |
| 488-400-022 | MCA STONERIDGE | Developed | 0.78 | 11,405.80 | 8,657.64 | 2.71% | 40,312.21 |
| 488-400-023 | AHNS & ASSN | Developed | 2.44 | 35,679.70 | 27,082.90 | 8.47% | 126,104.93 |
| 488-400-024 | MCA STONERIDGE | Undeveloped | 1.43 | 20,910.64 | - | 0.00% | 73,905.74 |
| 488-400-025 | 27150 EUCALYPTUS AVE | Developed | 0.52 | 7,603.86 | 5,771.76 | 1.80% | 26,874.78 |
| 488-400-026 | BAZI INV | Developed | 1.89 | 27,637.14 | 20,978.14 | 6.56% | 97,679.62 |
| 488-400-027 | MORENO VALLEY CA 27140 EUCALYPTUS | Developed | 0.06 | 877.36 | 665.96 | 0.21% | 3,100.91 |
| 488-400-028 | MCA STONERIDGE | Developed | 1.87 | 27,344.68 | 20,756.14 | 6.49% | 96,645.96 |
| 488-400-040 | MASSCO INV | Developed | 4.89 | 71,505.62 | 54,276.78 | 16.97% | 252,726.65 |
| 488-400-041 | STONERIDGE PHASE II LAND | Undeveloped | 0.88 | 12,868.08 | - | 0.00% | 45,480.44 |
| 488-400-042 | STONERIDGE PHASE II LAND | Undeveloped | 0.93 | 13,599.22 | - | 0.00% | 48,064.55 |
| 488-400-043 | STONERIDGE PHASE II LAND | Undeveloped | 0.93 | 13,599.22 | - | 0.00% | 48,064.55 |
| Total ⁽⁵⁾ | | | 32.99 | \$ 482,406.90 | \$ 319,888.84 | 100.00% | \$ 4,530,000.00 |

⁽¹⁾ The Developer's Continuing Disclosure Reports contains information regarding the lease terms for each tenant.
⁽²⁾ Developed parcels are levied at up to 100% of the Maximum Special Tax then Undeveloped parcels are levied proportionally up to the Maximum Special Tax.
⁽³⁾ The Bonded Indebtedness is calculated based on the proration of each parcels' Maximum Special Tax multiplied by the Bonds outstanding. Bonds are not allocated to or secured by any particular parcel within the District.
⁽⁴⁾ The City has not issued any additional land secured debt for the parcels within the District.
⁽⁵⁾ Excludes parcels that are not subject to the special tax, 488-400-001 and 488-400-013 (owned by Target) and 488-400-003 (owned by Kohl's).
Source: Property Owner-Riverside County GIS Parcel Data - April 4, 2022.

D. DELINQUENCIES IN PAYMENTS

Any amounts required to establish or replenish the reserve fund resulting from the delinquency in the payment of special taxes for bonds issued by the District shall be included in the calculation of the annual special tax. To date, there are no delinquencies in payments.

Table 10: Current Delinquencies

| Fiscal Year | Amount Levied | Amount Delinquent ⁽¹⁾ | Percent Delinquent |
|--|----------------------|---|---------------------------|
| 2021/22 | \$459,481.92 | \$0.00 | 0.00% |
| ⁽¹⁾ Amount delinquent per the Riverside County website (https://taxpayments.co.riverside.ca.us/taxpayments/Search.aspx) as of February 8, 2022. | | | |

E. FORECLOSURE ACTIONS

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 \$5,000 by October 1 following the close of the fiscal year 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 October 1 following the close of any fiscal year in which it receives special taxes in an amount that is less than 95% of the total special tax levied for the fiscal year. Staff monitors payment of the special taxes and if delinquencies exist following an interest payment, the City will commence foreclosure proceedings in compliance with Section 5.2(c) of the Agreement.

Appendix A: Bond Accountability Report (SB 165)

This Bond Accountability Report is required to demonstrate the special tax requirement for each parcel within the District to meet the debt service requirements of the Bonds. Based upon the special tax requirement, as calculated in Section III, the FY 2022/23 special tax levy for each taxable parcel within the District is shown in Section IV.

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 per 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 1) the amount of funds collected and expended and 2) the status of any project required or authorized to be funded as identified in subdivision (a) of Section 53410.”

All improvements for the District were completed prior to the issuance of Bonds. As a result, there were no improvement/construction funds associated with the issuance of the Bonds. For additional financial information, please see Section II Financial Information of this report.

| District | Date Bonds Issued | Improvement / Construction Fund Initial Deposit | Balance as of December 31, 2021 | Amount Expended to Date | Project Status |
|-----------|-------------------|---|---------------------------------|-------------------------|----------------|
| CFD No. 5 | May 31, 2007 | N/A | N/A | N/A | Completed |

For additional financial information, please see Section II Financial Information of this report.

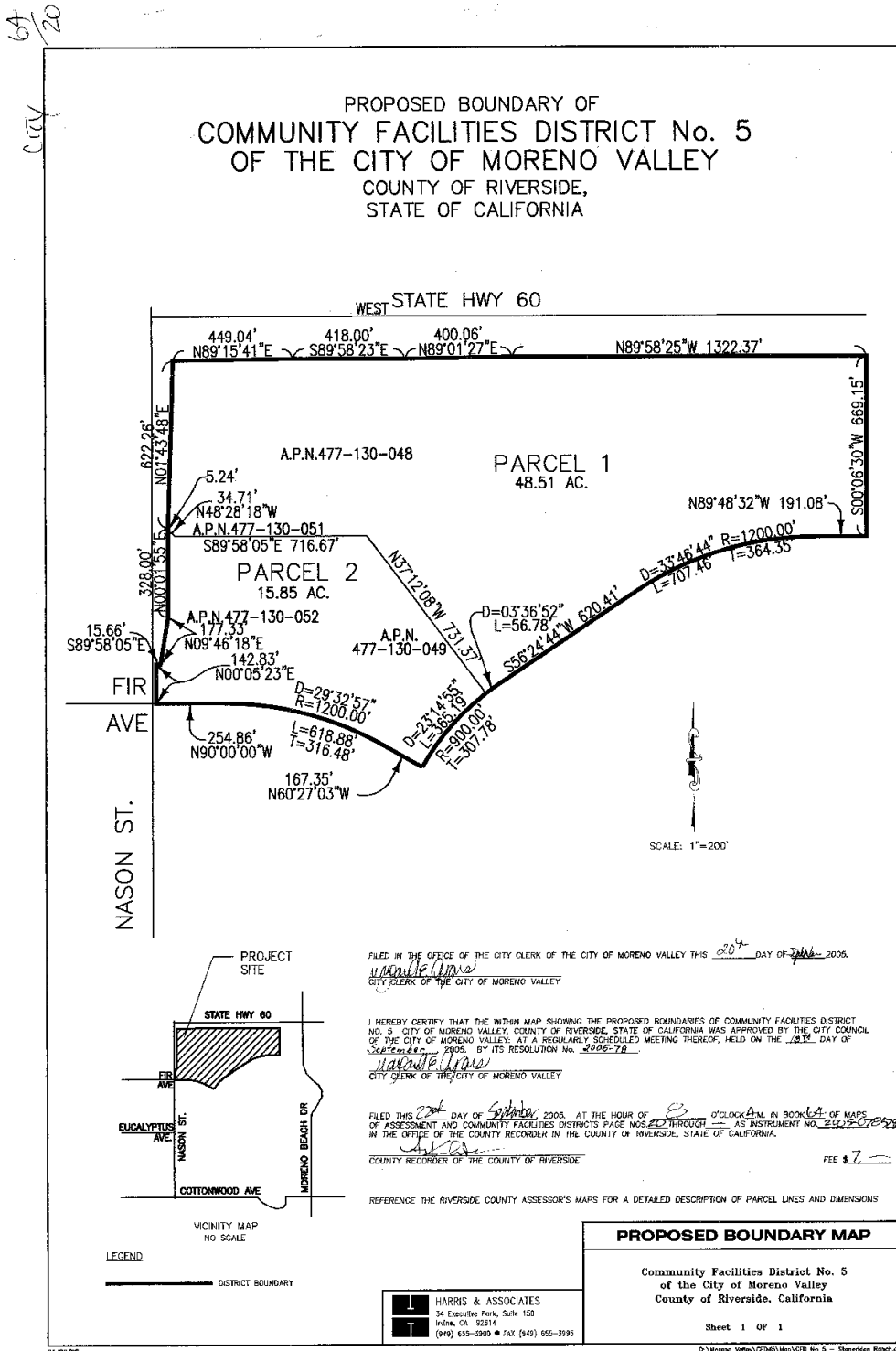
Appendix B: Debt Service Schedule

CITY OF MORENO VALLEY COMMUNITY FACILITIES DISTRICT NO. 5 Special Tax Refunding Bonds, Series 2021

