The following information is being provided by Community Facilities District No. 1 (Palmdale/Lancaster Area Waterworks Improvements) of the County of Los Angeles (the "District") pursuant to Section 4 of the Continuing Disclosure Undertaking dated as of June 1, 1999 (the "Disclosure Undertaking") of the District relating to Community Facilities District No. 1 of the County of Los Angeles (Palmdale/Lancaster Area Waterworks Improvements) Special Tax Refunding Bonds, Series 1999 A (the "Bonds").

1. Principal amount of Bonds outstanding: $1,020,000.00

2. Cash Balance in Reserve Fund: $553,875.00
   Reserve Requirement: $553,875.00

3. Cash Balance in other funds and accounts:
   Special Tax Fund: $641,806.08
   Bond Service Fund: $33.49
   Earnings Fund: $14,964.51
   Administrative Expense Fund: $35,451.23

4. Range of value-to-lien ratios of parcels based on Assessed valuation with subtotals for parcels in the District pursuant to the Rate and Method of Apportionment of Special Tax of the District:

   **Range of Assessed Value-To-Lien Ratios**

<table>
<thead>
<tr>
<th>Value to Lien</th>
<th>Number of Parcels</th>
<th>FY 2016-2017 Special Taxes</th>
<th>Percent of Total Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater than 10:1</td>
<td>2,476</td>
<td>$545,277.64</td>
<td>91.02%</td>
</tr>
<tr>
<td>Between 5:1 and 10:1</td>
<td>3</td>
<td>44,265.39</td>
<td>7.39%</td>
</tr>
<tr>
<td>Between 3:1 and 4.99:1</td>
<td>0</td>
<td>0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>Less than 3:1</td>
<td>1</td>
<td>9,551</td>
<td>1.59%</td>
</tr>
<tr>
<td>Total</td>
<td>2,480</td>
<td>$599,094.14</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
5. Tax or assessment delinquency rate for most recent year available: 9.14%

6. Special Tax revenues apportioned and percentages of collections:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>599,094.14</td>
<td>544,349.56</td>
<td>45,697.83</td>
<td>590,047.39</td>
<td>90.86%</td>
<td>98.49%</td>
</tr>
</tbody>
</table>

7. Status of special tax foreclosure proceedings and results of foreclosure sales:

<table>
<thead>
<tr>
<th>Total No. of Foreclosure Parcels</th>
<th>Date Foreclosure Commenced</th>
<th>Tax Due on Foreclosure Parcels</th>
<th>Status of Special Tax Foreclosure Proceedings and Results of Foreclosure Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>March 2010</td>
<td>32,190</td>
<td>Court recorded Judicial Foreclosure judgment and authorized Writ of Sale on February 16, 2011. A Writ of Sale was filed with the County Clerk and subsequent Levy set for October 11, 2011. A failed Sale by Sheriff was held on December 21, 2011.</td>
</tr>
<tr>
<td>4</td>
<td>September 2001</td>
<td>205,088</td>
<td>Court recorded Judicial Foreclosure judgment April 2002. The taxpayers filed for Chapter 11 protection August 2005; the case was dismissed June 2007. Application to the court for a writ of sale is on hold pending improvement in market conditions.</td>
</tr>
</tbody>
</table>

8. Identity of any delinquent taxpayer (by specific title holder and excluding related entities) representing in the aggregate more than 5% Special Tax levy and value-to-lien ratios based on assessed valuation of applicable properties (using assessed values):

<table>
<thead>
<tr>
<th>Delinquent Taxpayer</th>
<th>FY 2016-2017 Special Tax Levy</th>
<th>Individual Tax Levied</th>
<th>Total Amount Paid</th>
<th>Individual Assessed Value</th>
<th>Value to Lien Ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sierra Gateway Resolution LLC</td>
<td>599,094.14</td>
<td>32,467.66</td>
<td>0.00</td>
<td>1,187,214</td>
<td>21.48:1</td>
</tr>
</tbody>
</table>
Annual Report
Community Facilities District No. 1
As of June 30, 2017

9. A land ownership summary listing ownerships as of January 1, 2017, from records of County Assessor:

Please see Attachment II

ANY SUBSEQUENT STATEMENTS REGARDING THE BONDS OTHER THAN A STATEMENT MADE BY THE FISCAL AGENT IN AN OFFICIAL RELEASE OR SUBSEQUENT NOTICE OR ANNUAL REPORT, PUBLISHED IN A FINANCIAL NEWSPAPER OF GENERAL CIRCULATION AND/OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) AND A NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORY (NRMSIR), ARE NOT AUTHORIZED BY THE DISTRICT OR THE FISCAL AGENT. NEITHER THE DISTRICT NOR THE FISCAL AGENT SHALL BE RESPONSIBLE FOR THE ACCURACY, COMPLETENESS, OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENT.

THIS REPORT IS BEING FILED PURSUANT TO THE CONTINUING DISCLOSURE UNDERTAKING AND DOES NOT PURPORT TO CONTAIN ALL MATERIAL INFORMATION WITH RESPECT TO THE BONDS OR THE FINANCIAL CONDITION OF THE DISTRICT.

NEITHER THE DISTRICT NOR THE FISCAL AGENT HAS ANY OBLIGATION TO UPDATE THIS REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE CONTINUING DISCLOSURE UNDERTAKING.

DATED: JANUARY 30, 2018

AUDITOR-CONTROLLER OF THE COUNTY OF LOS ANGELES

By: John Naimo, AUDITOR-CONTROLLER