



COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

MENIFEE UNION SCHOOL DISTRICT
CONTINUING DISCLOSURE ANNUAL REPORT
FISCAL YEAR ENDING JUNE 30, 2019
IMPROVEMENT AREA NO. 2 OF
COMMUNITY FACILITIES DISTRICT NO. 2011-1
2017 SPECIAL TAX BONDS
BASE CUSIP: 586810

DECEMBER 31, 2019

PREPARED FOR:

**Menifee Union
School District**
29775 Haun Road
Menifee, CA 92586
T 951.672.1851

PREPARED BY:

Cooperative Strategies
8955 Research Drive
Irvine, CA 92618
T 844.654.2421

Menifee Union School District
Improvement Area No. 2 of
Community Facilities District No. 2011-1
2017 Special Tax Bonds

<u>Maturity Date (September 1)</u>	<u>CUSIP*</u>
2018	586810YY3
2019	586810YZ0
2020	586810ZA4
2021	586810ZB2
2022	586810ZC0
2023	586810ZD8
2024	586810ZE6
2025	586810ZF3
2026	586810ZG1
2027	586810ZH9
2028	586810ZJ5
2029	586810ZK2
2030	586810ZL0
2031	586810ZM8
2032	586810ZN6
2033	586810ZP1
2034	586810ZQ9
2035	586810ZR7
2036	586810ZS5
2037	586810ZT3
2038	586810ZV8
2043	586810ZU0

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

List of Participants

Issuer

Improvement Area No. 2 of
Community Facilities District No. 2011-1
Menifee Union School District
29775 Haun Road
Menifee, CA 92586
Phone: 951.672.1851

Bond Counsel

Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, CA 94111

Disclosure Counsel

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

Financial Advisor and Special Tax Consultant

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

Fiscal Agent

Zions Bancorporation, National Association
550 South Hope Street, Suite 2875
Los Angeles, CA 90071
Ph: 213.593.3153
Fax: 866.870.0209

Underwriter

Stifel Nicolaus & Company, Incorporated
515 South Figueroa Street, Suite 1800
Los Angeles, CA 90071
Phone: 213.443.5000
Fax: 213.443.5023

T.O.C.

SECTION	PAGE
I. ISSUER'S STATEMENT -----	1
II. FINANCIAL INFORMATION -----	2
III. BOND INFORMATION -----	3
A. Principal Amount of Bonds Outstanding	
B. Fund and Account Balances	
C. Reserve Requirement	
D. Improvement Funds and Status of Project Completion	
IV. SPECIAL TAXES -----	5
A. Changes to the First Amended Rate and Method of Apportionment	
B. Prepayments	
C. Special Tax Budget	
D. Debt Service Coverage	
E. Special Tax Levy	
F. Major Taxpayers	
G. Special Tax Delinquencies	
H. Special Tax Foreclosures	
V. ASSESSED VALUES AND LAND SECURED BONDED INDEBTEDNESS ---	8
A. Assessed Value Summary	
B. Assessed Value and Value-to-Lien Ratios	
VI. REPORTS AND ADDITIONAL INFORMATION -----	9
A. Reports to the California Debt and Investment Advisory Commission	
B. Listed Events	
C. Additional Information	

EXHIBITS

EXHIBIT A:

Debt Service Schedule

EXHIBIT B:

First Amended Rate and Method of Apportionment

EXHIBIT C:

Annual Debt Service Coverage Summary Table

EXHIBIT D:

Assessed Value Summary Table

EXHIBIT E:

Reports to the California Debt and Investment Advisory Commission

EXHIBIT F:

Listed Event

I. 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 2017 Special Tax Bonds ("Bonds") by Improvement Area ("IA") No. 2 of Community Facilities District ("CFD") No. 2011-1 of the Menifee Union 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 No. 2 of CFD No. 2011-1 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.

Menifee Union School District

II. FINANCIAL INFORMATION

IA No. 2 of CFD No. 2011-1, does not currently prepare its own financial statements, however, the School District's annual audited financial statements for Fiscal Year 2018/2019 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 No. 2 of CFD No. 2011-1 or the School District, other than net Special Taxes, are required to be used to pay debt service on the Bonds, and neither IA No. 2 of CFD No. 2011-1 nor the School District are obligated to advance available funds to cover any 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

2017 Special Tax Bonds. The Bonds were issued in the amount of \$7,435,000 on October 11, 2017. The Bonds were issued to (i) defease and refund on an advance basis the outstanding Community Facilities District No. 2011-1 of the Menifee Union School District Improvement Area No. 2 2013 Special Tax Bonds ("2013 Bonds"), (ii) acquire and construct certain school facilities to be owned and operated by the School District, (iii) make a deposit to the reserve fund for the Bonds, and (iv) pay certain costs of issuing the Bonds.

The Bonds are limited obligations of IA No. 2 of CFD No. 2011-1 and are payable solely from revenues of the "Net Taxes" which is defined as Special Taxes levied within IA No. 2 of CFD No. 2011-1 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 1, 2019, was \$7,215,000.00. 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 1, 2019 is listed in the table below.

