

\$19,040,000
City of Fullerton
Community Facilities District No. 1
(Amerige Heights)
2012 Special Tax Refunding Bonds

Continuing Disclosure Annual Report
for the Fiscal Year Ended June 30, 2014

Prepared on Behalf of:

CITY OF FULLERTON
303 W. Commonwealth
Fullerton, CA 92832

Prepared by:

DAVID TAUSSIG & ASSOCIATES, INC.
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Public Finance
Facilities Planning
Urban Economics

Newport Beach
Fresno
Riverside
San Francisco

TABLE OF CONTENTS

<i>Section</i>	<i>Page</i>
I. Introduction	1
II. Contents of Annual Report.....	2

I. Introduction

This continuing disclosure annual report (the "Annual Report") has been prepared pursuant to the provisions of the Continuing Disclosure Certificate (the "Disclosure Certificate") executed and delivered by the City of Fullerton (the "City") for and on behalf of its Community Facilities District No. 1 (Amerige Heights) (the "Issuer" or "District") in connection with the issuance of the \$19,040,000 City of Fullerton Community Facilities District No. 1 (Amerige Heights) 2012 Special Tax Refunding Bonds (the "Bonds"). The Bonds were issued pursuant to a Fiscal Agent Agreement dated as of October 1, 2012 (the "Fiscal Agent Agreement") by and between the Issuer and U.S. Bank National Association as fiscal agent, relating to the Bonds.

All capitalized terms used herein shall have the meanings set forth in the Disclosure Certificate.

II. Contents of Annual Report

The District's Annual Report contains or incorporates by reference the following documents and information as required under Section 4 of the Disclosure Certificate:

(a) Audited financial statements for the fiscal year ending June 30, 2014.

The audited financial statements of the Issuer for the fiscal year ended June 30, 2014 are included as Exhibit A to this Annual Report.

(b) The following additional financial and operating data:

- (i) The principal amount of Bonds outstanding as of the September 2nd preceding the filing of the Annual Report.

The principal amount of Bonds outstanding as of September 2, 2014 equaled \$17,795,000.

- (ii) The balance in each fund and account under the Fiscal Agent Agreement as of the September 2nd preceding the filing of the Annual Report.

Funds and Accounts	Balances as of September 2, 2014
Cost of Issuance Fund	\$0
Reserve Fund	\$1,800,796
Bond Fund	\$0
Special Tax Prepayments Account	\$0
Special Tax Fund	\$16,994
Administrative Expense Fund	\$26,901
Escrow Fund	\$0
Surplus Fund	\$0

- (iii) Any changes to the Rate and Method of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a summary of the facts related to the collection of any Backup Special Tax and a description of any parcels for which the Special Taxes have been prepaid, including the amount prepaid, since the date of the last Annual Report.

No changes occurred affecting the Rate and Method of Apportionment of the Special Taxes since the Bonds were issued. Additionally, no Backup Special Taxes have been levied to date. Furthermore, no parcels have prepaid their applicable Special Tax obligation since the date of the last Annual Report.

- (iv) An update of Table 5 of the Official Statement including a list of all taxpayers which own property within the Issuer's boundaries upon which 5% or more of the total Special Taxes for the current fiscal year have been levied, and a statement as to whether any of such taxpayers is delinquent in the payment of Special Taxes.

An update of Table 5 of the Official Statement is included as Exhibit B to this Annual Report. As of the date of this Annual Report, there are no taxpayers within the Issuer's boundaries upon which 5% or more of the total Special Taxes for the current fiscal year have been levied; and accordingly there are no taxpayers within the Issuer's boundaries upon which 5% or more of the total Special Taxes for the current fiscal year have been levied who are delinquent in the payment of such Special Taxes.

- (v) An update to Tables 6 and 7 of the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report.

Updated assessed value-to-lien ratio tables are included as Exhibit C to this Annual Report.

