



► **VAL VERDE UNIFIED SCHOOL DISTRICT**

CONTINUING DISCLOSURE ANNUAL REPORT
IMPROVEMENT AREA 1 OF COMMUNITY FACILITIES
DISTRICT NO. 2018-2
FISCAL YEAR ENDING JUNE 30, 2023
2023 SPECIAL TAX BONDS

DECEMBER 31, 2023

Prepared For:
Val Verde Unified School
District
975 West Morgan Street
Perris, CA 92571
951.940.6100

Prepared By:
Cooperative Strategies
8955 Research Drive
Irvine, CA 92618
844.654.2421



**COOPERATIVE
STRATEGIES**
ASSESS • PLAN • FUND • BUILD

Val Verde Unified School District
Improvement Area 1 of Community Facilities District No. 2018-2
2023 Special Tax Bonds

<u>Maturity Date (September 1)</u>	<u>CUSIP*</u>
2023	91882PFZ4
2028	91882PGA8
2031	91882PGB6
2033	91882PGC4
2038	91882PGD2
2043	91882PGE0
2048	91882PGF7
2053	91882PGG5

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

List of Participants

Issuer

Val Verde Unified School District
975 West Morgan Street
Perris, CA 92571
T 951.940.6100
<http://www.valverde.edu>

Bond Counsel and Disclosure Counsel

James F. Anderson Law Firm, a Professional Corporation
23282 Mill Creek Drive, Suite 240
Laguna Hills, CA 92653

Municipal Advisor

Fieldman, Rolapp & Associates
19900 MacArthur Boulevard Suite 1100
Irvine, CA 92612

Special Tax Administrator and Dissemination Agent

Cooperative Strategies, LLC
8955 Research Drive
Irvine, CA 92618
Phone: 949.250.8300
Fax: 949.250.8301
www.coopstrategies.com

Fiscal Agent

US Bank, National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Phone: 213.615.6047
www.usbank.com

Underwriter

Piper Jaffray & Co.
2321 Rosecrans Avenue, Suite 3200
El Segundo, CA 90245

▶ TABLE OF CONTENTS

SECTION	PAGE
I. Issuer’s Statement	1
II. Financial Information.....	2
III. Bond Information.....	3
a. Principal Amount of Bonds Outstanding	3
b. Fund and Account Balances.....	3
c. Reserve Requirement	4
d. Status of Projects.....	4
IV. Special Taxes.....	5
a. Changes to the Rate and Method of Apportionment	5
b. Prepayments.....	5
c. Special Tax Levy	6
d. Special Tax Delinquencies.....	7
e. Special Tax Foreclosures.....	8
V. Assessed Values and Land Secured Bond Indebtednes	9
a. Assessed Values and Value-to-Lien Ratios.....	9
VI. Reports and Additional Information	10
a. Report to the California Debt and Investment Advisory Commission.....	10
b. Additional Information	11

EXHIBITS

EXHIBIT A:

Debt Service Schedule

EXHIBIT B:

Rate and Method of Apportionment

EXHIBIT C:

Assessed Value-to-Lien Ratio Summary Table

EXHIBIT D:

Report to the California Debt and Investment Advisory Commission

ISSUER'S STATEMENT

This Annual Report ("Report") has been prepared pursuant to the Continuing Disclosure Certificate ("Disclosure Certificate") executed in connection with the issuance of the 2022 Special Tax Bonds ("Bonds") by Improvement Area ("IA") 1 of Community Facilities District ("CFD") No. 2018-2 of the Val Verde Unified School District ("School District").

The School District has agreed under the Disclosure Certificate 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 IA 1 of CFD No. 2018-2 since the date hereof. Capitalized terms used herein which are not otherwise defined shall have the meaning given them in the Disclosure Certificate.

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 Certificate, will be uploaded to the Electronic Municipal Market Access website. Please visit <https://emma.msrb.org> for any updates.

Val Verde Unified School District

FINANCIAL INFORMATION

The School District's annual audited financial statements for Fiscal Year 2022/2023 are available online at <http://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 IA 1 of CFD No. 2018-2 or the School District, other than Net Taxes, are required to be used to pay debt service on the Bonds, and neither IA 1 of CFD No. 2018-2 nor the School District are obligated to advance available funds to cover any delinquencies. Investors should not rely on the financial condition of IA 1 of CFD No. 2018-2 or the School District in evaluating whether to buy, hold, or sell the Bonds.

BOND INFORMATION

2023 Special Tax Bonds. The Bonds were issued in the amount of \$7,345,000 on February 23, 2023. The Bonds were issued to (i) finance certain school facilities for the School District, (ii) finance certain water and sewer facilities to be owned and operated by the Eastern Municipal Water District, (iii) finance certain city facilities to be owned and operated by the City of Perris, (iv) fund a debt service reserve fund for the Bonds, and (v) pay certain costs of issuance associated with the Bonds.