Fund and Account Balances

Funds and Accounts	Amount
Administrative Expenser Fund	\$34,870.31
Bond Fund	\$129.23
Improvement Fund	\$6,939.99
Reserve Fund	\$598,656.50
Special Tax Fund	\$62.94
Special Tax Remainder	\$88.14
Total	\$640,747.11

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 1, 2019, the Reserve Requirement for the Bonds was \$568,706.00; therefore, the Reserve Requirement was satisfied as of this date.

D. Improvement Funds and Status of Project Completion

2017 Special Tax Bonds. As of the date of this Report, Improvement Funds of IA No. 2 of CFD No. 2011-1 have not been fully expanded but are expected to be utilized on certain School Facilities owned and operated by the School District prior to 2021.

IV. SPECIAL TAXES

IA No. 2 of CFD No. 2011-1 has covenanted to annually levy the Special Tax in accordance with the First Amended 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 First Amended 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 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		\$444,209.10
Interest Payment Due March 1, 2020	\$134,668.75	
Interest Payment Due September 1, 2020	\$134,668.75	
Principal Payment Due September 1, 2020	\$105,000.00	
Administrative Expense Budget for Fiscal Year 2019/2020	\$30,000.00	
Direct Construction of Authorized Facilities/Special Tax Delinquencies	\$39,871.60	
Special Tax Levy		\$444,209.10

Debt Service Coverage

At the time the Bonds were sold IA No. 2 of CFD No. 2011-1 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 110.65% of the annual debt service on the Bonds. An Annual Debt Service Coverage Summary Table has been included as Exhibit C.

D. Special Tax Levy

A summary of the Fiscal Year 2018/2019 Special Tax levy and collections/delinquencies is included in the table on the following page.

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	Total Annual Collections	Delinquency Rate
Tax Class 1 ($\leq 1,700$)	27 Units	\$1,837.54 per Unit	\$49,613.58	\$49,613.58	0.00%
Tax Class 2 (1,701 - 1,900)	0 Units	\$1,888.12 per Unit	\$0.00	\$0.00	N/A
Tax Class 3 (1,901 - 2,100)	26 Units	\$1,938.72 per Unit	\$50,406.72	\$50,406.72	0.00%
Tax Class 4 (2,101 - 2,300)	28 Units	\$2,070.22 per Unit	\$57,966.16	\$57,966.16	0.00%
Tax Class 5 (2,301 - 2,500)	51 Units	\$2,201.68 per Unit	\$112,285.68	\$112,285.68	0.00%
Tax Class 6 (2,501 - 2,700)	18 Units	\$2,393.90 per Unit	\$43,090.20	\$43,090.20	0.00%
Tax Class 7 (2,701 - 2,900)	30 Units	\$2,515.26 per Unit	\$75,457.80	\$75,457.80	0.00%
Tax Class 8 (2,901 - 3,100)	17 Units	\$2,586.10 per Unit	\$43,963.70	\$43,963.70	0.00%
Tax Class 9 (3,101 - 3,300)	1 Unit	\$2,714.76 per Unit	\$2,714.76	\$2,714.76	0.00%
Tax Class 10 ($> 3,300$)	0 Units	\$2,849.10 per Unit	\$0.00	\$0.00	N/A
<i>Developed Property</i>	<i>198 Units</i>	<i>N/A</i>	<i>\$435,498.60</i>	<i>\$435,498.60</i>	<i>0.00%</i>
<i>Approved Property</i>	<i>0.00 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>N/A</i>
<i>Undeveloped Property</i>	<i>0.00 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>N/A</i>
Total			\$435,498.60	\$435,498.60	0.00%

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	Percentage of Special Taxes
Tax Class 1 ($\leq 1,700$)	27 Units	\$1,874.30 per Unit	\$50,606.10	11.39%
Tax Class 2 (1,701 - 1,900)	0 Units	\$1,925.88 per Unit	\$0.00	0.00%
Tax Class 3 (1,901 - 2,100)	26 Units	\$1,977.48 per Unit	\$51,414.48	11.57%
Tax Class 4 (2,101 - 2,300)	28 Units	\$2,111.62 per Unit	\$59,125.36	13.31%
Tax Class 5 (2,301 - 2,500)	51 Units	\$2,245.72 per Unit	\$114,531.72	25.78%
Tax Class 6 (2,501 - 2,700)	18 Units	\$2,441.78 per Unit	\$43,952.04	9.89%
Tax Class 7 (2,701 - 2,900)	30 Units	\$2,565.58 per Unit	\$76,967.40	17.33%
Tax Class 8 (2,901 - 3,100)	17 Units	\$2,637.82 per Unit	\$44,842.94	10.10%
Tax Class 9 (3,101 - 3,300)	1 Unit	\$2,769.06 per Unit	\$2,769.06	0.62%
Tax Class 10 ($> 3,300$)	0 Units	\$2,906.08 per Unit	\$0.00	0.00%
<i>Developed Property</i>	<i>198 Units</i>	<i>N/A</i>	<i>\$444,209.10</i>	<i>100.00%</i>
<i>Approved Property</i>	<i>0.00 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>	<i>0.00%</i>
<i>Undeveloped Property</i>	<i>0.00 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>	<i>0.00%</i>
Total			\$444,209.10	100.00%

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 IA No. 2 of CFD No. 2011-1 are shown in the table below.

Historical Special Tax Delinquencies

Fiscal Year	Subject Fiscal Year ^[1]						October 9, 2019 ^[2]		
	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
2012/2013	58	\$112,908.08	\$111,128.17	2	\$1,779.91	1.58%	0	\$0.00	0.00%
2013/2014	108	\$215,423.16	\$215,423.16	0	\$0.00	0.00%	0	\$0.00	0.00%
2014/2015	188	\$381,816.40	\$381,816.40	0	\$0.00	0.00%	0	\$0.00	0.00%
2015/2016	198	\$410,381.10	\$408,125.28	1	\$2,255.82	0.55%	0	\$0.00	0.00%
2016/2017	198	\$418,589.38	\$415,113.68	2	\$3,475.70	0.83%	0	\$0.00	0.00%
2017/2018	198	\$426,960.14	\$426,960.14	0	\$0.00	0.00%	0	\$0.00	0.00%
2018/2019	198	\$435,498.60	\$435,498.60	0	\$0.00	0.00%	0	\$0.00	0.00%

[1] Delinquency information is as of June 30th of each subject Fiscal Year prior to Fiscal Year 2018/2019. Delinquency information for Fiscal Year 2018/2019 is as of October 9, 2019 due to the availability of tax information from the County of Riverside.

[2] Section 4 (b)(vii) of the Disclosure Certificate requires delinquency information as of June 30th. However, due to the availability of tax information from the County of Riverside delinquencies are as of October 9, 2019.

H. Special Tax Foreclosures

IA No. 2 of CFD No. 2011-1 has covenanted that it will commence judicial foreclosure proceedings against any single owner of one (1) or more parcel(s) with aggregate delinquent Special Taxes of five (5) or more semi-annual installments or in excess of \$15,000 by the September 13th 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 September 13th 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 No. 2 of CFD No. 2011-1, as of June 15, 2019, it was determined that IA No. 2 of CFD No. 2011-1 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 IA No. 2 of CFD No. 2011-1. 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 No. 2 of CFD No. 2011-1 may foreclose only against delinquent parcels. The items below summarize information required by the Disclosure Certificate.

A. Assessed Value Summary

A summary of the assessed value of the property within IA No. 2 of CFD No. 2011-1, distinguishing between the assessed value of improved parcels and unimproved parcels, is included in Exhibit D.

B. Assessed Values and Value-to-Lien Ratios

The assessed values and value-to-lien ratios for all taxable parcels within IA No. 2 of CFD No. 2011-1 are shown in the table below.

Value-to-Lien Classification

Value-to-Lien Category	No. of Parcels	Share of Bonds	Assessed Value of Taxable Property ^[1]	Value-to-Lien Ratio ^[2]	Fiscal Year 2019/2020 Special Taxes	Percentage Share of Special Tax
10:1 to 15:1	81	\$2,849,985.51	\$30,844,249.00	10.82:1	\$175,466.32	39.50%
7:1 to 10:1	115	\$4,281,672.39	\$37,562,463.00	8.77:1	\$263,611.62	59.34%
5:1 to 7:1	1	\$41,671.05	\$251,197.00	6.03:1	\$2,565.58	0.58%
Below 5:1	1	\$41,671.05	\$189,775.00	4.55:1	\$2,565.58	0.58%
Total^[3]	198	\$7,215,000.00	\$68,847,684.00	9.54:1	\$444,209.10	100.00%

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

[2] Average Value-to-Liens; actual Value-to-Liens may vary per parcel.

[3] Totals may not sum due to rounding.

VI. 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. Reports to the California Debt and Investment Advisory Commission

Copies of the reports 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 are included as Exhibit E.

B. Listed Events

Pursuant to the Disclosure Certificate, IA No. 2 of CFD No. 2011-1 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, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Community Facilities District or other obligated person;

- (xiii) The consummation of a merger, consolidation, or acquisition involving the Community Facilities District or an obligated person, or the sale of all or substantially all of the assets of the Community Facilities District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.

None of these events occurred in Fiscal Year 2018/2019; however, on July 29, 2019, the balances in the various funds and accounts of CFD No. IA No. 2 of CFD No. 2011-1 were reassigned from US Bank to Zions Bancorporation, National Association. Zions Bancorporation, National Association will assume all fiduciary responsibilities as Fiscal Agent and act as paying agent for the Bonds. A notice of significant event was published onto EMMA on August 12, 2019, and has been included as Exhibit F.

C. Additional Information

In addition to any of the information expressly required to be provided by the Disclosure Certificate, IA No. 2 of CFD No. 2011-1 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.

S:\Clients\Menifee Union SD\SADM\CFDs\CFD No. 2011-1 Improvement Area 2\FY1819\Reports\Continuing Disclosure\ContDisc_MenifeeUSD_CFDNo.2011-1IA2_FY1819_Fn.PDF

EXHIBIT A

Debt Service Schedule

Debt Service Schedule
Menifee Union School District
Improvement Area No. 2 of Community Facilities District No. 2011-1
2017 Special Tax Bonds

<i><u>Maturity Date</u></i> <i><u>(September 1)</u></i>	<i><u>Principal Amount/ Sinking Fund Payment</u></i>	<i><u>Interest</u></i>	<i><u>Total Debt Service</u></i>
2018	\$125,000.00	\$231,916.49	\$356,916.49
2019	\$95,000.00	\$271,237.50	\$366,237.50
2020	\$105,000.00	\$269,337.50	\$374,337.50
2021	\$115,000.00	\$267,237.50	\$382,237.50
2022	\$125,000.00	\$264,937.50	\$389,937.50
2023	\$135,000.00	\$262,437.50	\$397,437.50
2024	\$145,000.00	\$259,737.50	\$404,737.50
2025	\$160,000.00	\$253,937.50	\$413,937.50
2026	\$175,000.00	\$247,537.50	\$422,537.50
2027	\$195,000.00	\$240,537.50	\$435,537.50
2028	\$210,000.00	\$232,737.50	\$442,737.50
2029	\$230,000.00	\$224,337.50	\$454,337.50
2030	\$245,000.00	\$215,137.50	\$460,137.50
2031	\$265,000.00	\$205,337.50	\$470,337.50
2032	\$290,000.00	\$194,737.50	\$484,737.50
2033	\$310,000.00	\$183,137.50	\$493,137.50
2034	\$330,000.00	\$170,737.50	\$500,737.50
2035	\$355,000.00	\$157,537.50	\$512,537.50
2036	\$380,000.00	\$143,337.50	\$523,337.50
2037	\$405,000.00	\$128,137.50	\$533,137.50
2038	\$435,000.00	\$113,456.26	\$548,456.26
2039	\$460,000.00	\$97,687.50	\$557,687.50
2040	\$490,000.00	\$80,437.50	\$570,437.50
2041	\$520,000.00	\$62,062.50	\$582,062.50
2042	\$550,000.00	\$42,562.50	\$592,562.50
2043	\$585,000.00	\$21,937.50	\$606,937.50

EXHIBIT B

**First Amended Rate and
Method of Apportionment**

**FIRST AMENDED RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 2 OF
COMMUNITY FACILITIES DISTRICT NO. 2011-1
OF THE MENIFEE UNION SCHOOL DISTRICT
(AUDIE MURPHY RANCH)**

A Special Tax (as defined herein) shall be levied on and collected from all Assessor's Parcels in Improvement Area No. 2 of Community Facilities District No. 2011-1 ("District") each Fiscal Year commencing in Fiscal Year 2011/2012, in an amount determined by the Board through the application of the First Amended Rate and Method of Apportionment ("RMA") described below. All of the real property within the District, unless exempted by law or by provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A
DEFINITIONS**

For purposes of this Rate and Method of Apportionment 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 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.

"Age Restricted Unit" means a Unit designated as senior citizen housing, part of a residential care facility for the elderly, or part of a multilevel care facility for the elderly as referred to in California Government Code Section 65995.1 for which a Senior Citizen Restriction has been effected. Age Restricted Units shall not be subject to an Annual Special Tax; however, they shall be required to pay all applicable statutory fees, as detailed in the Mitigation Agreement.

"Annual Special Tax" means the Special Tax actually levied in any Fiscal Year on any 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 1st 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 1st 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 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 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.

"Attached Unit" means a Unit that is located or shall be located within a building in which each of the individual Units has or shall have at least one common wall with another Unit.

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

"Board" means the Board of the School District, or its designee, in certain cases 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 S&P's A+, as reasonably 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 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.

"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 Menifee.

"Companion Unit" means a Unit, having a separate entrance, which is located on the same Lot as an existing Unit which was not included on the initial building permit. Companion Units shall not be subject to an Annual Special Tax; however, they shall be required to pay all applicable statutory fees.

"County" means the County of Riverside.

"Detached Unit" means a Unit which is not an Attached Unit, Companion Unit, or Age Restricted Unit.

"Developed Property" means all Assessor's Parcels of Taxable Property for which building permit(s) were issued for the construction of one or more Attached Units or Detached Units 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 Improvement Area No. 2 of Community Facilities District No. 2011-1 of the School District.

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

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

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

"Inflator" means 2.00%.

"Initial Assigned Annual Special Tax" means the Assigned Annual Special Tax applicable to Developed Property in the Fiscal Year in which such Assessor's Parcel is first classified as Developed Property.

"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. Notwithstanding the foregoing, in the case of an individual legal lot created by such a Final Map upon which condominium units are entitled to be developed but for which a condominium plan has not been recorded, the number of Lots allocable to such legal lot for purposes of calculating the Backup Annual Special Tax applicable to such Final Map shall equal the number of condominium units which are permitted to be constructed on such legal lot as shown on such Final Map.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C, which can be levied by the District in any Fiscal Year on any Assessor's Parcel.

"Mitigation Agreement" means the School Impact Mitigation and Public Facilities Funding Agreement that was made and entered into as of April 12, 2011 by and among Menifee Union School District, Woodside AMR 91 Inc., a California corporation and Woodside AMR 107, Inc., a California corporation, as it may be amended.

"Net Taxable Acreage" means the total Acreage of Residential Property expected to exist in the District after all Final Maps are recorded. When making this determination, the Administrator shall remove all Acreage expected to be classified as Exempt Property, Restricted Residential Property, and Non-Residential Property.