- (vi) Any information not already included under (i) through (v) above that the Issuer is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

A copy of the Issuer's Mello-Roos Community Facilities District Yearly Fiscal Status Report for fiscal year 2013-2014 is included as Exhibit D to this Annual Report.

EXHIBIT A

AUDITED FINANCIAL STATEMENTS

THE CITY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE DISTRICT OR THE CITY, OTHER THAN SPECIAL TAXES, ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS, AND NEITHER THE DISTRICT NOR THE CITY IS OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE DISTRICT OR THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

EXHIBIT B

SPECIAL TAX DELINQUENCY HISTORY

Community Facilities District No. 1 Special Tax Delinquency History

Fiscal Year	Annual Special Tax Levied	Number of Parcels Subject to Levy	<u>As of Fiscal Year End</u>				<u>As of March 10, 2015</u>		
			Amount Collected	Amount Delinquent ^[1]	Number of Parcels Delinquent	Percent Delinquent	Remaining Amount Delinquent ^[1]	Remaining Parcels Delinquent	Remaining Percent Delinquent
2006-2007	\$1,369,008	1,063	\$1,298,828	\$70,180	91	5.13%	\$0	0	0.00%
2007-2008	\$1,368,991	1,138	\$1,301,788	\$67,203	74	4.91%	\$0	0	0.00%
2008-2009	\$1,402,415	1,138	\$1,300,179	\$102,236	109	7.29%	\$0	0	0.00%
2009-2010	\$1,438,280	1,138	\$1,383,984	\$54,296	61	3.78%	\$0	0	0.00%
2010-2011	\$1,474,955	1,138	\$1,448,705	\$26,250	31	1.78%	\$0	0	0.00%
2011-2012	\$1,494,555	1,138	\$1,462,034	\$32,521	35	2.18%	\$949	1	0.06%
2012-2013	\$1,545,999	1,138	\$1,526,958	\$19,041	21	1.23%	\$2,457	3	0.16%
2013-2014	\$1,275,623	1,138	\$1,262,410	\$13,213	14	1.04%	\$3,306	5	0.26%

Source: David Taussig & Associates, Inc., County of Orange

[1] Delinquent Amount does not include penalties, interest or fees.

EXHIBIT C

ASSESSED VALUE-TO-LIEN RATIOS

Community Facilities District No. 1
Estimated Assessed Value-to-Lien Ratios
(Including Overlapping Assessment and Special Tax Debt)

<i>Rate and Method Land Use Category</i>	<i>Number of Taxable Parcels</i>	<i>Actual FY 2014-2015 Special Tax ^[1]</i>	<i>Percent of Actual FY 2014-2015 Special Tax</i>	<i>Pro Rata Share of 2012 Bonds ^[2]</i>	<i>Est. Share of Overlapping Debt ^[3]</i>	<i>Total Debt Outstanding</i>	<i>Assessed Valuation ^[4]</i>	<i>Estimated Assessed Value-to-Lien Ratios ^[5]</i>
<u>ZONE 1</u>								
Developed Property ^[6]								
Detached Property (Residential Floor Area > 4,000 sq. ft.)	31	\$59,559	4.64%	\$825,167	\$660,053	\$1,485,220	\$29,288,450	19.72
Detached Property (Residential Floor Area 3,251 - 4,000 sq. ft.)	135	\$245,360	19.10%	\$3,399,363	\$2,692,057	\$6,091,420	\$118,376,081	19.43
Detached Property (Residential Floor Area 2,501 - 3,250 sq. ft.)	315	\$409,802	31.91%	\$5,677,649	\$5,195,581	\$10,873,231	\$232,291,890	21.36
Detached Property (Residential Floor Area 2,001 - 2,500 sq. ft.)	145	\$140,282	10.92%	\$1,943,547	\$2,048,756	\$3,992,303	\$90,101,344	22.57
Detached Property (Residential Floor Area <= 2,000 sq. ft.)	53	\$45,408	3.54%	\$629,114	\$596,293	\$1,225,407	\$28,466,167	23.23
Attached Property (Residential Floor Area > 1,400 sq. ft.)	407	\$330,932	25.77%	\$4,584,927	\$3,375,621	\$7,960,549	\$183,628,059	23.07
Attached Property (Residential Floor Area <= 1,400 sq. ft.)	43	\$23,068	1.80%	\$319,595	\$356,638	\$676,233	\$15,245,718	22.55
Non-Residential Property	0	\$0	0.00%	\$0	\$0	\$0	\$0	NA
Undeveloped Property ^[6]	0	\$0	0.00%	\$0	\$0	\$0	\$0	NA
<i>Zone 1 Total</i>	<i>1,129</i>	<i>\$1,254,411</i>	<i>97.66%</i>	<i>\$17,379,362</i>	<i>\$14,925,000</i>	<i>\$32,304,362</i>	<i>\$697,397,709</i>	<i>21.59</i>
<u>ZONE 2</u>								
Developed Property ^[6]								
Residential Property	0	\$0	0.00%	\$0	\$0	\$0	\$0	NA
Non-Residential Property	9	\$30,000	2.34%	\$415,638	\$0	\$415,638	\$99,403,318	239.16
Undeveloped Property ^[6]	0	\$0	0.00%	\$0	\$0	\$0	\$0	NA
<i>Zone 2 Total</i>	<i>9</i>	<i>\$30,000</i>	<i>2.34%</i>	<i>\$415,638</i>	<i>\$0</i>	<i>\$415,638</i>	<i>\$99,403,318</i>	<i>239.16</i>
TOTAL	1,138	\$1,284,411	100.00%	\$17,795,000	\$14,925,000	\$32,720,000	\$796,801,027	24.35

Source: David Taussig & Associates, Inc.

[1] Based on the levy of the Special Tax required to fund the FY 2014-2015 Special Tax Requirement.

[2] Allocated based on proportionate share of Actual FY 2014-2015 Special Tax.

[3] Represents overlapping assessment district and other community facilities district debt outstanding as of September 2, 2014. Allocated based on estimated share of fiscal year 2014-2015 levy.

[4] Based on Orange County Assessor Roll dated January 1, 2014.

[5] Calculated by dividing the respective Zone 1 and Zone 2 Assessed Valuation column by the respective Zone 1 and Zone 2 Total Debt Outstanding column.

[6] Based on development status pursuant to the Rate and Method for FY 2014-2015.

Community Facilities District No. 1
Distribution of Value-to-Lien Burden Ratios
(Including Overlapping Assessment and Special Tax Debt)

<i>Value-to-Lien Burden Category</i>	<i>Number of Taxable Parcels</i>	<i>Actual FY 2014-2015 Special Tax ^[1]</i>	<i>Percent of Actual FY 2014-2015 Special Tax</i>	<i>Assessed Valuation ^[2]</i>	<i>Percent of Total Valuation</i>	<i>Pro Rata Share of 2012 Bonds ^[3]</i>	<i>Est. Share of Overlapping Debt ^[4]</i>	<i>Total Debt Outstanding</i>	<i>Value-to-Lien Burden Ratio ^[5]</i>	<i>Percent of Total Burden</i>
30.00:1 and above ^[6]	10	\$31,301	2.44%	\$100,463,107	12.61%	\$433,662	\$17,279	\$450,941	222.79	1.38%
25.00:1 to 29.99:1	165	\$152,677	11.89%	\$103,527,603	12.99%	\$2,115,285	\$1,820,161	\$3,935,446	26.31	12.03%
20.00:1 to 24.99:1	658	\$694,928	54.10%	\$406,841,453	51.06%	\$9,627,949	\$8,345,020	\$17,972,969	22.64	54.93%
15.00:1 to 19.99:1	292	\$391,971	30.52%	\$182,564,717	22.91%	\$5,430,609	\$4,579,255	\$10,009,864	18.24	30.59%
10.00:1 to 14.99:1	4	\$4,272	0.33%	\$1,478,305	0.19%	\$59,184	\$53,392	\$112,576	13.13	0.34%
7.00:1 to 9.99:1	5	\$6,285	0.49%	\$1,494,296	0.19%	\$87,083	\$76,718	\$163,801	9.12	0.50%
5.00:1 to 6.99:1	3	\$2,163	0.17%	\$336,489	0.04%	\$29,963	\$24,882	\$54,845	6.14	0.17%
3.00:1 to 4.99:1	1	\$813	0.06%	\$95,057	0.01%	\$11,265	\$8,294	\$19,559	4.86	0.06%
Less than 3.00:1	0	\$0	0.00%	\$0	0.00%	\$0	\$0	\$0	NA	0.00%
TOTAL	1,138	\$1,284,411	100.00%	\$796,801,027	100.00%	\$17,795,000	\$14,925,000	\$32,720,000	24.35	100.00%

Source: David Taussig & Associates, Inc.

[1] Based on the levy of the Special Tax required to fund the FY 2014-2015 Special Tax Requirement.

[2] Based on Orange County Assessor Roll dated January 1, 2014.

[3] Allocated based on proportionate share of Actual FY 2014-2015 Special Tax.

[4] Represents overlapping assessment district and other community facilities district debt outstanding as of September 2, 2014. Allocated based on estimated share of fiscal year 2014-2015 levy.

[5] Calculated by dividing the Assessed Valuation column by the Total Debt Outstanding column.

[6] The ten parcels within this Value-to-Lien Burden Category represents one parcel within Zone 1 and all nine parcels within Zone 2.

EXHIBIT D

**CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION
YEARLY FISCAL STATUS REPORT**

Submitted:
Wednesday, October 29, 2014
12:45:51PM
CDIAC #: 2012-1777

**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 Fullerton CFD No 1

B. Project Name Amerige Heights

C. Name/ Title/ Series of Bond Issue 2012 Spec Tax Ref Bonds

D. Date of Bond Issue 10/18/2012

E. Original Principal Amount of Bonds \$19,040,000.00

F. Reserve Fund Minimum Balance Required Yes ☒ Amount \$1,800,750.00 No ☐

II. FUND BALANCE FISCAL STATUS

Balances Reported as of: 6/30/2014

A. Principal Amount of Bonds Outstanding \$18,240,000.00

B. Bond Reserve Fund \$1,800,928.00

C. Capitalized Interest Fund \$0.00

D. Construction Fund(s) \$0.00

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

A. Assessed or Appraised Value Reported as of: 1/1/2014

☒ 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 \$796,801,027.00

IV. TAX COLLECTION INFORMATION

A. Total Amount of Special Taxes Due Annually \$1,275,623.00

B. Total Amount of Unpaid Special Taxes Annually \$10,601.00

C. Taxes are Paid Under the County's Teeter Plan? N

V. DELINQUENT REPORTING INFORMATION

Delinquent Parcel Information Reported as of Equalized Tax Roll of: 10/1/2014

A. Total Number of Delinquent Parcels Annually: 13

B. Total Amount of Taxes Due on Delinquent Parcels Annually: \$16,562.00
(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
		\$0.00

Submitted:

Wednesday, October 29, 2014

12:45:51PM

CDIAC #: 2012-1777

**STATE OF CALIFORNIA
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(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 Shayne Morgan

Title Vice President

Firm/ Agency David Taussig & Associates, Inc.

Address 5000 Birch Street Suite 6000

City/ State/ Zip Newport Beach, CA 92660

Phone Number (949) 955-1500

Date of Report 10/29/2014

E-Mail shayne@taussig.com

IX. ADDITIONAL COMMENTS: