



COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

YUCAIPA-CALIMESA JOINT UNIFIED SCHOOL DISTRICT

CONTINUING DISCLOSURE ANNUAL REPORT

FISCAL YEAR ENDING JUNE 30, 2019:

COMMUNITY FACILITIES DISTRICT NO. 2 (WILDWOOD CANYON II)

2005 SPECIAL TAX BONDS

BASE CUSIP: 98839V

MARCH 31, 2020

PREPARED FOR:

**Yucaipa-Calimesa Joint
Unified School District**

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Yucaipa-Calimesa Joint Unified School District
Community Facilities District No. 2
2005 Special Tax Bonds

<u>Maturity Date (September 1)</u>	<u>CUSIP*</u>
2007	98839VAA0
2008	98839VAB8
2009	98839VAC6
2010	98839VAD4
2011	98839VAE2
2012	98839VAF9
2013	98839VAG7
2014	98839VAH5
2015	98839VAJ1
2016	98839VAK8
2017	98839VAL6
2018	98839VAM4
2019	98839VAN2
2020	98839VAP7
2025	98839VAQ5
2030	98839VAR3
2036	98839VAS1

* CUSIP is a registered trademark of the American Bankers Association.

List of Participants

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T.O.C.

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I. ISSUER'S STATEMENT

This Annual Report ("Report") has been prepared pursuant to the Continuing Disclosure Agreement ("Disclosure Agreement") executed in connection with the issuance of the 2005 Special Tax Bonds ("Bonds") by Community Facilities District ("CFD") No. 2 of the Yucaipa-Calimesa Joint Unified School District ("School District").

The School District has agreed under the Disclosure Agreement and pursuant to Rule 15c2-12 of the Securities and Exchange Commission to provide certain annual financial information, operating data, and notices of certain listed events via the Electronic Municipal Market Access ("EMMA") system, a service of the Municipal Securities Rulemaking Board. This Report has been prepared by Cooperative Strategies at the direction of the School District, for the benefit of the owners of the Bonds and the Participating Underwriter.

Any information contained herein which involves estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information set forth herein has been furnished by the School District, or other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Report nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District or CFD No. 2 since the date hereof. Capitalized terms used herein which are not otherwise defined shall have the meaning stated in the Disclosure Agreement.

For a detailed listing of information provided in this Report, please contact Cooperative Strategies at taxinfo@coopstrategies.com. Information requested, in accordance with the Disclosure Agreement, will be uploaded to the Electronic Municipal Market Access website. Please visit <https://emma.msrb.org> for any updates.

Yucaipa-Calimesa Joint Unified School District

II. FINANCIAL INFORMATION

The School District's annual audited financial statements for Fiscal Year 2018/2019 are available online at <https://emma.msrb.org> and are hereby incorporated by reference.

The School District's annual financial statements are provided solely to comply with the Securities Exchange Commission staff's interpretation of Rule 15c2-12. No funds or assets of CFD No. 2 or the School District, other than the net Special Taxes levied in CFD No. 2, are required to be used to pay debt service on the Bonds; and neither CFD No. 2 nor the School District are obligated to advance available funds to cover delinquencies. Investors should not rely on the financial condition of the School District in evaluating whether to buy, hold, or sell the Bonds.

III. BOND INFORMATION

2005 Special Tax Bonds. The Bonds were issued in the amount of \$1,380,000 on September 21, 2005. The Bonds were issued to (i) prepay the special tax obligation of the School District's CFD No. 1, (ii) provide funds for the construction of school facilities of benefit to CFD No. 2, (iii) fund a reserve account for the Bonds, (iv) fund capitalized interest with respect to the Bonds through September 1, 2006 and (v) pay the costs of issuing the Bonds.

The Bonds are limited obligations of CFD No. 2 and are payable solely from revenues of the "Net Taxes" which is defined as Special Taxes levied within CFD No. 2 less the Administrative Expense Requirement. The Bonds are not a debt of the School District, the State of California, or any of its political subdivisions.

The items below summarize information required by the Disclosure Agreement.

A. Principal Amount of Bonds Outstanding

The outstanding principal amount of the Bonds as of September 30, 2019 was \$1,000,000. The debt service schedule for the Bonds is included as Exhibit A.

B. Fund and Account Balances

The balance in each fund and account of the Bonds as of September 30, 2019 is listed in the table below.

Fund and Account Balances

Funds and Accounts	Amount
Administrative Expense Fund	\$85,642.88
Interest Account	\$7.57
Per Unit	\$4,150.09
Principal Account	\$10.14
Redemption Fund	\$0.00
Reserve Fund	\$91,732.79
Special Tax Fund	\$40,840.20
Square Footage	\$10,401.01
Surplus Fund	\$160,481.32
Total	\$393,266.00

C. Reserve Requirement

As of September 30, 2019, the Reserve Requirement for the Bonds was \$91,592.50; therefore, the Reserve Requirement was satisfied as of this date.

IV. SPECIAL TAXES

CFD No. 2 has covenanted to annually levy the Special Tax in accordance with the Rate and Method of Apportionment ("RMA") so long as the Bonds are outstanding. The items below summarize information required by the Disclosure Agreement.

A. Changes to the Rate and Method of Apportionment

There have been no changes to the RMA in Fiscal Year 2018/2019. A copy of the RMA has been included as Exhibit B.

B. Prepayments

There have been no prepayments of the Special Tax in Fiscal Year 2018/2019.

C. Special Tax Budget

A summary of the Fiscal Year 2019/2020 Special Tax budget is outlined below.

Special Tax Budget

FY 2019/2020 Obligations		\$152,048.70
Interest Payment Due March 1, 2020	\$25,276.25	
Interest Payment Due September 1, 2020	\$25,276.25	
Principal Payment Due September 1, 2020	\$40,000.00	
Administrative Expense Budget for Fiscal Year 2019/2020	\$20,000.00	
Direct Construction of Authorized Facilities/ Special Tax Delinquencies	\$41,496.20	
Special Tax Requirement		\$152,048.70

D. Debt Service Coverage

At the time the Bonds were sold, CFD No. 2 represented that the amount of Net Taxes, if levied in accordance with the RMA, would annually yield revenue in an amount not less than 1.10 times the annual debt service on the Bonds.

In Fiscal Year 2019/2020, the amount of Net Taxes yields 145.83% of the annual debt service on the Bonds. An Annual Debt Service Coverage Summary Table has been included as Exhibit C.

E. Special Tax Levy

A summary of the Fiscal Year 2018/2019 Special Tax levy is included below.

Fiscal Year 2018/2019 Special Tax Levy

Tax Class (Land Use)	Number of Units/Acres	Assigned Annual Special Tax Rate	Total Assigned Annual Special Taxes
Tax Class 1 (< 2,350)	7 Units	\$1,812.32 per Unit	\$12,686.24
Tax Class 2 (2,350 - 2,650)	14 Units	\$1,887.78 per Unit	\$26,428.92
Tax Class 3 (2,651 - 3,050)	27 Units	\$2,184.62 per Unit	\$58,984.74
Tax Class 4 (> 3,050)	23 Units	\$2,345.60 per Unit	\$53,948.80
<i>Developed Property</i>	<i>71 Units</i>	<i>N/A</i>	<i>\$152,048.70</i>
<i>Undeveloped Property</i>	<i>0.00 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>
Total			\$152,048.70

A summary of the Fiscal Year 2019/2020 Special Tax levy is included below.

Fiscal Year 2019/2020 Special Tax Levy

Tax Class (Land Use)	Number of Units/Acres	Assigned Annual Special Tax Rate	Total Assigned Annual Special Taxes
Tax Class 1 (< 2,350)	7 Units	\$1,812.32 per Unit	\$12,686.24
Tax Class 2 (2,350 - 2,650)	14 Units	\$1,887.78 per Unit	\$26,428.92
Tax Class 3 (2,651 - 3,050)	27 Units	\$2,184.62 per Unit	\$58,984.74
Tax Class 4 (> 3,050)	23 Units	\$2,345.60 per Unit	\$53,948.80
<i>Developed Property</i>	<i>71 Units</i>	<i>N/A</i>	<i>\$152,048.70</i>
<i>Undeveloped Property</i>	<i>0.00 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>
Total			\$152,048.70

F. Major Taxpayers

"Major Taxpayers" are those property owners responsible for more than five percent (5.00%) of the Special Tax levy. There are no property owners responsible for more than five percent (5.00%) of the Special Taxes levied in Fiscal Year 2019/2020.

G. Special Tax Delinquencies

Historical Special Tax delinquencies within CFD No. 2 are shown in the table below.

Historical Special Tax Delinquencies

Fiscal Year	Subject Fiscal Year ^[1]						June 30, 2019		
	Parcels Levied	Aggregate Special Tax	Total Annual Special Taxes Collected	Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2008/2009	71	\$152,048.70	\$148,988.12	2	\$3,060.58	2.01 %	0	\$0.00	0.00 %
2009/2010	71	\$152,048.70	\$145,172.88	3	\$6,875.82	4.52 %	0	\$0.00	0.00 %
2010/2011	71	\$152,048.70	\$147,518.48	2	\$4,530.22	2.98 %	0	\$0.00	0.00 %
2011/2012	71	\$152,048.70	\$146,345.68	3	\$5,703.02	3.75 %	0	\$0.00	0.00 %
2012/2013	71	\$152,048.70	\$147,518.48	3	\$4,530.22	2.98 %	0	\$0.00	0.00 %
2013/2014	71	\$152,048.70	\$149,864.08	1	\$2,184.62	1.44 %	0	\$0.00	0.00 %
2014/2015 ^[2]	71	\$152,048.70	\$145,172.88	4	\$6,875.82	4.52 %	0	\$0.00	0.00 %
2015/2016	71	\$152,048.70	\$152,048.70	0	\$0.00	0.00 %	0	\$0.00	0.00 %
2016/2017 ^[2]	71	\$152,048.70	\$150,875.90	1	\$1,172.80	0.77 %	0	\$0.00	0.00 %
2017/2018 ^[2]	71	\$152,048.70	\$149,703.10	1	\$2,345.60	1.54%	0	\$0.00	0.00%
2018/2019	71	\$152,048.70	\$147,815.32	3	\$4,233.38	2.78%	3	\$4,233.38	2.78%

[1] Delinquency information is as of June 30th of each subject Fiscal Year.

[2] All outstanding Special Tax delinquencies have been paid and redeemed on April 4, 2019.

Outstanding Special Tax Delinquencies

All outstanding Special Tax delinquencies in the prior fiscal years have been paid and redeemed on April 4, 2019. There is no delinquent taxpayer obligated for greater than five percent (5%) of the Fiscal Year 2018/2019 Special Tax Levy.

H. Special Tax Foreclosures

CFD No. 2 has covenanted that it will commence judicial foreclosure proceedings against any single owner with aggregate delinquent Special Taxes in excess of \$5,000 by the September 1st following the close of each Fiscal Year in which such Special Taxes were due and will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by September 1st following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied.

After reviewing the level of delinquencies within CFD No. 2, as of August 1, 2019, it was determined that CFD No. 2 was not required to initiate foreclosure proceedings for Fiscal Year 2018/2019.

V. ASSESSED VALUES AND LAND SECURED BONDED INDEBTEDNESS

The assessed values and direct and overlapping land secured bonded indebtedness on individual parcels vary among parcels within CFD No. 2. The value of and debt burden on individual parcels is significant because in the event of a delinquency in the payment of Special Taxes, CFD No. 2 may foreclose only against delinquent parcels. The items below summarize information required by the Disclosure Agreement.

A. Assessed Value Summary

A summary of the assessed value of the property within CFD No. 2, distinguishing between the assessed value of improved parcels and unimproved parcels, is shown below.

Assessed Value Summary

Tax Class (Land Use)	Units / Parcels	Assessed Value Land	Assessed Value Improvement	Assessed Value Other	Assessed Value Total ^[1]
Improved					
Tax Class 1 (< 2,350)	7	\$921,034.00	\$2,554,103.00	\$0.00	\$3,475,137.00
Tax Class 2 (2,350 - 2,650)	14	\$1,696,727.00	\$4,498,468.00	\$0.00	\$6,195,195.00
Tax Class 3 (2,651 - 3,050)	27	\$4,032,085.00	\$9,720,483.00	\$0.00	\$13,752,568.00
Tax Class 4 (> 3,050)	23	\$3,616,683.00	\$8,740,271.00	\$0.00	\$12,356,954.00
Subtotal Improved	71	\$10,266,529.00	\$25,513,325.00	\$0.00	\$35,779,854.00
Unimproved					
Tax Class 1 (< 2,350)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class 2 (2,350 - 2,650)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class 3 (2,651 - 3,050)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class 4 (> 3,050)	0	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal Unimproved	0	\$0.00	\$0.00	\$0.00	\$0.00
Total	71	\$10,266,529.00	\$25,513,325.00	\$0.00	\$35,779,854.00

[1] Total Assessed Value as reported on the Fiscal Year 2019/2020 equalized tax roll of the County of San Bernardino.

VI. REPORTS AND ADDITIONAL INFORMATION

Below is a summary of various other reports and information regarding the Bonds which are required by the Disclosure Agreement.

A. Report to the California Debt and Investment Advisory Commission

A copy of the report prepared and filed with the California Debt and Investment Advisory Commission pursuant to Section 53359.5(b) of the Act for Fiscal Year 2018/2019 is included as Exhibit D.

B. Listed Events

Pursuant to the Disclosure Agreement, CFD No. 2 shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Modifications to rights of Bondholders;
- (iv) Optional, contingent or unscheduled bond calls;
- (v) Defeasances;
- (vi) Rating changes;
- (vii) Adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds;
- (viii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (ix) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (x) Substitution of credit or liquidity providers, or their failure to perform; and
- (xi) Release, substitution, or sale of property securing repayment of the Bonds.

None of these events occurred in Fiscal Year 2018/2019.

C. Additional Information

In addition to any of the information expressly required to be provided by the Disclosure Agreement, CFD No. 2 shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

After careful review, it has been determined that there is no such information for Fiscal Year 2018/2019.

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EXHIBIT A

Debt Service Schedule

Yucaipa-Calimesa Joint Unified School District
Community Facilities District No. 2
2005 Special Tax Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal Amount/ Sinking Fund Payment</u>	<u>Interest</u>	<u>Total Debt Service</u>
2006	\$0.00	\$62,578.90	\$62,578.90
2007	\$25,000.00	\$66,260.00	\$91,260.00
2008	\$25,000.00	\$65,522.50	\$90,522.50
2009	\$25,000.00	\$64,710.00	\$89,710.00
2010	\$25,000.00	\$63,835.00	\$88,835.00
2011	\$25,000.00	\$62,897.50	\$87,897.50
2012	\$30,000.00	\$61,922.50	\$91,922.50
2013	\$30,000.00	\$60,707.50	\$90,707.50
2014	\$30,000.00	\$59,447.50	\$89,447.50
2015	\$30,000.00	\$58,157.50	\$88,157.50
2016	\$30,000.00	\$56,837.50	\$86,837.50
2017	\$35,000.00	\$55,487.50	\$90,487.50
2018	\$35,000.00	\$53,877.50	\$88,877.50
2019	\$35,000.00	\$52,232.50	\$87,232.50
2020	\$40,000.00	\$50,552.50	\$90,552.50
2021	\$40,000.00	\$48,592.50	\$88,592.50
2022	\$45,000.00	\$46,592.50	\$91,592.50
2023	\$45,000.00	\$44,342.50	\$89,342.50
2024	\$45,000.00	\$42,092.50	\$87,092.50
2025	\$50,000.00	\$39,842.50	\$89,842.50
2026	\$50,000.00	\$37,342.50	\$87,342.50
2027	\$55,000.00	\$34,817.50	\$89,817.50
2028	\$55,000.00	\$32,040.00	\$87,040.00
2029	\$60,000.00	\$29,262.50	\$89,262.50
2030	\$65,000.00	\$26,232.50	\$91,232.50
2031	\$65,000.00	\$22,950.00	\$87,950.00
2032	\$70,000.00	\$19,635.00	\$89,635.00
2033	\$75,000.00	\$16,065.00	\$91,065.00
2034	\$75,000.00	\$12,240.00	\$87,240.00
2035	\$80,000.00	\$8,415.00	\$88,415.00
2036	\$85,000.00	\$4,335.00	\$89,335.00

EXHIBIT B

Rate and Method of Apportionment

**RATE AND METHOD OF APPORTIONMENT FOR
COMMUNITY FACILITIES DISTRICT NO. 2
OF YUCAIPA-CALIMESA JOINT UNIFIED SCHOOL DISTRICT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Yucaipa-Calimesa Joint Unified School District ("School District") in Community Facilities District ("CFD") No. 2. An Annual Special Tax shall be levied on and collected in CFD No. 2 each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acreage" means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Board may rely on the land area shown on the applicable Final Map, parcel map, condominium plan, or other recorded parcel map at the County.

"Act" means the Mello-Roos Communities Facilities Act of 1982 as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2.

"Annual Special Tax" means the Special Tax actually levied in any Fiscal Year on any Assessor's Parcel.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County for purposes of identification.

"Assigned Annual Special Tax" means the Special Tax of that name described in Section D.

"Backup Annual Special Tax" means the Special Tax of that name described in Section E.

"Board" means the Board of Education of Yucaipa-Calimesa Joint Unified School District or its designee as the legislative body of CFD No. 2.

"Bond Index" means the national Bond Buyer Revenue Bond Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody's A1 and S&P's A-plus, as reasonably determined by the Board.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, which obligation may be incurred by CFD No. 2 or the School District.

"Building Permit" means a permit for the construction of one or more Units issued by the County, or another public agency in the event the County no longer issues permits for the construction of Units within CFD No. 2. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

"Building Square Footage" or "BSF" means the square footage of assessable internal living space of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, as determined by reference to the Building Permit for such Unit. The BSF for a given Unit shall include the square footage of assessable internal living space provided in a Casita.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"Casita" means a separate building that requires a Building Permit and is on an Assessor's Parcel that contains a Unit.

"County" means the County of San Bernardino, State of California.

"Developed Property" means all Assessor's Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes in Section J.

"Final Map" means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the Office of the Recorder of the County.

"Fiscal Year" means the period commencing on July 1 of any year and ending the following June 30.

"Homeowner" means any owner of a completed Unit constructed and sold within CFD No. 2.

"Lot" means an individual legal lot created by a Final Map for which a Building Permit could be issued.

"Maximum Special Tax" means the maximum Special Tax determined in accordance with Section C that can be levied by CFD No. 2 in any Fiscal Year on any Assessor's Parcel.

"Minimum Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay: (i) the annual debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses of CFD No. 2, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) any amount available to pay annual debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Annual Special Tax obligation for an Assessor's Parcel described in Section H.

"Prepayment Amount" means the amount required to prepay the Annual Special Tax obligation in full for an Assessor's Parcel described in Section G.

"Prepayment Administrative Fees" means the fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment and redemption of Bonds.

"Present Value of Taxes" means the present value of any Special Tax applicable to such Assessor's Parcel in the current Fiscal Year not yet received by the District for CFD No. 2, plus the expected Annual Special Tax applicable to such Assessor's Parcel in each remaining Fiscal Year until the termination date specified in Section I, using as the discount rate (i) the Yield On The Bonds after Bond issuance or (ii) the most recently published Bond Index prior to Bond issuance.

"Proportionately" means that the ratio of the actual Annual Special Tax levy to the applicable Assigned Annual Special Tax is equal for all applicable Assessor's Parcels.

"Reserve Fund Credit" means, for each owner of an Assessor's Parcel wishing to prepay the Annual Special Tax obligation of such Assessor's Parcel, an amount equal to the reduction in the reserve requirement for the outstanding Bonds resulting from the redemption of Bonds with the applicable prepaid Special Taxes. In the event that a surety bond or other credit instrument satisfies the reserve requirement or the reserve requirement is under funded at the time of the prepayment, no Reserve Credit shall be given.

"Special Tax" means any of the special taxes authorized to be levied by CFD No. 2 pursuant to the Act.

"Taxable Property" means all Assessor's Parcels which are not Exempt Property.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property.

"Unit" means each separate residential dwelling unit, with or without a Casita, which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

"Yield On The Bonds" means the arbitrage yield for the last series of Bonds issued.

**SECTION B
CLASSIFICATION OF ASSESSOR'S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2005-06, each Assessor's Parcel within CFD No. 2 shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. For each Assessor's Parcel of Developed Property, it shall be assigned to a Special Tax class based on the BSF of the Unit, including Casitas, as listed on the Building Permit(s) issued for each Assessor's Parcel.

**SECTION C
MAXIMUM SPECIAL TAXES**

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax.

2. Undeveloped Property

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

**SECTION D
ASSIGNED ANNUAL SPECIAL TAXES**

1. Developed Property

The Assigned Annual Special Tax in any Fiscal Year for each Assessor's Parcel of Developed Property shall be the amount determined by reference to Table 1.

TABLE 1

Building Square Feet	Assigned Annual Special Tax
< 2,350 BSF	\$1,812.32 per Unit
2,350 – 2,650 BSF	\$1,887.78 per Unit
2,651 – 3,050 BSF	\$2,184.62 per Unit
> 3,050 BSF	\$2,345.61 per Unit

2. Undeveloped Property

The Assigned Annual Special Tax rate in any Fiscal Year for an Assessor's Parcel classified as Undeveloped Property shall be \$4,936.18 per acre of Acreage.

**SECTION E
BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. The Backup Annual Special Tax rate in any Fiscal Year for Developed Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

- B = Backup Annual Special Tax per Lot in each Fiscal Year
- U = Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
- A = Acreage of Taxable Property in such Final Map, as determined by the Board pursuant to Section J
- L = Lots in the Final Map

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

SECTION F
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

Commencing Fiscal Year 2005-06 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

- Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts levied in step one is insufficient to satisfy 110% of the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy 110% of the Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts levied in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is derived by application of the Backup Annual Special Tax, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

SECTION G
PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide CFD No. 2 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. In addition, any property owner prepaying his or her Annual Special Tax obligation must also pay all delinquent Special Taxes, interest and penalties owing on the Assessor's Parcel on which payment is being made, if any. The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

P	=	Prepayment Amount
PVT	=	Present Value of Taxes
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

SECTION H PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

1. Partial Prepayment Times and Conditions

Prior to the conveyance of the first production Unit on a Lot within a Final Map area to a Homeowner, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected for all Assessor's Parcels prior to the first conveyance of a production Unit to a Homeowner with respect to such Final Map.

2. Partial Prepayment Amount

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount
- P_G = the Prepayment Amount calculated according to Section G
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

3. Partial Prepayment Procedures and Limitations

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2 that there has been a partial prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax obligation and the partial release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax and the Backup Annual Special Tax for the Assessor's Parcel has been reduced by an amount equal to the percentage which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year.

SECTION I TERMINATION OF SPECIAL TAX

Annual Special Taxes shall be levied for a period of thirty-two (32) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after Fiscal Year 2040-41.

SECTION J EXEMPTIONS

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than 30.74 acres of Acreage. Notwithstanding the above, the Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 30.74 acres of Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 30.74 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

SECTION K APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than six months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

SECTION L
MANNER OF COLLECTION

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

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EXHIBIT C

Annual Debt Service Coverage Summary Table

Annual Debt Service Coverage Summary
Yucaipa-Calimesa Joint Unified School District
Community Facilities District No. 2
2005 Special Tax Bonds

<u>Maturity Date (September 1)</u>	<u>Total Debt Service</u>	<u>Special Tax Levy/ Maximum Special Tax</u>	<u>Administrative Expense Budget</u>	<u>Net Taxes</u>	<u>Coverage</u>
2020	\$90,552.50	\$152,048.70	\$20,000.00	\$132,048.70	145.83%
2021	\$88,592.50	\$176,418.67	\$20,000.00	\$156,418.67	176.56%
2022	\$91,592.50	\$176,418.67	\$20,000.00	\$156,418.67	170.78%
2023	\$89,342.50	\$176,418.67	\$20,000.00	\$156,418.67	175.08%
2024	\$87,092.50	\$176,418.67	\$20,000.00	\$156,418.67	179.60%
2025	\$89,842.50	\$176,418.67	\$20,000.00	\$156,418.67	174.10%
2026	\$87,342.50	\$176,418.67	\$20,000.00	\$156,418.67	179.09%
2027	\$89,817.50	\$176,418.67	\$20,000.00	\$156,418.67	174.15%
2028	\$87,040.00	\$176,418.67	\$20,000.00	\$156,418.67	179.71%
2029	\$89,262.50	\$176,418.67	\$20,000.00	\$156,418.67	175.23%
2030	\$91,232.50	\$176,418.67	\$20,000.00	\$156,418.67	171.45%
2031	\$87,950.00	\$176,418.67	\$20,000.00	\$156,418.67	177.85%
2032	\$89,635.00	\$176,418.67	\$20,000.00	\$156,418.67	174.51%
2033	\$91,065.00	\$176,418.67	\$20,000.00	\$156,418.67	171.77%
2034	\$87,240.00	\$176,418.67	\$20,000.00	\$156,418.67	179.30%
2035	\$88,415.00	\$176,418.67	\$20,000.00	\$156,418.67	176.91%
2036	\$89,335.00	\$176,418.67	\$20,000.00	\$156,418.67	175.09%

EXHIBIT D

**Report to the California Debt and
Investment Advisory Commission**

STATE OF CALIFORNIA
MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)
YEARLY FISCAL STATUS REPORT
 California Debt and Investment Advisory Commission
 915 Capitol Mall, Room 400, Sacramento, CA 95814
 P.O. Box 942809, Sacramento, CA 94209-0001
 (916) 653-3269 FAX (916) 654-7440

Internet Submission - <i>CURRENT</i>
CDIAC #: <u>2004-1782</u>
Fiscal Year: 2018-2019

I. GENERAL INFORMATION

A. Issuer Yucaipa-Calimesa Joint Unified School District CFD No 2

B. Project Name: Wildwood Canyon II

C. Name/Title/ Series of Bond Issue 2005 Special Tax Bonds

D. Date of Bond Issue 09-09-2005

E. Original Principal Amount of Bonds \$ 1,380,000.00

F. Reserve Fund Minimum Balance Required \$ 91,592.50

II. FUND BALANCE FISCAL STATUS

Balances Reported as of: June 30, 2019

A. Principal Amount of Bonds Outstanding \$ 92,211.48 \$1,035,000.00

B. Bond Reserve Fund \$ 0.00 \$92,211.48

C. Capitalized Interest Fund \$ 0.00

D. Construction Fund(s) \$ 13,558.77

III. ASSESSED VALUE OF ALL PARCELS IN CFD SUBJECT TO SPECIAL TAX

A. Assessed Value Reported as of: 07-01-2019 (Check One)

From Equalized Tax Roll

From Appraisal of Property

(Use only in first year or before annual tax roll billing commences)

B. Total Assessed Value of All Parcels \$ 35,779,854.00

IV. TAX COLLECTION INFORMATION

A. Total Amount of Special Taxes Due \$ 152,048.70

B. Total Amount of Unpaid Special Taxes \$ 4,233.38

C. Does this agency participate in the County's Teeter Plan Yes No

V. DELINQUENT REPORTING INFORMATION

Delinquent Parcel Information Reported as of the Equalized Tax Roll of: 06-30-2019

A. Total Number of Delinquent Parcels: 3

B. Total Amount of Taxes due on Delinquent Parcels: \$ 4,233.38

VI. FORECLOSURE INFORMATION FOR FISCAL YEAR

(Aggregate totals, if foreclosure commenced on same date)

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Number of Tax Due on Foreclosure Parcels

**STATE OF CALIFORNIA
MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)
YEARLY FISCAL STATUS REPORT**

(Continued)

VII. ISSUE RETIRED

This issue is retired and no longer subject to the Yearly Fiscal Status filing requirements. *(Indicate reason for retirement.)*

Reason for Retirement Not Retired
Final Maturity Date/Issue Date _____
Redeemed Bond Title/Other _____

VIII. NAME OF PARTY COMPLETING THIS FORM

Name Larry Ferchaw
Title Partner
Firm/Agency Cooperative Strategies LLC
Address 8955 Research Drive
City/State/Zip Irvine, CA 92618
Phone No. (909) 797-0174 Date of Report: 10-25-2019
Email taxinfo@coopstrategies.com

IX. COMMENTS

Completion and submittal of this form to the California Debt and Investment Advisory Commission will assure your compliance with California State law. Section 53359.5 of the California Government Code requires that all agencies issuing Mello-Roos Community Facilities bonds after January 1, 1993 to report specific information to the Commission by October 30th of each year.