"Non-Residential Property" means all Assessor's Parcels for which a building permit(s) has been issued, other than Developed Property or Restricted Residential Property. Non-Residential Property shall not be subject to an Annual Special Tax; however, it shall be required to pay all applicable statutory fees, as detailed in the Mitigation Agreement.

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

"Prepayment Administrative Fees" means any fees or expenses of the School District or the District associated with the prepayment of the Annual 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 Annual Special Tax obligation in full for an Assessor's Parcel as described in Section G.

"Present Value of Taxes" means for any Assessor's Parcel the present value of (i) the unpaid portion, if any, of the Special Tax applicable to such Assessor's Parcel in the current Fiscal Year and (ii) the Annual 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 I. 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 Annual 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 J, 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 J, as applicable.

"Reserve Fund Credit" means an amount equal to the reduction in the applicable reserve fund requirement(s) resulting from the redemption of Bonds with the Prepayment Amount or the Partial Prepayment Amount. 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.

"Restricted Residential Property" means all Assessor's Parcels for which a building permit was issued for the construction of one or more Age Restricted Units.

"School District" means the Menifee Union School District.

"Senior Citizen Restriction" means (i) a restriction limiting the use of Units to senior citizen housing under a specific plan, a Final Map or other governmental entitlements, or a declaration of covenants, conditions and restrictions or any similar recorded instrument or (ii) licensing from appropriate agencies received for residential care facilities for the elderly, or multilevel care facilities, as defined in Health and Safety Code Section 1569.23 and Government Code Section 15432(d)(8), respectively.

"Special Tax" means any of the special taxes authorized to be levied by the District pursuant to the Act.

"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 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 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 cannot result in 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 or Approved 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 hotel and motels.

SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, commencing with Fiscal Year 2011/2012, all Assessor's Parcels within the District shall be classified as 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 each Unit.

Table 1

Land Use Classification

Land Use Class	Unit Type	Building Square Footage
1	Detached/Attached Unit	<= 1,700 sq. ft.
2	Detached/Attached Unit	1,701 – 1,900 sq. ft.
3	Detached/Attached Unit	1,901 – 2,100 sq. ft.
4	Detached/Attached Unit	2,101 – 2,300 sq. ft.
5	Detached/Attached Unit	2,301 – 2,500 sq. ft.
6	Detached/Attached Unit	2,501 – 2,700 sq. ft.
7	Detached/Attached Unit	2,701 – 2,900 sq. ft.
8	Detached/Attached Unit	2,901 – 3,100 sq. ft.
9	Detached/Attached Unit	3,101 – 3,300 sq. ft.
10	Detached/Attached Unit	> 3,300 sq. ft.

**SECTION C
MAXIMUM SPECIAL TAX RATE**

Prior to the issuance of Bonds, the Maximum Special Tax on Developed Property, Approved Property, Undeveloped Property, and Provisional Undeveloped Property may be reduced in accordance with and subject to the conditions set forth in this Section C without the need for any proceedings to make changes as permitted under the Act. If it is reasonably determined by the Administrator that the maximum tax burden in the District exceeds the School District's maximum tax burden objective set forth in the Mitigation Agreement, the Maximum Special Tax on Developed Property for a Land Use Class may be reduced. The Maximum Special Tax may be reduced to the amount necessary to equal such maximum tax burden level with the written consent of the Administrator and without the need for any additional Board proceedings. Additionally, reductions in the Maximum Special Tax for Developed Property for one or more Land Use Classes and the Maximum Special Tax for Approved Property, Undeveloped Property, and Provisional Undeveloped Property may also be implemented as allowed under the terms of the Mitigation Agreement.

The Maximum Special Tax for Approved Property, Undeveloped Property, and Provisional Undeveloped Property may also be reduced in accordance with the Maximum Special Tax reductions for Developed Property, if the Administrator reasonably determines that such reductions are necessary. Each Maximum Special Tax reduction for a Land Use Class shall be calculated separately, as reasonably determined by the Administrator, and it shall not be required that such reduction be proportionate among Land Use Classes. The reductions permitted pursuant to this Section C shall be reflected in an amended notice of Special Tax lien which the School District shall cause to be recorded by executing a certificate in substantially the form attached herein as Exhibit A.

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Residential 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 in the Fiscal Year in which such Assessor's Parcel is first classified as Developed Property will be calculated in accordance with Table 2 below, subject to increases as described below.

Table 2

**Fiscal Year 2011/2012
Initial Assigned Annual Special Taxes for
Developed Property**

Land Use Class	Unit Type	Building Square Footage	Initial Assigned Annual Special Tax Rate
1	Detached/Attached Unit	<= 1,700 sq. ft.	\$1,599.71 per Unit
2	Detached/Attached Unit	1,701 – 1,900 sq. ft.	\$1,643.74 per Unit
3	Detached/Attached Unit	1,901 – 2,100 sq. ft.	\$1,687.77 per Unit
4	Detached/Attached Unit	2,101 – 2,300 sq. ft.	\$1,802.25 per Unit
5	Detached/Attached Unit	2,301 – 2,500 sq. ft.	\$1,916.72 per Unit
6	Detached/Attached Unit	2,501 – 2,700 sq. ft.	\$2,084.04 per Unit
7	Detached/Attached Unit	2,701 – 2,900 sq. ft.	\$2,189.71 per Unit
8	Detached/Attached Unit	2,901 – 3,100 sq. ft.	\$2,251.35 per Unit
9	Detached/Attached Unit	3,101 – 3,300 sq. ft.	\$2,363.36 per Unit
10	Detached/Attached Unit	> 3,300 sq. ft.	\$2,480.31 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 \$12,657.86 per acre of Acreage, subject to increases as described below.

3. Increases in the Assigned Annual Special Tax

a. Newly Classified Developed Property

On each July 1, commencing July 1, 2012 the Assigned Annual Special Tax rate applicable to Developed Property in the Fiscal Year in which such Assessor's Parcel is first classified as Developed Property shall be increased by the Inflator.

b. Existing Developed Property

On each July 1, commencing the July 1 first following the Fiscal Year in which an Assessor's Parcel is classified as Developed Property, the Assigned Annual Special Tax rate for such Assessor's Parcel shall increase by two percent (2.00%) of the amount in effect the prior Fiscal Year.

c. Approved Property, Undeveloped Property, and Provisional Undeveloped Property

On each July 1, commencing July 1, 2012 the Assigned Annual Special Tax rate for Approved Property, Undeveloped Property, and Provisional Undeveloped Property shall be increased by the Inflator.

SECTION E

BACKUP ANNUAL SPECIAL TAX

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

1. Calculation of the Backup Annual Special Tax Rate

The Backup Annual Special Tax rate for an Assessor's Parcel of Residential Property within a Final Map shall be the rate per Lot calculated in accordance with the following formula in Fiscal Year 2011/2012 or such later Fiscal Year in which such Final Map is created, 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 of Undeveloped Property in the Fiscal Year the calculation is performed |
| A | = | Acreage of Residential 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, exclusive of any Lots which are expected to be classified as Restricted Residential Property. |

2. Changes to a Final Map

If 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 changed or modified in 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 following the initial calculation of the Backup Annual Special Tax rate for Developed Property within a Final Map, the Backup Annual Special Tax for each Lot within such 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 2011/2012 and for each subsequent Fiscal Year, the Board shall levy Annual 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 at 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 Residential Property whose 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 Annual 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 Assigned Annual Special Tax 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 terms 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

With respect to any Assessor's Parcel that is prepaid, the Board shall indicate in the records of the District that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual 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, Restricted Residential Property, or Non-Residential Property.

SECTION H

PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES

1. Partial Prepayment Times and Conditions

The Annual Special Tax obligation of Assessor's Parcels of Taxable Property may be partially prepaid in increments of ten (10) units, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcels at the time the Annual Special Tax obligation would be partially prepaid. An owner of an Assessor's Parcel(s) intending to partially prepay the Assigned Annual Special Tax shall provide the District with written notice of their intent to partially 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 terms 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 Annual Special Tax obligation

RFC = Reserve Fund Credit

PAF = Prepayment Administrative Fees

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 the District 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 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 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.

SECTION I TERMINATION OF SPECIAL TAX

The Annual Special Tax shall be levied for a term of five (5) Fiscal Years after the final maturity of the last series of Bonds, provided that the Annual Special Tax shall not be levied later than Fiscal Year 2071/2072. However, the Special Tax may cease to be levied in an earlier Fiscal Year if the Board has 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 J EXEMPTIONS

The Administrator shall classify as Exempt Property in the chronological order in which each 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, (v) Restricted Residential Property, (vi) Non-Residential Property, or (vii) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the Net Taxable Acreage to less than 30.01 ("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 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 less than the Minimum Taxable Acreage will be classified as Provisional 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 Administrator not later than six (6) months 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 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) as the representative's decision shall indicate.

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 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 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 A

CERTIFICATE TO AMEND SPECIAL TAX

DISTRICT CERTIFICATE

1. Pursuant to Section C of the Rate and Method of Apportionment, Improvement Area No. 2 of Community Facilities District No. 2011-1 of the Menifee Union School District ("District") hereby approves a reduction in the Assigned Annual Special Tax for Developed Property, Approved Property, Undeveloped Property, and Provisional Undeveloped Property within the District.
 - a. The information in Table 2 relating to the Fiscal Year 2011/2012 Assigned Annual Special Tax for Developed Property within the District shall be modified as follows:

Table 2

**Fiscal Year 2011/2012
Initial Assigned Annual Special Taxes for
Developed Property**

Land Use Class	Unit Type	Building Square Footage	Initial Assigned Annual Special Tax Rate
1	Detached/Attached Unit	<= 1,700 sq. ft.	\$,____.____ per Unit
2	Detached/Attached Unit	1,701 – 1,900 sq. ft.	\$,____.____ per Unit
3	Detached/Attached Unit	1,901 – 2,100 sq. ft.	\$,____.____ per Unit
4	Detached/Attached Unit	2,101 – 2,300 sq. ft.	\$,____.____ per Unit
5	Detached/Attached Unit	2,301 – 2,500 sq. ft.	\$,____.____ per Unit
6	Detached/Attached Unit	2,501 – 2,700 sq. ft.	\$,____.____ per Unit
7	Detached/Attached Unit	2,701 – 2,900 sq. ft.	\$,____.____ per Unit
8	Detached/Attached Unit	2,901 – 3,100 sq. ft.	\$,____.____ per Unit
9	Detached/Attached Unit	3,101 – 3,300 sq. ft.	\$,____.____ per Unit
10	Detached/Attached Unit	> 3,300 sq. ft.	\$,____.____ per Unit

- b. The Fiscal Year 2011/2012 Assigned Annual Special Tax for each Assessor's Parcel of Approved Property, Undeveloped Property, and Provisional Undeveloped Property shall be \$[_____] per acre.

EXHIBIT C

Annual Debt Service Coverage Summary Table

Annual Debt Service Coverage Summary
Menifee Union School District
Improvement Area No. 2 of Community Facilities District No. 2011-1
2017 Special Tax Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>Total Debt</u> <u>Service</u>	<u>Special Tax</u> <u>Levy/</u> <u>Maximum</u> <u>Special Tax</u>	<u>Administrative</u> <u>Expense</u> <u>Budget</u>	<u>Net Taxes</u>	<u>Coverage</u>
2020	\$374,337.50	\$444,209.10	\$30,000.00	\$414,209.10	110.65%
2021	\$382,237.50	\$550,247.29	\$30,000.00	\$520,247.29	136.11%
2022	\$389,937.50	\$561,252.24	\$30,000.00	\$531,252.24	136.24%
2023	\$397,437.50	\$572,477.28	\$30,000.00	\$542,477.28	136.49%
2024	\$404,737.50	\$583,926.83	\$30,000.00	\$553,926.83	136.86%
2025	\$413,937.50	\$595,605.37	\$30,000.00	\$565,605.37	136.64%
2026	\$422,537.50	\$607,517.47	\$30,000.00	\$577,517.47	136.68%
2027	\$435,537.50	\$619,667.82	\$30,000.00	\$589,667.82	135.39%
2028	\$442,737.50	\$632,061.18	\$30,000.00	\$602,061.18	135.99%
2029	\$454,337.50	\$644,702.40	\$30,000.00	\$614,702.40	135.30%
2030	\$460,137.50	\$657,596.45	\$30,000.00	\$627,596.45	136.39%
2031	\$470,337.50	\$670,748.38	\$30,000.00	\$640,748.38	136.23%
2032	\$484,737.50	\$684,163.35	\$30,000.00	\$654,163.35	134.95%
2033	\$493,137.50	\$697,846.61	\$30,000.00	\$667,846.61	135.43%
2034	\$500,737.50	\$711,803.55	\$30,000.00	\$681,803.55	136.16%
2035	\$512,537.50	\$726,039.62	\$30,000.00	\$696,039.62	135.80%
2036	\$523,337.50	\$740,560.41	\$30,000.00	\$710,560.41	135.77%
2037	\$533,137.50	\$755,371.62	\$30,000.00	\$725,371.62	136.06%
2038	\$548,456.26	\$770,479.05	\$30,000.00	\$740,479.05	135.01%
2039	\$557,687.50	\$785,888.63	\$30,000.00	\$755,888.63	135.54%
2040	\$570,437.50	\$801,606.40	\$30,000.00	\$771,606.40	135.27%
2041	\$582,062.50	\$817,638.53	\$30,000.00	\$787,638.53	135.32%
2042	\$592,562.50	\$833,991.30	\$30,000.00	\$803,991.30	135.68%
2043	\$606,937.50	\$850,671.13	\$30,000.00	\$820,671.13	135.22%

EXHIBIT D

Assessed Value Summary Table

Assessed Value Summary
Menifee Union School District
Improvement Area No. 2 of Community Facilities District No. 2011-1
2017 Special Tax Bonds

Tax Class (Land Use)	Units / Parcels	Assessed Value Land	Assessed Value Improvement	Assessed Value Other	Assessed Value Total ^[1]
Improved					
Tax Class 1 (≤ 1,700)	27	\$2,111,073.00	\$6,091,777.00	\$0.00	\$8,202,850.00
Tax Class 2 (1,701 – 1,900)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class 3 (1,901 – 2,100)	26	\$2,020,853.00	\$6,166,784.00	\$0.00	\$8,187,637.00
Tax Class 4 (2,101 – 2,300)	28	\$2,257,961.00	\$7,004,796.00	\$0.00	\$9,262,757.00
Tax Class 5 (2,301 – 2,500)	51	\$3,955,579.00	\$14,157,642.00	\$0.00	\$18,113,221.00
Tax Class 6 (2,501 – 2,700)	18	\$1,484,690.00	\$5,439,900.00	\$0.00	\$6,924,590.00
Tax Class 7 (2,701 – 2,900)	30	\$2,380,586.00	\$8,751,205.00	\$0.00	\$11,131,791.00
Tax Class 8 (2,901 – 3,100)	17	\$1,345,143.00	\$5,240,737.00	\$0.00	\$6,585,880.00
Tax Class 9 (3,101 – 3,300)	1	\$67,250.00	\$371,708.00	\$0.00	\$438,958.00
Tax Class 10 (> 3,300)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class U (Undeveloped)	0	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal Improved	198	\$15,623,135.00	\$53,224,549.00	\$0.00	\$68,847,684.00
Unimproved					
Tax Class 1 (≤ 1,700)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class 2 (1,701 – 1,900)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class 3 (1,901 – 2,100)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class 4 (2,101 – 2,300)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class 5 (2,301 – 2,500)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class 6 (2,501 – 2,700)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class 7 (2,701 – 2,900)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class 8 (2,901 – 3,100)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class 9 (3,101 – 3,300)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class 10 (> 3,300)	0	\$0.00	\$0.00	\$0.00	\$0.00
Tax Class U (Undeveloped)	0	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal Unimproved	0	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal Taxable	198	\$15,623,135.00	\$53,224,549.00	\$0.00	\$68,847,684.00
Tax Class E (Exempt)	21	\$105,282.00	\$119,530.00	\$0.00	\$224,812.00
Tax Class P (Prepaid)	0	\$0.00	\$0.00	\$0.00	\$0.00
Total	219	\$15,728,417.00	\$53,344,079.00	\$0.00	\$69,072,496.00

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

EXHIBIT E

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

Submitted:
Monday, October 28, 2019
4:09:20PM
CDIAC #: 2017-2506

**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

For Office Use Only
Fiscal Year _____

I. GENERAL INFORMATION

A. Issuer Menifee Union School District CFD No 2011-1
B. Project Name IA No 2
C. Name/ Title/ Series of Bond Issue 2017 Special Tax Ref Bonds
D. Date of Bond Issue 10/11/2017
E. Original Principal Amount of Bonds \$7,435,000.00
F. Reserve Fund Minimum Balance Required Yes ☒ Amount \$563,160.55 No ☐

II. FUND BALANCE FISCAL STATUS

Balances Reported as of: 6/30/2019
A. Principal Amount of Bonds Outstanding \$7,310,000.00
B. Bond Reserve Fund \$596,463.60
C. Capitalized Interest Fund \$0.00
D. Construction Fund(s) \$6,914.50

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

A. Assessed or Appraised Value Reported as of: 7/1/2019
☒ 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 \$68,847,684.00

IV. TAX COLLECTION INFORMATION

A. Total Amount of Special Taxes Due Annually \$435,498.60
B. Total Amount of Unpaid Special Taxes Annually \$2,550.68
C. Does this agency participate in the County's Teeter Plan? N

V. DELINQUENT REPORTING INFORMATION

Delinquent Parcel Information Reported as of Equalized Tax Roll of: 10/9/2019
A. Total Number of Delinquent Parcels: 0
B. Total Amount of Taxes Due on Delinquent Parcels: \$0.00
(Do not include penalties, penalty interest, etc.)

VI. FORECLOSURE INFORMATION FOR FISCAL YEAR

(Aggregate totals, if foreclosure commenced on same date)

(Attach additional sheets if necessary.)

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax Due on Foreclosure Parcels
		\$0.00
		\$0.00
		\$0.00
		\$0.00
	E-1	\$0.00

Submitted:
Monday, October 28, 2019
4:09:20PM
CDIAC #: 2017-2506

**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

For Office Use Only
Fiscal Year _____

VII. ISSUE RETIRED

This issue is retired and no longer subject to the Yearly Fiscal Status report filing requirements.

(Indicate reason for retirement)

Matured ☐ Redeemed Entirely ☐ Other ☐

If Matured, indicate final maturity date:

If Redeemed Entirely, state refunding bond title & CDIAC #:

and redemption date:

If Other:

and date:

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 Number	(949) 250-8300	Date of Report 10/28/2019
E-Mail	taxinfo@coopstrategies.com	

IX. ADDITIONAL COMMENTS:

1st installment delinquencies reported in Section IV. County has not released 2nd or year-end installment data.
Delinquency information reported in Section V is based on redemption data released by the County of Riverside as of 10/09/2019.

EXHIBIT F

Listed Event

**NOTICE OF SIGNIFICANT EVENT
UNDER SEC RULE 15c2-12**

\$7,435,000

**Menifee Union School District
Community Facilities District No. 2011-1,
Improvement Area No. 2
2017 Special Tax Bonds
Base CUSIP No. 586810
October 26, 2017**

Improvement Area No. 2 of Community Facilities District No. 2011-1 of the Menifee Union School District ("Issuer"), in compliance with Securities & Exchange Commission Rule 15c2-12, is hereby providing Notice that an appointment of a successor fiscal agent has occurred effective July 29, 2019.

Material Event: Appointment of Successor Fiscal Agent

The Issuer, pursuant to the applicable provisions of the Fiscal Agent Agreement for the bonds referenced above, hereby acknowledges its removal of U.S. Bank, National Association, as fiscal agent, effective July 29, 2019. The Issuer has appointed Zions Bancorporation, National Association as the successor fiscal agent as of such date. The successor fiscal agent can be contacted at:

Mark Petrasso
Senior Vice President
Zions Bancorporation, National Association
550 South Hope Street, Suite 2875
Los Angeles, CA 90071
Ph: 213.593.3153
Fax: 866.870.0209
Email: mark.petrasso@zionsbank.com

The information in this Significant Event Notice is provided solely to comply with the Issuer's contractual commitment to provide notice of an appointment of successor fiscal agent. This Significant Event Notice is not made by the Issuer in connection with a purchase or sale of the obligations and accordingly is not intended to contain all information material to a decision to purchase or sell the obligations.

Date of Notice: August 12, 2019