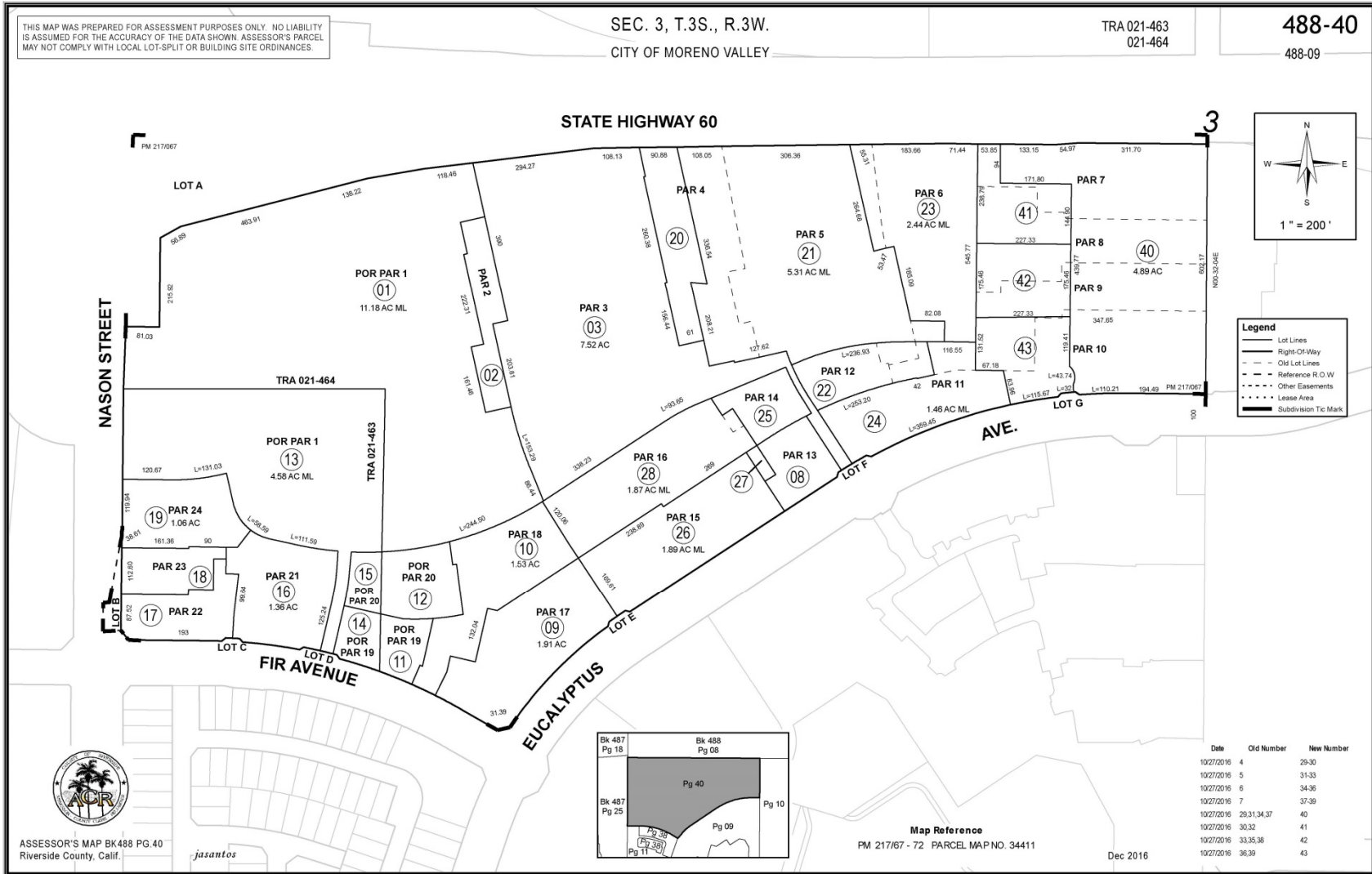
Dated Date 21-Dec-21 Last Maturity 1-Sep-37
 Issue Date 21-Dec-21 First Coupon 1-Mar-22
 First Maturity 1-Mar-22

| Date | Principal Due | Interest Rate | Interest Due | Total Debt Service | Annual Debt Service | Principal Remaining |
|--------------|---------------------|---------------|------------------------|------------------------|------------------------|---------------------|
| 1-Mar-22 | | | \$ 36,458.33 | \$ 36,458.33 | \$ - | \$ 4,795,000 |
| 1-Sep-22 | 265,000.00 | 3.000% | 93,750.00 | 358,750.00 | 395,208.33 | 4,530,000 |
| 1-Mar-23 | | | 89,775.00 | 89,775.00 | - | 4,530,000 |
| 1-Sep-23 | 165,000.00 | 3.000% | 89,775.00 | 254,775.00 | 344,550.00 | 4,365,000 |
| 1-Mar-24 | | | 87,300.00 | 87,300.00 | - | 4,365,000 |
| 1-Sep-24 | 185,000.00 | 4.000% | 87,300.00 | 272,300.00 | 359,600.00 | 4,180,000 |
| 1-Mar-25 | | | 83,600.00 | 83,600.00 | - | 4,180,000 |
| 1-Sep-25 | 195,000.00 | 4.000% | 83,600.00 | 278,600.00 | 362,200.00 | 3,985,000 |
| 1-Mar-26 | | | 79,700.00 | 79,700.00 | - | 3,985,000 |
| 1-Sep-26 | 215,000.00 | 4.000% | 79,700.00 | 294,700.00 | 374,400.00 | 3,770,000 |
| 1-Mar-27 | | | 75,400.00 | 75,400.00 | - | 3,770,000 |
| 1-Sep-27 | 235,000.00 | 4.000% | 75,400.00 | 310,400.00 | 385,800.00 | 3,535,000 |
| 1-Mar-28 | | | 70,700.00 | 70,700.00 | - | 3,535,000 |
| 1-Sep-28 | 255,000.00 | 4.000% | 70,700.00 | 325,700.00 | 396,400.00 | 3,280,000 |
| 1-Mar-29 | | | 65,600.00 | 65,600.00 | - | 3,280,000 |
| 1-Sep-29 | 270,000.00 | 4.000% | 65,600.00 | 335,600.00 | 401,200.00 | 3,010,000 |
| 1-Mar-30 | | | 60,200.00 | 60,200.00 | - | 3,010,000 |
| 1-Sep-30 | 295,000.00 | 4.000% | 60,200.00 | 355,200.00 | 415,400.00 | 2,715,000 |
| 1-Mar-31 | | | 54,300.00 | 54,300.00 | - | 2,715,000 |
| 1-Sep-31 | 315,000.00 | 4.000% | 54,300.00 | 369,300.00 | 423,600.00 | 2,400,000 |
| 1-Mar-32 | | | 48,000.00 | 48,000.00 | - | 2,400,000 |
| 1-Sep-32 | 335,000.00 | 4.000% | 48,000.00 | 383,000.00 | 431,000.00 | 2,065,000 |
| 1-Mar-33 | | | 41,300.00 | 41,300.00 | - | 2,065,000 |
| 1-Sep-33 | 360,000.00 | 4.000% | 41,300.00 | 401,300.00 | 442,600.00 | 1,705,000 |
| 1-Mar-34 | | | 34,100.00 | 34,100.00 | - | 1,705,000 |
| 1-Sep-34 | 385,000.00 | 4.000% | 34,100.00 | 419,100.00 | 453,200.00 | 1,320,000 |
| 1-Mar-35 | | | 26,400.00 | 26,400.00 | - | 1,320,000 |
| 1-Sep-35 | 415,000.00 | 4.000% | 26,400.00 | 441,400.00 | 467,800.00 | 905,000 |
| 1-Mar-36 | | | 18,100.00 | 18,100.00 | - | 905,000 |
| 1-Sep-36 | 440,000.00 | 4.000% | 18,100.00 | 458,100.00 | 476,200.00 | 465,000 |
| 1-Mar-37 | | | 9,300.00 | 9,300.00 | - | 465,000 |
| 1-Sep-37 | 465,000.00 | 4.000% | 9,300.00 | 474,300.00 | 483,600.00 | - |
| Total | 4,795,000.00 | | \$ 1,817,758.33 | \$ 6,612,758.33 | \$ 6,612,758.33 | |

Appendix C: District Boundary Map



Appendix D: Assessor's Parcel Map



Appendix E: Stoneridge Towne Centre Site Plan



Bondowners should not assume that the mix of tenants shown above will lease property within the District through the maturity of the Bonds.

Source: Official Statement for the CFD No. 5, Special Tax Refunding Bonds, Series 2021 dated December 9, 2021.