The Bonds are limited obligations of IA 1 of CFD No. 2018-2 and are payable solely from revenues of the "Net Taxes" which is defined as Special Taxes levied within IA 1 of CFD No. 2018-2 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 Certificate.

A. PRINCIPAL AMOUNT OF BONDS OUTSTANDING

The outstanding principal amount of the Bonds as of November 30, 2023 was \$7,190,000.00. 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 November 30, 2023 is listed in the table on the following page.

FUND AND ACCOUNT BALANCES

Funds and Accounts	Amount
Administrative Expense Fund	\$22,101.02
City Facilities	\$13,597.76
EMWD Facilities	\$112,962.03
Interest Account	\$0.00
Principal Account	\$0.00
Reserve Fund	\$628,634.23
Residual School Facilities	\$0.00
School Facilities	\$2,031,880.71
Special Tax Fund	\$19,944.49
Total	\$2,829,120.24

The balances of all other funds and accounts referenced in the Fiscal Agent Agreement are \$0.00 and/or have been closed.

C. RESERVE REQUIREMENT

As of November 30, 2023, the Reserve Requirement for the Bonds was \$616,527.08; therefore, the Reserve Requirement was satisfied as of this date by a cash deposit in the amount of \$628,634.23.

D. STATUS OF PROJECTS

2023 Special Tax Bonds. Construction proceeds generated from the issuance of the Bonds were expended to pay for the Authorized School Facilities within the School District. The remaining proceeds are expected to be utilized on certain school facilities and non-school facilities within the next three (3) years.

SPECIAL TAXES

IA 1 of CFD No. 2018-2 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 Certificate.

A. CHANGES TO THE RATE AND METHOD OF APPORTIONMENT

There have been no changes to the RMA since the date of the Official Statement. A copy of the RMA has been included as Exhibit B.

B. PREPAYMENTS

There have been no prepayments of the Special Tax since the date of the Official Statement.

C. SPECIAL TAX LEVY

A summary of the Fiscal Year 2023/2024 Special Tax levy is included in the table on the following page.

FISCAL YEAR 2023/2024 SPECIAL TAX LEVY

Tax Class	Building Square Footage	Number of Units/Lots/Acres	Assigned Annual Special Tax Rate ^{[1][2][3]}	% Share of Fiscal Year 2023/2024 Special Tax Levy	Total Annual Special Taxes
1	≤ 2,100	0 Units	\$3,142.20 per Unit	0.00%	\$0.00
2	2,101 – 2,300	29 Units	\$2,840.80 per Unit	20.67%	\$82,383.20
3	2,301 – 2,500	14 Units	\$2,936.86 per Unit	10.32%	\$41,116.04
4	2,501 – 2,700	10 Units	\$3,031.80 per Unit	7.61%	\$30,318.00
5	2,701 – 2,900	32 Units	\$3,080.38 per Unit	24.73%	\$98,572.16
6	2,901 – 3,100	13 Units	\$3,127.86 per Unit	10.20%	\$40,662.18
7	3,101 – 3,300	19 Units	\$3,175.32 per Unit	15.14%	\$60,331.08
8	≥ 3,301	14 Units	\$3,223.90 per Unit	11.33%	\$45,134.60
<i>Developed Property</i>		<i>131 Units</i>	<i>N/A</i>	<i>100.00%</i>	<i>\$398,517.26</i>
<i>Undeveloped Property</i>		<i>9 Lots</i>	<i>\$3,433.25 per Lot</i>	<i>0.00%</i>	<i>\$0.00</i>
Total					\$398,517.26

[1] The Fiscal Year 2023/2024 Special Tax Levy enrolled with the County of Riverside is 100% of the Assigned Special Tax.
 [2] Pursuant to Section C.1 of the RMA, the Maximum Special Tax is the greater of the (a) Assigned Annual Special Tax or (b) Backup Annual Special Tax. Pursuant to Section C.3 of the RMA, the Maximum Special Tax is the application of the Assigned Annual Special Tax on Undeveloped Property.
 [3] The Fiscal Year 2023/2024 Backup Annual Tax is \$3,433.25 per Lot.

D. SPECIAL TAX DELINQUENCIES

Historical Special Tax delinquencies within Improvement Area 1 of Community Facilities District No. 2018-2 are shown in the table below.

IMPROVEMENT AREA 1 OF COMMUNITY FACILITIES DISTRICT NO. 2018-2

Fiscal Year	Subject Fiscal Year ^[1]						June 30, 2023 ^[1]		
	Parcel 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
2022/2023	132	\$393,879.08	382,198.58	5	\$11,680.50	2.97%	5	\$11,680.50	2.97%

[1] Section 4 (b)(vi) of the Disclosure Certificate requires delinquency information as of June 30th.

E. SPECIAL TAX FORECLOSURES

IA 1 of CFD No. 2018-2 has covenanted that it will commence judicial foreclosure proceedings against any single owner of one (1) or more parcel(s) who is delinquent in the payment of all or a portion of five semi-annual installments by the August 29th 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 the November 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 IA 1 of CFD No. 2018-2 as of July 1, 2023 it was determined that Improvement Area 1 of Community Facilities District No. 2018-2 was not required to initiate foreclosure proceedings for Fiscal Year 2022/2023 or any prior Fiscal Years. IA 1 of CFD No. 2018-2 has never initiated foreclosure proceedings as of the date of this Report.

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 IA 1 of CFD No. 2018-2. The value of and debt burden on individual parcels is significant because in the event of a delinquency in the payment of Special Taxes, IA 1 of CFD No. 2018-2 may foreclose only against delinquent parcels. The items below summarize information required by the Disclosure Certificate.

A. ASSESSED VALUES AND VALUE-TO-LIEN RATIOS

The assessed values and value-to-lien ratios for all parcels within IA 1 of CFD No. 2018-2 are shown in a table as Exhibit C.

REPORTS AND ADDITIONAL INFORMATION

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

A. REPORT TO THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

A copy of the California Debt and Investment Advisory Commission pursuant to Section 53359.5(b) of the Act for Fiscal Year 2022/2023 is attached as Exhibit D.

B. ADDITIONAL INFORMATION

In addition to any of the information expressly required to be provided by the Disclosure Certificate, IA 1 of CFD No. 2018-2 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 2022/2023.

G:\DGMMainDrive\Clients\Val Verde Unified SD\SADM\IA 1 of CFD No. 2018-2\FY2223\Reports\Continuing Disclosure\ContDisc_FY2223_VVUSD_2018-1_Fn.pdf

EXHIBIT A
DEBT SERVICE SCHEDULE

Debt Service Schedule
Val Verde Unified School District
Improvement Area 1 of Community Facilities District No. 2018-2
2023 Special Tax Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal Amount/</u> <u>Sinking Fund</u> <u>Payment</u>	<u>Interest</u>	<u>Total Debt Service</u>
2023	\$155,000.00	\$180,734.58	\$335,734.58
2024	\$0.00	\$339,887.50	\$339,887.50
2025	\$30,000.00	\$339,887.50	\$369,887.50
2026	\$40,000.00	\$338,987.50	\$378,987.50
2027	\$50,000.00	\$337,787.50	\$387,787.50
2028	\$60,000.00	\$336,287.50	\$396,287.50
2029	\$70,000.00	\$334,487.50	\$404,487.50
2030	\$80,000.00	\$332,300.00	\$412,300.00
2031	\$90,000.00	\$329,800.00	\$419,800.00
2032	\$100,000.00	\$326,987.50	\$426,987.50
2033	\$115,000.00	\$323,737.50	\$438,737.50
2034	\$125,000.00	\$320,000.00	\$445,000.00
2035	\$140,000.00	\$315,000.00	\$455,000.00
2036	\$155,000.00	\$309,400.00	\$464,400.00
2037	\$170,000.00	\$303,200.00	\$473,200.00
2038	\$185,000.00	\$296,400.00	\$481,400.00
2039	\$205,000.00	\$289,000.00	\$494,000.00
2040	\$225,000.00	\$278,750.00	\$503,750.00
2041	\$245,000.00	\$267,500.00	\$512,500.00
2042	\$265,000.00	\$255,250.00	\$520,250.00
2043	\$290,000.00	\$242,000.00	\$532,000.00
2044	\$315,000.00	\$227,500.00	\$542,500.00
2045	\$340,000.00	\$211,750.00	\$551,750.00
2046	\$370,000.00	\$194,750.00	\$564,750.00
2047	\$400,000.00	\$176,250.00	\$576,250.00
2048	\$430,000.00	\$156,250.00	\$586,250.00
2049	\$465,000.00	\$134,750.00	\$599,750.00
2050	\$500,000.00	\$111,500.00	\$611,500.00
2051	\$535,000.00	\$86,500.00	\$621,500.00
2052	\$575,000.00	\$59,750.00	\$634,750.00
2053	\$620,000.00	\$31,000.00	\$651,000.00

EXHIBIT B

RATE AND METHOD OF APPORTIONMENT

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES OF
VAL VERDE UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2018-2
IMPROVEMENT AREA NO. 1**

A Special Tax (as defined herein) shall be levied on and collected from all Assessor's Parcels in Improvement Area No. 1 of Community Facilities District No. 2018-2 of the Val Verde Unified School District, a unified school district organized and existing under the laws of the State of California ("School District"), each Fiscal Year commencing in Fiscal Year 2018/2019 an amount determined by the Board through the application of the Rate and Method of Apportionment of Special Taxes ("RMA") described below. All of the real property within Improvement Area No. 1 of the District, 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**

For purposes of this RMA, 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 Administrator may rely on the land area shown on the applicable Final Map.

"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 the District related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes, including, but not limited to, the reasonable expenses of collecting delinquencies, the administration of Bonds, the proportionate payment of salaries and benefits of any School District employee whose duties are directly related to the administration of the District, and reasonable costs otherwise incurred in order to carry out the authorized purposes of the District.

"Administrator" means an official of the School District or designee thereof, responsible for determining the levy and collection of the Special Taxes.

"Annual Special Tax" means for each Fiscal Year and each Assessor's Parcel the Special Tax actually or expected to be levied in such Fiscal Year on such Assessor's Parcel.

"Approved Property" means all Assessor's Parcels of Taxable Property that (i) are associated with a Lot in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which

the Special Tax is being levied and (ii) have not been issued a building permit prior to the May 1 preceding the Fiscal Year in which the Special Tax is being levied.

"Assessor's Parcel" means a parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of Improvement Area No. 1 of the District.

"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 a parcel of land by the County for purposes of identification.

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

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

"Board" means the Governing Board (Board of Education) of the School District, or its designee, acting as the Legislative Body of the District.

"Bond Index" means the national Bond Buyer Revenue 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/or Standard & Poor's A+, as determined by the Board.

"Bond Yield" means the yield of the last series of Bonds issued; for purposes of this calculation, the yield of the Bonds shall be the yield calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the Non-Arbitrage (Tax) Certificate or other similar bond issuance document.

"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, to which the Special Taxes have been pledged for repayment.

"Boundary Map" means a recorded map which indicates the boundaries of Improvement Area No. 1 of Val Verde Unified School District Community Facilities District 2018-2.

"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, detached accessory structure, other structures not used as living space, or any other square footage excluded under Government Code Section 65995 as determined by reference to the building permit(s) for such Unit.

"City" means the City of Perris, or any successor agency.

"County" means the County of Riverside.

"Developed Property" means all Assessor's Parcels of Taxable Property for which building permit(s) 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, as determined reasonably by the Administrator.

"District" means Val Verde Unified School District Community Facilities District No. 2018-2.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes pursuant to Section K hereof.

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

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

"Improvement Area No. 1" means the property in Val Verde Unified School District Community Facilities District No. 2018-2 designated as Improvement Area No. 1 on the Boundary Map.

"Lot" means an individual legal lot created by a Final Map for which a building permit for residential construction has been or could be issued.

"Maximum Special Tax" means, for each Assessor's Parcel, the maximum Special Tax, determined in accordance with Section C, which may be levied by the District in a given Fiscal Year on such Assessor's Parcel.

"Mitigation Agreement" means the School Facilities Funding and Mitigation Agreement made and entered into as of February 6, 2018 by and among the School District and Stratford Ranch Investors, LLC.

"Net Taxable Acreage" means the total Acreage of Developed Property expected to exist in Improvement Area No. 1 of the District after all Final Maps are recorded.

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

"Prepayment Administrative Fees" means any fees or expenses of the School District or the District associated with the prepayment of the Special Tax obligation of an Assessor's Parcel. Prepayment Administrative Fees shall include among other things the cost of computing the

Prepayment Amount, redeeming Bonds, and recording any notices to evidence the prepayment and redemption of Bonds.

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

"Present Value of Taxes" means for any Assessor's Parcel the sum of (i) the unpaid portion, if any, of the Annual Special Tax applicable to such Assessor's Parcel in the current Fiscal Year and (ii) the present value of Special Taxes expected to be levied on such Assessor's Parcel in each remaining Fiscal Year, as determined by the Administrator, until the termination date specified in Section J, but in no event exceeding 35 Fiscal Years, including the Fiscal Year in which Special Taxes have previously been levied. The discount rate used for this calculation shall be equal to (a) the Bond Yield after Bond issuance or (b) the most recently published Bond Index prior to Bond issuance.

"Proportionately" means that the ratio of the actual Special Tax levy to the applicable Assigned Annual Special Tax is equal for all applicable Assessor's Parcels. In the case of Developed Property subject to apportionment of the Annual Special Tax under Step Four of Section F, "Proportionately" shall mean that the quotient of (i) the Annual Special Tax, less the Assigned Annual Special Tax, divided by (ii) the Backup Annual Special Tax, less the Assigned Annual Special Tax, is equal for all applicable Assessor's Parcels.

"Provisional Undeveloped Property" means all Assessor's Parcels of Taxable Property that would otherwise be classified as Exempt Property pursuant to Section K, but cannot be classified as Exempt Property because to do so would reduce the Net Taxable Acreage below the required minimum Acreage set forth in Section K, as applicable.

"Reserve Fund Credit" means an amount equal to the lesser of (i) the reduction in the applicable reserve fund requirement(s) resulting from the redemption of Bonds with the Prepayment Amount, (ii) the difference between the amount currently on deposit in the reserve fund and the new reserve requirement resulting from the redemption of Bonds with the Prepayment Amount or (iii) ten percent (10%) of the amount of Bonds which will be redeemed. In the event that a surety bond or other credit instrument satisfies the reserve requirement or the reserve requirement is underfunded at the time of the prepayment, no Reserve Fund Credit shall be given. Under no circumstances will the Reserve Fund Credit be less than zero.

"School District" means the Val Verde Unified School District, a unified school district organized and existing pursuant to the Constitution and laws of the State of California.

"Special Tax" means any of the special taxes authorized to be levied by the District within Improvement Area No. 1 pursuant to the Act and this RMA.

"Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) the debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account(s) established in association with the

Bonds, (iv) any amount required to establish, in association with the Bonds, or replenish any reserve funds (or accounts thereof) established in association with the Bonds, and (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized to be financed by the District provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Approved Property, Undeveloped Property, or Provisional Undeveloped Property as set forth in Steps Two through Four of Section F, less (vi) any amount(s) available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, trust agreement, or equivalent agreement or document. In arriving at the Special Tax Requirement, the Administrator shall take into account the reasonably anticipated delinquent Special Taxes, provided that the amount included may not cause the Annual Special Tax of an Assessor Parcel of Developed Property to increase by greater than ten percent (10%) of what would have otherwise been levied.

"**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, Approved Property or Provisional Undeveloped Property.

"**Unit**" means each separate residential dwelling unit, including but not limited to a single family attached or detached unit, condominium, an apartment unit, mobile home, or otherwise, excluding hotels and motels.

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

Each Fiscal Year, commencing with Fiscal Year 2018/2019, all Assessor's Parcels within Improvement Area No. 1 of the District shall be classified as either Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be classified as Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property. Developed Property shall be further assigned to a Land Use Class, according to Table 1 below, based on the Building Square Footage of the Unit associated with such Developed Property.

Table 1

Land Use Classification

Land Use Class	Building Square Footage
1	≤ 2,100 sq. ft.
2	2,101 – 2,300 sq. ft.
3	2,301 – 2,500 sq. ft.
4	2,501 – 2,700 sq. ft.
5	2,701 – 2,900 sq. ft.
6	2,901 – 3,100 sq. ft.
7	3,101 – 3,300 sq. ft.
8	≥ 3,301 sq. ft.

**SECTION C
MAXIMUM SPECIAL TAX**

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of the amount derived by the application of the (a) Assigned Annual Special Tax or (b) Backup Annual Special Tax.

2. Approved Property

The Maximum Special Tax for each Assessor's Parcel classified as Approved Property shall be derived by the application of the Assigned Annual Special Tax.

3. Undeveloped Property

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property or Provisional Undeveloped Property shall be derived by the application of the Assigned Annual Special Tax.

**SECTION D
ASSIGNED ANNUAL SPECIAL TAXES**

1. Developed Property

The Assigned Annual Special Tax for each Assessor's Parcel of Developed Property will be calculated in accordance with Table 2 below, subject to increases as described below.

Table 2

**Fiscal Year 2018/2019
Assigned Annual Special Taxes for
Developed Property**

Land Use Class	Building Square Footage	Assigned Annual Special Tax
1	≤ 2,100 sq. ft.	\$2,486.00 per Unit
2	2,101 – 2,300 sq. ft.	\$2,573.00 per Unit
3	2,301 – 2,500 sq. ft.	\$2,660.00 per Unit
4	2,501 – 2,700 sq. ft.	\$2,746.00 per Unit
5	2,701 – 2,900 sq. ft.	\$2,790.00 per Unit
6	2,901 – 3,100 sq. ft.	\$2,833.00 per Unit
7	3,101 – 3,300 sq. ft.	\$2,876.00 per Unit
8	≥ 3,301 sq. ft.	\$2,920.00 per Unit

2. **Approved Property, Undeveloped Property and Provisional Undeveloped Property**

The Assigned Annual Special Tax for each Assessor's Parcel of Approved Property, Undeveloped Property, or Provisional Undeveloped Property shall be \$19,435 per acre of Acreage, subject to increases as described below.

3. **Increases in the Assigned Annual Special Tax**

a. **Developed Property**

On each July 1, commencing July 1, 2019, the Assigned Annual Special Tax applicable to Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

b. **Approved Property, Undeveloped Property and Provisional Undeveloped Property**

On each July 1, commencing July 1, 2019, the Assigned Annual Special Tax for Approved Property, Undeveloped Property and Provisional Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**SECTION E
BACKUP ANNUAL SPECIAL TAX**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax.

1. **Calculation of the Backup Annual Special Tax Rate**

The Backup Annual Special Tax for an Assessor's Parcel of Developed Property within a Final Map shall be the rate per Lot calculated in accordance with the following formula in Fiscal Year 2018/2019 subject to increases as described below:

$$B = (U \times A) / L$$

The terms above have the following meanings:

B = Backup Annual Special Tax per Lot for the applicable Fiscal Year

- U = Assigned Annual Special Tax per Acre for Undeveloped Property in the Fiscal Year the calculation is performed
- A = Acreage of Taxable Property expected to exist in such Final Map at the time of calculation, as determined by the Administrator
- L = Number of Lots in the applicable Final Map at the time of calculation.

2. Changes to a Final Map

If the Final Map(s) described in the preceding paragraph are subsequently changed or modified, then the Backup Annual Special Tax for each Assessor’s Parcel of Developed Property changed or modified in each such Final Map shall be a rate per square foot of Acreage calculated as follows:

- a. Determine the total Backup Annual Special Tax revenue anticipated to apply to the changed or modified Assessor's Parcels prior to the change or modification.
- b. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property of the modified Assessor's Parcels, as reasonably determined by the Administrator.
- c. 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 that shall be applicable to the modified Assessor's Parcels, subject to increases as described below.

3. Increase in the Backup Annual Special Tax

Each July 1, commencing the July 1, 2019, the Backup Annual Special Tax for each Lot of Developed Property within a Final Map shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**SECTION F
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX**

Commencing Fiscal Year 2018/2019 and for each subsequent Fiscal Year through the Fiscal Year of termination pursuant to Section J, the Board shall levy Special Taxes on all Taxable Property in accordance with the following steps:

- Step One:** The Annual Special Tax shall be levied 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 additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Approved Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Three:** If additional moneys are needed to satisfy the Special Tax Requirement after the second step has been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Four:** If additional moneys are needed to satisfy the Special Tax Requirement after the third step has been completed, the Annual Special Tax on each Assessor's Parcel of Developed Property, for which the Maximum Special Tax is the Backup Annual Special Tax, shall be increased Proportionately from the Assigned Annual Special Tax up to 100% of the Backup Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Five:** If additional moneys are needed to satisfy the Special Tax Requirement after the fourth step has been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

SECTION G PREPAYMENT OF ANNUAL SPECIAL TAXES

1. Special Tax Prepayment Times and Conditions

The Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the District with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Administrator shall determine the Prepayment Amount for such Assessor's Parcel and shall notify such owner of such Prepayment Amount.

2. Special Tax Prepayment Calculation

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

$$P = PVT - RFC + PAF$$

The abbreviations above have the following meanings:

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

3. Special Tax Prepayment Procedures and Limitations

The amount representing the Present Value of Taxes attributable to the prepayment less the Reserve Fund Credit attributable to the prepayment shall, prior to the issuance of Bonds, be deposited into a separate account held with the School District on behalf of Improvement Area No. 1 of the District and disbursed in accordance with the Mitigation Agreement and after the issuance of Bonds be deposited into the applicable account or fund established under the trust agreement, indenture or fiscal agent agreement and used to pay debt service or redeem Bonds. The amount representing the Prepayment Administrative Fees attributable to the prepayment shall be retained and deposited into the applicable account by the District.

With respect to any Assessor's Parcel for which the Special Tax obligation is prepaid, the Board shall indicate in the records of the District that there has been a prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax obligation and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Assigned Annual Special Taxes that may be levied on Taxable Property, excluding Provisional Undeveloped Property, after such 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 and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Administrator. Such determination shall include identifying all Assessor's Parcels that are expected to be classified as Exempt Property.

**SECTION H
PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES**

1. Partial Prepayment Times and Conditions

The Special Tax obligation of Assessor’s Parcels of Taxable Property may be partially prepaid provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcels at the time the Special Tax obligation would be partially prepaid. An owner of an Assessor's Parcel(s) intending to partially prepay the Special Tax obligation shall provide the District with written notice of its intent to partially prepay, including the percentage by which the owner of such Assessor’s Parcel intends to prepay. Within thirty (30) days of receipt of such written notice, the Administrator shall determine the Partial Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Partial Prepayment Amount.

2. Partial Prepayment Calculation

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

$$PP = PVT \times F - RFC + PAF$$

The abbreviations above have the following meanings:

- PP= the Partial Prepayment Amount
- PVT = Present Value of Taxes
- F = the percent by which the owner of the Assessor’s Parcel is partially prepaying the Special Tax obligation
- RFC = Reserve Fund Credit
- PAF = Prepayment Administrative Fees

3. Partial Prepayment Procedures and Limitations

The amount representing the Present Value of Taxes attributable to the prepayment less the Reserve Fund Credit attributable to the prepayment shall, prior to the issuance of Bonds, be deposited into a separate account held with the School District on behalf of Improvement Area No. 1 of the District and disbursed in accordance with the Mitigation Agreement and after the issuance of Bonds be deposited into the applicable account or fund established under the trust agreement, indenture agreement or fiscal agent agreement and used to pay debt service or redeem Bonds. The amount representing the Prepayment Administrative Fees attributable to the partial prepayment shall be retained and deposited into the applicable account by the District.

With respect to any Assessor's Parcel for which the Special Tax obligation is partially prepaid, the District shall indicate in the records of the District that there has been a partial prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Special Tax obligation and the partial release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax and the Backup Annual Special Tax if applicable 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 Assigned Annual Special Taxes that may be levied on Taxable Property, excluding Provisional Undeveloped 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 and such partial prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Administrator. Such determination shall include identifying all Assessor's Parcels that are expected to be classified as Exempt Property.

Notwithstanding the above, the ability to partially prepay the Special Tax obligation of an Assessor's Parcel may be suspended, by the Administrator, acting in his or her absolute and sole discretion for and on behalf of the District, without notice to the owners of property within Improvement Area No. 1 of the District for a period of time, not to exceed sixty (60) days, prior to the scheduled issuance of Bonds by the District to assist in the efficient preparation of the required bond market disclosure.

SECTION I ANNUAL SPECIAL TAX REMAINDER

In any Fiscal Year which the Annual Special Tax collected from Developed Property exceeds the amount needed to make regularly scheduled annual interest and principal payments on outstanding Bonds and pay Administrative Expenses, the School District may use such amount for acquisition, construction or financing of facilities in accordance with the Mitigation Agreement and certain costs associated with the maintenance and operations of school facilities in accordance with the Act, the District proceedings and other applicable laws as determined by the Board.

SECTION J TERMINATION OF SPECIAL TAX

The Annual Special Tax shall be levied for thirty-five (35) Fiscal Years after the Bonds are issued but no later than Fiscal Year 2058/2059. However, the Special Tax may cease to be levied in an earlier Fiscal Year if the Board had determined (i) that all required interest and principal

payments on the Bonds have been paid, (ii) all authorized facilities of the District have been acquired and all reimbursements have been paid, and (iii) all other obligations of the District have been satisfied.

SECTION K EXEMPTIONS

The Administrator shall classify Assessor's Parcels as Exempt Property in the chronological order in which each such Assessor Parcel becomes (i) owned by the State of California, federal or other local governments, (ii) used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) owned by a homeowners' association, (iv) burdened with a public or utility easements making impractical their utilization for other than the purposes set forth in the easement, or (v) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the Net Taxable Acreage to be less than 19.71 ("Minimum Taxable Acreage").

Notwithstanding the above, the Administrator or Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to be less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to be less than the Minimum Taxable Acreage will be classified as Provisional Undeveloped Property and will continue to be subject to Special Taxes accordingly.

SECTION L APPEALS

Any property owner claiming that the amount or application of the Special Tax levied on his or her property is not correct may file a written notice of appeal with the Administrator to be received by the Administrator not later than 1 year after having paid the first installment of the Special Tax that is disputed. The reissuance or cancellation of a building permit is not an eligible reason for appeal. In order to be considered sufficient, any notice of appeal must (i) specifically identify the property by address and Assessor's Parcel Number, (ii) state the amount in dispute and whether it is the whole amount or only a portion of the Special Tax, (iii) state all grounds on which the property owner is disputing the amount or application of the Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect, (iv) include all documentation, if any, in support of the claim, and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. The Administrator 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 Administrator'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) or an adjustment shall be made for the amount due for any prior Fiscal Year as the Administrator's decision shall indicate.

SECTION M
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 and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the District may directly bill all or a portion of the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and if so collected, a delinquent penalty of ten percent (10%) of the Special Tax will attach at 5:00 p.m. on the date the Special Tax becomes delinquent and interest at 1.5% per month of the Special Tax will attach on the July 1 after the delinquency date and the first of each month thereafter until such Special Taxes are paid.

EXHIBIT C

ASSESSED VALUE-TO-LIEN RATIO SUMMARY TABLE

Assessed Value-to-Burden Ratio by Category for Developed Property
Val Verde Unified School District
Improvement Area 1 of Community Facilities District No. 2018-2
Fiscal Year 2023/2024

Property Ownership/ Development Status	No. of Parcels	Assessed Value of Taxable Property ^[1]	IA 1 of CFD No. 2018-2 Special Tax Bonds	Other Land Secured Debt ^[2]	General Obligation Debt ^[2]	Total Lien	Value-to- Lien Ratio	Fiscal Year 2023/2024 Special Tax	Percent of Special Tax ^[3]
Individual Homeowners	116	\$71,512,771.00	\$6,371,979.06	\$0.00	\$1,454,244.71	\$7,826,223.77	9.14:1	\$353,177.14	88.62%
Pulte Homes									
Permitted	16	\$1,264,752.00	\$818,020.94	\$0.00	\$110,453.69	\$928,474.63	1.36:1	\$45,340.12	11.38%
Unpermitted	8	\$632,376.00	\$0.00	\$0.00	\$13,013.18	\$13,013.18	48.60:1	\$0.00	0.00%
Subtotal – Pulte Homes	24	\$1,897,128.00	\$818,020.94	\$0.00	\$123,466.87	\$941,487.81	2.02:1	\$45,340.12	11.38%
Total ^[3]	140	\$73,409,899.00	\$7,190,000.00	\$0.00	\$1,577,711.59	\$8,767,711.59	8.37:1	\$398,517.26	100.00%

[1] Total Assessed Value as reported on the Fiscal Year 2023/2024 equalized tax roll of the County of Riverside.

[2] Source: Detailed Direct and Overlapping Debt Report, National Tax Data, Inc.

[3] Totals may not sum due to rounding.

EXHIBIT D

REPORT TO THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION



MELLO ROOS REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall,
Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA
94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2022-1683
Status: Submitted
10/30/2023

Information as of Reporting Year End: 06/30/2023

Issuance

Issuer Name: Val Verde Unified School District CFD No 2018-2

Issue Name: Val Verde Unified School District Community Facilities District No. 2018-2 (Stratford Ranch), Improvement Area 1 Series 2023 Special Tax Bonds

Project Name: Stratford Ranch IA 1

Actual Sale Date: 01/31/2023

Settlement Date: 03/23/2023

Original Principal Amount: \$7,345,000.00

Date of Filing: 10/30/2023

Reserve Fund Minimum Balance: Yes

Reserve Fund Minimum Balance Amount: \$610,176.80

Credit Rating from Report of Final Sale

Credit Rating: Not Rated

Standard & Poor:

Fitch:

Moody's:

Other:

Credit Rating from Mello-Roos Last Yearly Fiscal Status Report

Credit Rating: --

Standard & Poor:

Fitch:

Moody's:

Other:

Credit Rating for This Reporting Period



MELLO ROOS REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall,
Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA
94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2022-1683
Status: Submitted
10/30/2023

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Fund Balance

Principal Amount of Bonds Outstanding:	\$7,345,000.00
Bond Reserve Fund:	\$0.00
Capitalized Interest Fund:	\$0.00
Construction Fund(s):	\$4,316,505.97

Assessed Value

Assessed or Appraised Value Reported as of:	12/29/2022
Use Appraised Value only in first year or before annual tax roll billing commences:	From Appraisal of Property
Total Assessed Value of All Parcels:	\$68,279,277.00

Tax Collection

Total Amount of Special Taxes Due Annually:	\$393,879.08
Total Amount of Unpaid Special Taxes Annually:	\$11,680.50
Does this agency participate in the County's Teeter Plan?	No

Delinquent Reporting

Delinquent Parcel Information Reported as of Equalized Tax Roll of:	10/20/2023
Total Number of Delinquent Parcels:	5
Total Amount of Special Taxes Due on Delinquent Parcels:	\$11,680.50

Delinquency Parcel Reporting

Document Type	Document Name	File Upload Date
---------------	---------------	------------------



MELLO ROOS REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall,
Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA
94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2022-1683
Status: Submitted
10/30/2023

Delinquent Parcel Detail Report

VVUSD CFD No. 2018-2 IA 1.pdf

10/30/2023

Foreclosure

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax on Foreclosure Parcels
-------------------------------	--	---

Retired Issues

Indicate Reason for Retirement:

Not Retired

Filing Contact

Filing Contact Name:

Christopher Rashidian

Agency/Organization Name:

Cooperative Strategies LLC

Address:

2855 Michelle Drive Suite 230

City:

Irvine

State:

CA

Zip Code:

92606

Telephone:

949-2508300

Fax Number:

E-mail:

taxinfo@coopstrategies.com

Comments

Issuer Comments: