



November 12, 2014

Mr. Keith C. Metzler, Assistant City Manager
City of Victorville
14343 Civic Drive
Victorville, CA 92393

Dear Mr. Metzler:

Subject: Request for Final and Conclusive Determination

On January 16, 2014, the California Department of Finance (Finance) received Victor Valley Economic Development Authority Successor Agency (Agency)'s request for a final and conclusive determination on Item Nos. 1 through 6 as listed on the Recognized Obligation Payment Schedule for the period of July through December 2013 (ROPS 13-14B).

Finance has completed its review of the Agency's request, which may have included obtaining clarification on items provided and additional supporting documentation.

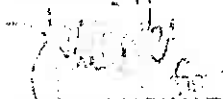
It is our understanding that pursuant to the Joint Powers Authority (JPA) Agreement the Agency passes the tax increment generated from the Victor Valley Project Area (Project Area) to its JPA member jurisdictions. Based on our review and application of the law, Finance has made the following determinations:

- Item No. 1 – JPA Agreement pass-through distribution to the Southern California Logistics Airport Authority (SCLAA). Pursuant to the JPA Agreement, SCLAA is not a JPA member and does not directly receive funding distributions from the Agency. It is our understanding the City of Victorville Successor Agency acts as treasurer for SCLAA, and directly receives the funding allocated to SCLAA from the Agency. As such, Finance has retired Item No. 1 from the ROPS as noted in our April 17, 2014 letter, and the item has been included in the City of Victorville ROPS. Therefore, a final and conclusive determination for this item is unnecessary.
- Item Nos. 2 and 5 – JPA Agreement pass-through distributions to the City of Victorville and Town of Apple Valley Successor Agencies. It is our understanding that tax increments from the Project Area allocated to the City of Victorville and Town of Apple Valley Successor Agencies are pledged for the payments of SCLAA bonds and 2005 and 2007 Apple Valley's bonds. JPA Agreement disbursements to members have previously been reviewed by Finance and subsequently approved on all ROPS submissions as enforceable obligations. Pursuant to HSC section 34177.5 (i), we are pleased to inform you:
 - (i) Finance's approval of Item Nos. 2 and 5 – JPA Agreement disbursements to members as enforceable obligations for the payment of bonds are final and conclusive; and

- (ii) Finance's review of Item Nos. 2 and 5 – JPA Agreement disbursements to members will be limited to confirming the scheduled debt service payments required by the bond covenants in future ROPS reviews.
- o Item Nos. 3, 4, and 6 – JPA Agreement pass-through distributions to the City of Hesperia, County of San Bernardino, and City of Adelanto Successor Agencies. HSC section 34177.5 (i) states the Agency can petition Finance to make a Final and Conclusive determination if the enforceable obligation provides for an irrevocable commitment of property tax revenue. However, these members do not have enforceable obligations that are secured by the JPA Agreement pass-through distributions. Therefore, Redevelopment Property Tax Trust Fund (RPTTF) funds received by these JPA members are not encumbered for the payment of bond debt service or any other obligation owed by the recipients. As a result, these items were denied as inclusions to the January through June 2015 ROPS (ROPS 14-15B), and therefore do not qualify for a final and conclusive determination.

Please direct inquiries to Nichelle Thomas, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Mr. Marc Puckett, Treasurer, Town of Apple Valley
Ms. Linda Santillano, Property Tax Manager, San Bernardino County
California State Controller's Office