



Semi-Annual Financial Report

For the fiscal year ended June 30, 2016
(Unaudited)

Mission Viejo Community Development
Financing Authority

REPORT OVERVIEW

This report summarizes the Community Development Financing Authority's (Authority) financial performance for the twelve months ended June 30, 2016. Financial analysis for this report is provided for the three debt service funds operated by the Authority, including the 1999 Series A and B Mall Parking Improvement Bonds and the 2009 Series A Lease Revenue Refunding Bonds.

Bond Issue	Principal Outstanding
1999 Series A - Mall Parking Improvement Bonds	\$ 19,600,000
1999 Series B - Mall Parking Improvement Bonds	7,347,326
2009 Series A - Lease Revenue Refunding Bonds	13,805,000
Total	\$ 40,752,326

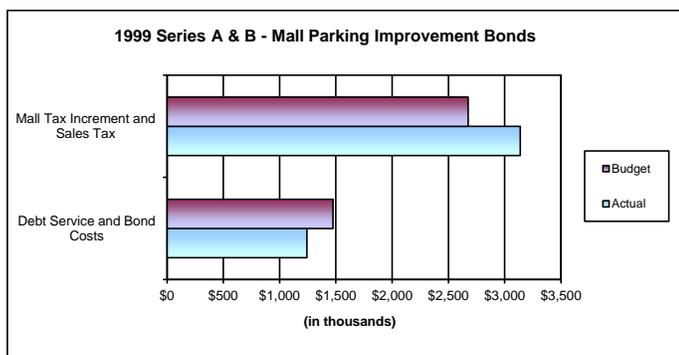
(Preliminary-Unaudited)

Total outstanding bond principal has declined \$1,770,000 during the fiscal year due to a principal payment of \$1,100,000 on the 1999 Series A Mall Parking Improvement Bonds and a \$670,000 payment on the 2009 Lease Revenue Refunding Bonds.

All bond issues remained in compliance with all bond covenants and restrictions.

1999 SERIES A & B – MALL PARKING IMPROVEMENT BONDS

The Series A and B mall bonds are paid 100% from former redevelopment property tax increment and a portion of the sales tax revenue generated by the Shops at Mission Viejo.



Total inflows for the fiscal year are \$3.1 million, and is equal to mall generated tax increment received from the Redevelopment Property Tax Trust Fund for the July 1, 2015 through June 30, 2016 Recognized Obligation Payment Schedule period and the mall generated sales tax

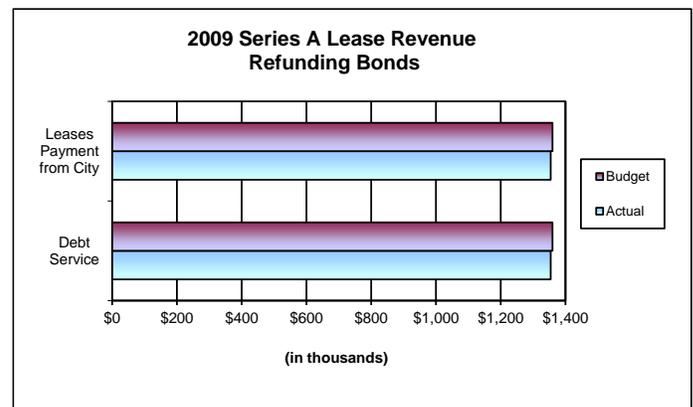
received from the City.

The annual principal payment for the Series A bond issue of \$1.1 million was made on September 1, 2015. Series A bond interest paid during the fiscal year was \$5,046, lower than budget due to actual short term interest rates being significantly lower than anticipated. The budget was based on an interest rate of 0.35% and the actual interest applied to the year was approximately .02%. Bond costs, consisting of letter of credit fees and bond remarketing fees were \$138,000 or 46% of budget.

In October the trustee released funds from the "rolling reserve", which represents the amount of mall sales tax in excess of the Series A debt service requirements in the prior bond year. These funds totaled \$565,918 and were returned to the City.

Debt service continues to accrue on the Series B bonds, with the amount calculated annually at year-end. The Series B bonds are held by the mall owner. The debt service on these bonds will likely be paid from future "rolling reserve" releases.

2009 SERIES A – LEASE REVENUE REFUNDING BONDS



The 2009 Series A Lease Revenue Refunding Bonds were issued in December 2009 in the amount of \$17,305,000. These bonds paid off and replaced the 2001 Series A City Hall/Library Expansion bonds and the 1996 Certificates of Participation that helped finance the original Library building. The annual lease payment and semi-annual interest payments for the 2009 Series A Bonds are funded by lease payments made from General Fund revenues.

Financial Report

For the Fiscal Year Ended June 30, 2016

Mission Viejo Community
Development Financing Authority

Lease revenue received by the Authority from the City for the fiscal year was \$1,349,345. This represents 99.6% of the total amount expected to be received from the City for FY 2015-2016. A principal payment of \$670,000 was made on May 1, 2016. Interest payments on these bonds are payable semi-annually on November 1 and May 1 of each fiscal year. Interest payments for the fiscal year were \$684,112, or 100% of the amount expected to be paid for the entire fiscal year.

The financial information presented for the 2009 Series A Bonds is through June 30, 2016. On August 10, 2016, these bonds were refinanced with the Mission Viejo Lease Revenue Refunding Bonds, Series 2016 and the outstanding principal balance at June 30, 2016 of \$13,805,000 was completely defeased on this date. The 2016 Bonds were issued for \$13,150,000.

FUND BALANCES

<u>Bond Issue</u>	<u>Fund Balance</u>
1999 Series A - Mall Parking Improvement Bonds	\$ 6,646,727
1999 Series B - Mall Parking Improvement Bonds	(43,347)
2009 Series A - Lease Revenue Refunding Bonds	1,364,670
Total	\$ 7,968,050

(Preliminary-Unaudited)

Fund balances as of June 30, 2016, for the three outstanding bond issues are shown in the table above. The fund balances are comprised of debt service reserves and other restricted funds associated with the bond issues and may not be appropriated for any other purpose. The negative fund balance in the 1999 Series B Mall Bonds is caused by fees paid to the trustee and will likely be recovered in future years.

FOR MORE INFORMATION

This summary report is derived from detailed unaudited financial information generated by the City's Administrative Services Department. If you have questions or would like additional information on this report, please contact the Administrative Services Department via e-mail at adminservices@cityofmissionviejo.org or by phone at (949) 470-3059.