



Victorville Successor Agency
(Formerly Victorville Redevelopment Agency)
Continuing Disclosure Report
For Year Ended June 30, 2022

February 14, 2023

Victorville Successor Agency
14343 Civic Drive
Victorville, CA 92392

February 14, 2023

RE: Annual Continuing Disclosure Report for Fiscal Year Ended June 30, 2022

FOR: Victorville Successor Agency, Tax Allocation Bonds, 2002 Series A
Victorville Successor Agency, Tax Allocation Bonds, 2003 Refunding Series A
Victorville Successor Agency, Tax Allocation Bonds, 2003 Refunding Series B
Victorville Successor Agency, Tax Allocation Parity Bonds, 2006 Series A

Disclaimer

The information contained herein is qualified in its entirety by specific information contained in the Official Statements relating to the bonds issued by Victorville Successor Agency, formerly Victorville Redevelopment Agency. All such Official Statements and other related documents are incorporated herein by reference. In the event that any conflict exists between the statements herein and information contained in the Official Statements, then the information contained in the Official Statements shall apply.

Forward-Looking Statements

The Continuing Disclosure Report contains certain forward-looking statements, including certain plans, expectations, goals and projects, which are subject to numerous assumptions, risks and uncertainties. Actual results could differ materially from those contained in or implied by such statements for a variety of factors including: changes in economic conditions; success and timing of business strategies; the nature and extent of governmental actions and reforms; and outcomes of litigation involving budgetary matters of the State of California and tax increment revenue (as described and allowed under California Redevelopment Law and subject to agreements with overlapping taxing agencies).

Content of This Report

The following information is to be disseminated through the MSRB's Electronic Municipal Market Access system ("EMMA") to comply solely with those requirements of the Continuing Disclosure Agreements relating to the periodic updates of information relating to tax increment revenues and

financing. This Report is not intended to be a complete Annual Report or to disclose any information other than as presented herein. The information consists of the following:

1. Unaudited Comprehensive Annual Financial Report for the City of Victorville for fiscal year ended June 30, 2022. (Financial reports will be posted when available.)
2. Report from Fiscal Consultant, Harris & Associates, completed February 13, 2023 relating to historic and projected tax increment revenues of the Bear Valley Road Redevelopment Project Area, a portion of which revenues are pledged to secure the repayment of the bonds. This report provides an update of the tables and charts in the section of the Official Statement entitled "THE PROJECT AREA".

The information contained herein has been approved for filing with the MSRB's Electronic Municipal Market Access system ("EMMA") by the City of Victorville Successor Agency, which has authorized and instructed the Bank of New York Mellon Global Corporate Trust to file this report in its capacity as the Disseminating Agent for the Victorville Successor Agency/RDA bonds.



John Mendiola
Disclosure Representative
Victorville Successor Agency



Harris & Associates

CONTINUING DISCLOSURE REPORT



February 13, 2023

BEAR VALLEY ROAD REDEVELOPMENT PROJECT AREA

14343 Civic Dr., Victorville, CA 92392

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INTRODUCTION

Harris & Associates (“Harris”) has prepared this Continuing Disclosure Report (“Report”) at the request of the Successor Agency to the former Victorville Redevelopment Agency (“Successor Agency”). It is our understanding that the Successor Agency will employ this Report to substantiate the continuing viability of its four (4) outstanding Tax Allocation Bonds (“Bonds”). The Bonds include the following series:

- 2002 Tax Allocation Bonds
- 2003 Tax Allocation Refunding Bonds, Series A
- 2003 Tax Allocation Refunding Bonds, Series B
- 2006 Taxable Tax Allocation Parity Bonds

This Report outlines available tax increment generated within the Bear Valley Road Redevelopment Project Area (“Project Area”) as updated since the issuance of the Bonds. The Project Area includes two sub-areas.

- The Bear Valley Original Area (“Original Area”) and
- The Hook Boulevard Amendment Area (“Amendment Area”).

The following tables update the information presented in the original Fiscal Consultant Report (“FCR”) prepared for the Bonds:

Exhibit 1:	Historic Assessed Valuation and Tax Increment Receipts
Exhibit 2:	Summary of Assessed Secured Valuations by Land Use
Exhibit 3:	Top Ten Secured and Unsecured Taxpayers
Exhibit 4:	Assessment Appeals
Exhibit 5:	Top Ten Taxpayers with Pending Appeals
Exhibits 6B-E:	Tax Increment Revenue Projections

Projected assessed values and tax increment revenues presented in this Report are based upon the following assumptions:

1. Historical growth trends;
2. Trended growth in valuation as permitted by Article XIII A of the California Constitution (“Proposition 13”);
3. Assessment, pass through calculation, and apportionment procedures of the County of San Bernardino (“County”); and
4. Guidelines related to Redevelopment dissolution provided by the California Department of Finance (“DOF”) and related legislation.

Harris relies on established data sources, including, as described above, the County equalized assessment roll, appeals records, and pass-through payment calculation methodology. However, Harris cannot guarantee the accuracy of these third-party data sources.

Furthermore, all tax increment revenue projections have been conservatively estimated to reduce the possibility of overstating future tax increment revenue. While precautions have been taken to confirm the accuracy of the data used in the formulation of these projections, it cannot be ensured that projected valuations will be realized. Actual values may be affected by future events and conditions that cannot be controlled or predicted with certainty.

TAX INCREMENT COLLECTION HISTORY

Exhibit 1 presents a summary of historical assessed values and tax increment revenue collections for Fiscal Year (FY) 2018-19 to FY 2022-23 for the Project Area.

BEAR VALLEY ROAD REDEVELOPMENT PROJECT AREA

Historic Assessed Value and Tax Increment											Exhibit 1
Bear Valley Road Redevelopment Project Area											
Original Area	2018-19	Δ	2019-20	Δ	2020-21	Δ	2021-22	Δ	2022-23	Δ	
Secured	\$ 611,242,447	4.55%	\$ 637,672,099	4.32%	\$ 659,784,918	3.47%	\$ 679,470,240	2.98%	\$ 704,977,684	3.75%	
Utility	31,798		31,798		31,798		31,798		31,798		
Unsecured	165,888,456		149,417,713		137,352,831		136,407,506		140,816,374		
Total	777,162,701	3.58%	787,121,610	1.28%	797,169,547	1.28%	815,909,544	2.35%	845,825,856	3.67%	
Base Year	(4,732,384)		(4,732,384)		(4,732,384)		(4,732,384)		(4,732,384)		
Incremental	772,430,317	3.60%	782,389,226	1.29%	792,437,163	1.28%	811,177,160	2.36%	841,093,472	3.69%	
Estimated Receipts	\$ 7,724,303		\$ 7,823,892		\$ 7,924,372		\$ 8,111,772		\$ 8,410,935		
Amendment Area	2018-19	Δ	2019-20	Δ	2020-21	Δ	2021-22	Δ	2022-23	Δ	
Secured	\$ 201,995,708	8.05%	\$ 206,917,509	2.44%	\$ 210,868,293	1.91%	\$ 214,967,234	1.94%	\$ 225,251,391	4.78%	
Utility	-		-		-		-		-		
Unsecured	21,649,185		20,993,083		21,094,601		20,137,869		22,121,742		
Total	223,644,893	7.16%	227,910,592	1.91%	231,962,894	1.78%	235,105,103	1.35%	247,373,133	5.22%	
Base Year	(5,748,282)		(5,748,282)		(5,748,282)		(5,748,282)		(5,748,282)		
Incremental	217,896,611	7.36%	222,162,310	1.96%	226,214,612	1.82%	229,356,821	1.39%	241,624,851	5.35%	
Estimated Receipts	\$ 2,178,966		\$ 2,221,623		\$ 2,262,146		\$ 2,293,568		\$ 2,416,249		
Total Estimated Revenue	\$ 9,903,269		\$ 10,045,515		\$ 10,186,518		\$ 10,405,340		\$ 10,827,183		
Actual Receipts	\$ 10,189,621	3.78%	\$ 10,191,965	0.02%	\$ 9,671,452	-5.11%	\$ 10,873,484	12.43%	N/A		

Source: San Bernardino County Auditor-Controller

From FY 2018-19 to FY 2022-23, total assessed values on average grew 2.14% and 2.55% annually in the Original Area and Amendment Area, respectively. In the past five years, the Original area experienced annual growth between 1.2% and 3.7%, with the largest increase in value from FY 2021-22 to FY 2022-23, 3.67%. The Amendment Area experienced annual growth between 1.3% and 7.2%, with its largest increase in FY 2018-19 (7.16%) and the second largest increase in FY 2022-23 (5.22%).

Actual receipts increased by 12.43% in FY 2022-23, the most recent year with available data. This represents the highest increase in actual receipts for the past five years and more than recovers for the 5.11% decrease in revenues in FY 2021-22. The recent increases suggest that any negative impacts of the COVID-19 pandemic on assessed value and actual receipts were short-lived.

LAND USE

Exhibit 2 summarizes the combined FY 2022-23 total secured assessed value, net of exemptions other than the homeowner’s exemption, and acreage by land use category for the Original and Amendment Areas.

In terms of area, large portions (20% or more) of the Original Area are vacant, industrial, and residential land uses. In terms of assessed value, the Original Area is mostly split among residential, industrial, and professional land uses (ranging between 21% and 35% of assessed value). The Amendment Area, meanwhile, is predominantly commercial and vacant land uses, both in terms of area (90% together) and assessed value (95% together).

Summary of Land Use					Exhibit 2
Bear Valley Road Redevelopment Project Area					
Land Use	Original Area		Amendment Area		
	Acreage	% of Total	Acreage	% of Total	
Vacant	305	28.4%	195	55.2%	
Industrial	260	24.3%	-	0.0%	
Residential	257	24.0%	9	2.5%	
Commercial	82	7.6%	123	34.9%	
Public / Institutional	99	9.2%	23	6.6%	
Professional	70	6.5%	3	0.8%	
Total	1,072	100.0%	353	100.0%	
Rights-of-Way	188		67		
Total	1,260		420		
<i>Source: San Bernardino County Assessor 2022-23 Tax Roll and Parcel Quest</i>					
Secured Assessed Value by Land Use					
Bear Valley Road Redevelopment Project Area					
Land Use	Original Area		Amendment Area		
	Assessed Value	% of Total	Assessed Value	% of Total	
Residential	\$ 245,615,194	34.8%	\$ -	0.0%	
Industrial	189,813,184	26.9%	-	0.0%	
Commercial	90,756,135	12.9%	174,137,592	77.3%	
Vacant	30,904,157	4.4%	39,317,660	17.5%	
Professional	146,921,816	20.8%	11,784,839	5.2%	
Public / Institutional	967,198	0.1%	11,300	0.0%	
Total	\$ 704,977,684	100.0%	\$ 225,251,391	100.0%	

Source: San Bernardino County Assessor 2022-23 Tax Roll and Parcel Quest

TOP TEN TAXPAYERS

Utilizing the County Assessor’s FY 2022-23 Secured and Unsecured Assessment Tax Rolls, Harris identified the top ten largest taxpayers within the Original and Amendment Areas, listed below in Exhibit 3.

2022-23 Top Ten Secured & Unsecured Taxpayers				Exhibit 3
Bear Valley Road Redevelopment Project Area - Original Area				
	No. of Parcels	Land Use(s)	Assessed Value	% of Area Assessed Value
1 Prime Healthcare Services ¹	19	Industrial, Professional, Commercial, Vacant, and Unsecured	\$ 87,853,159	10.4%
2 Nutro Products Inc.	3	Industrial and Unsecured	60,304,859	7.1%
3 Goodyear Tire & Rubber Company	3	Industrial, Vacant, and Unsecured	35,893,482	4.2%
4 Paxbello, LLC	3	Industrial, Vacant, and Unsecured	33,119,754	3.9%
5 Church & Dwight Co. Inc.	2	Unsecured	31,084,280	3.7%
6 Wimbledon 289 LTD	1	Residential	19,166,626	2.3%
7 Victor Valley Town Center, LLC	9	Commercial, Professional, and Vacant	18,793,972	2.2%
8 Art Mortgage Borrower Propco 2010-4	1	Industrial	18,066,333	2.1%
9 Farsai Victorville 2, LLC	7	Commercial and Professional	16,282,962	1.9%
10 Strata HDV, LLC	2	Residential and Unsecured	16,131,363	1.9%
Total	50		\$ 336,696,790	39.8%
Total Project Area Assessed Value			\$ 845,825,856	
2022-23 Top Ten Secured & Unsecured Taxpayers				
Bear Valley Road Redevelopment Project Area - Amendment Area				
	No. of Parcels	Land Use(s)	Assessed Value	% of Area Assessed Value
1 Browning Desert Properties, LLC	6	Commercial	\$ 31,728,850	12.8%
2 Costco Wholesale Corporation	4	Commercial, Vacant, and Unsecured	27,060,981	10.9%
3 Civic Rogers, LLC ²	16	Commercial and Vacant	25,517,591	10.3%
4 Winco Holdings Inc.	3	Commercial and Unsecured	20,377,396	8.2%
5 RY Properties Inc. ³	6	Vacant	14,312,856	5.8%
6 Home Depot USA Inc.	2	Commercial and Unsecured	14,121,227	5.7%
7 Diego of Victorville, LLC ⁴	4	Commercial and Unsecured	10,755,442	4.3%
8 English Road, LLC	1	Professional	7,764,888	3.1%
9 Caposio Buick GMC ⁵	3	Commercial, Vacant, and Unsecured	7,211,996	2.9%
10 In Shape Health Clubs, LLC ⁶	2	Commercial and Unsecured	6,145,157	2.5%
Total	47		\$ 164,996,384	66.7%
Total Project Area Assessed Value			\$ 247,373,133	
¹ Prime Healthcare Services includes taxpayers previously identified as Prime A Investments LLC, Prime Healthcare Foundation - Real Estate, Desert Valley Medical Group, Desert Valley Hospital Inc., High Desert Heart Institute, and Foxborough Business Park LLC. These taxpayers have been combined based on an owner-subsidiary relationship.				
² Civic Rogers, LLC includes Amroyciv as the entity has the same billing address.				
³ RY Properties Inc. includes LA-DF Valley Center, LLC; LA-DF Adelanto, LLC; and LA-DF Land Fund 12, LLC as these entities have the same billing address.				
⁴ Diego of Victorville, LLC includes Oremor of Victorville, LLC as this entity has the same billing address.				
⁵ Caposio Buick GMC includes RG & CG, LLC as this entity has the same billing address.				
⁶ In Shape Health Clubs, LLC is also listed as IS Dev Victorville, LLC and as In-Shape Solutions, LLC on the assessment roll.				

Source: San Bernardino County Auditor-Controller, San Bernardino County Assessor

In the Original Area, the FY 2022-23 top ten secured and unsecured taxpayers make up \$336.7 million or 39.8% of the total area assessed value. This is higher in value and equal to the percentage of the FY 2021-22 top ten taxpayers' total assessed value of \$324.6 million and 39.8%.

In the Amendment Area, the FY 2022-23 top ten secured and unsecured taxpayers make up \$165.0 million or 66.7% of the total area assessed value. This is higher than the FY 2021-22 top ten taxpayers' total assessed value of \$155.6 million and the percentage share of 66.2%.

ASSESSMENT APPEALS

Property taxpayers that wish to dispute the value of their property may file an assessment appeal with the County Clerk of the Board of Supervisors. Property taxpayers must file appeals to receive any tax deductions. Exhibit 4 summarizes the assessment appeal history of the Project Area as of January 4, 2023.

Over the past five complete years, 35 of the 108 appeals filed and completely adjudicated in the Project Area were granted. There are 43 appeals that are currently¹ pending for FY 2022-23. For the previous five years, 25 appeals in the Project Area are pending. The pending appeals for FY 2017-18 through FY 2021-22 create a total potential assessed valuation loss of \$50.5 million.

It is important to note that the impact of successful tax appeals has not been included in the tax increment projections presented in Exhibits 6B-E because the outcome cannot be accurately predicted, either in terms of the number of appeals granted or the actual reduction in value, and because the maximum potential reduction represents a very small portion of total assessed value.

¹ The San Bernardino County Clerk of the Board had not completed entering in the information for all appeals filed for the 2022-23 year into its database by the time this report was prepared. It is expected that the number of appeals will be higher in FY 2022-23 than the 50 appeals noted in Exhibit 4.

BEAR VALLEY ROAD REDEVELOPMENT PROJECT AREA

Assessment Appeal History							Exhibit 4
Bear Valley Road Redevelopment Project Area							
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	5 Year Total ¹
Project Area Total Assessed Value	\$959,030,591	\$1,000,807,594	\$1,015,032,202	\$1,029,132,441	\$1,051,014,647	\$1,093,198,989	N/A
All Appeals							
Total Number of Appeals ²	46	38	31	34	43	21	192
Total Requested Reduction of All Appeals	\$117,078,452	\$106,556,960	\$53,661,074	\$61,893,581	\$57,042,492	\$42,157,272	\$396,232,559
Number of Withdrawn / Denied Appeals	37	22	18	23	7	3	48
Number of Stipulated (Successful) Appeals	9	16	11	10	14	0	35
Total Number of Finalized Appeals	46	38	29	33	21	3	83
Rate of Successful Appeals ³	19.6%	42.1%	37.9%	30.3%	66.7%	0.0%	42.2%
Number of Appeals Pending Decisions	0	0	2	1	22	18	25
Stipulated (Successful) Appeals							
Requested Reduction Amount	\$33,111,035	\$50,690,045	\$31,805,493	\$22,678,953	\$2,099,287	\$0	\$56,583,733
Granted Reduction Amount	\$9,723,305	\$7,263,551	\$10,446,288	\$4,314,848	\$967,901	\$0	\$15,729,037
Total Granted Reduction Amount versus Requested Reduction Amount ⁴	29.4%	14.3%	32.8%	19.0%	46.1%	N/A	27.8%
Average % of Reduction (of each appeal) versus Requested Reduction(of each appeal) ⁵	42.1%	28.2%	36.8%	30.2%	95.5%	0.0%	48.9%
Granted Reduction As % of Total Assessed Value ⁶	1.0%	0.7%	1.0%	0.4%	0.1%	0.0%	N/A
Appeals Pending Decision							
Total Assessed Value of Pending Appeals	\$0	\$0	\$424,998	\$167,876	\$135,270,028	\$29,130,785	\$135,862,902
Requested Reduction Amount	\$0	\$0	\$209,998	\$83,938	\$50,212,503	\$63,483,644	\$50,506,439
Requested Reduction As % of Project Area Assessed Value ⁷	0.0%	0.0%	0.0%	0.0%	4.8%	5.8%	N/A
<p>* The number of appeals for 2022-23 may increase as the County Board of Appeals was still entering appeals into its database as of January 4, 2023.</p> <p>¹ The 5-year total represents the five most recently complete years, 2017-18 to 2021-22.</p> <p>² Total appeals filed from 2017 through 2022 - Appeals where the applicant requested a higher value than the current assessed value were excluded because of potential flaws in the data.</p> <p>³ The number of stipulated appeals versus the total number of finalized appeals.</p> <p>⁴ The total value of all granted reductions versus the total value of all requested reductions.</p> <p>⁵ The average of each stipulated appeal's granted reduction amount versus its requested reduction amount.</p> <p>⁶ The granted reduction amount versus the total project area assessed value.</p> <p>⁷ The pending requested reduction amount versus the total project area assessed value.</p>							

Source: San Bernardino County Assessor's Office and San Bernardino County Auditor-Controller

TOP TEN TAXPAYER APPEALS

Exhibit 5 details the pending appeals of the top ten taxpayers for the Original and Amendment Areas as of January 4, 2023. Harris did not assume any reduction in value due to these appeals for the tax increment projections presented in Exhibits 6 B-E, tax increment projections.

2022-23 Top Ten Secured & Unsecured Taxpayers with Pending Appeals						Exhibit 5
Bear Valley Road Redevelopment Project Area - Original Area						
Rank		Number of Pending Appeals	Taxpayer's 2022-23 Assessed Value	Total Requested Reduction		Requested Reduction as % of 2022-23 Assessed Value
1	Prime Healthcare Services ¹	10	\$ 87,853,159	\$ 22,585,496		25.7%
2	Nutro Products Inc. ²	1	60,304,859	17,606,552		29.2%
7	Victor Valley Town Center, LLC ³	2	18,793,972	315,822		1.7%
9	Farsai Victorville 2, LLC ⁴	7	16,282,962	6,513,962		40.0%
Total		20	\$ 183,234,952	\$ 47,021,832		25.7%
2022-23 Top Ten Secured & Unsecured Taxpayers with Pending Appeals						
Bear Valley Road Redevelopment Project Area - Amendment Area						
Rank		Number of Pending Appeals	Taxpayer's 2022-23 Assessed Value	Total Requested Reduction		Requested Reduction as % of 2022-23 Assessed Value
2	Costco Wholesale Corporation ⁵	1	\$ 27,060,981	\$ 6,342,092		23.4%
3	Civic Rogers, LLC ⁶	4	25,517,591	331,030		1.3%
6	Home Depot USA Inc. ⁷	2	14,121,227	1,238,444		8.8%
Total		7	\$ 66,699,799	\$ 7,911,566		11.9%

* As of January 4, 2023.

¹ There are 10 pending appeals by Prime Healthcare Services (2021 through 2022) ranging in a reduction value of \$76,590 to \$10,281,250. The highest requested annual reduction as a percentage of the 2022-23 Assessed Value is 11.70%.

² There is 1 pending appeal by Nutro Products (2021) with reduction value of \$17,606,552. The requested annual reduction as a percentage of the 2022-23 Assessed Value is 29.20%.

³ There are 2 pending appeals by Victor Valley Town Center, LLC (2021 through 2022) with a reduction value of \$152,030 and \$163,792. The highest requested annual reduction as a percentage of the 2022-23 Assessed Value is 0.87%.

⁴ There are 7 pending appeals by Farsai Victorville 2, LLC (2022) ranging in a reduction value of \$205,284 to \$2,844,914. The highest requested annual reduction as a percentage of the 2022-23 Assessed Value is 17.47%.

⁵ There is 1 pending appeal by Costco Wholesale Corporation (2021) with a reduction value of \$6,342,092. The requested annual reduction as a percentage of the 2022-23 Assessed Value is 23.44%.

⁶ There are 4 pending appeals by Civic Rogers, LLC. (2019 through 2022) ranging in a reduction value of \$74,339 to \$94,671. The highest requested annual reduction as a percentage of the 2022-23 Assessed Value is 0.37%.

⁷ There are 2 pending appeals by Home Depot USA Inc. (2021) ranging in a reduction value of \$533,821 to \$704,623. The highest requested annual reduction as a percentage of the 2022-23 Assessed Value is 4.99%.

Source: San Bernardino County Auditor-Controller, San Bernardino County Assessor

Four of the top ten taxpayers in the Original Area have pending appeals to the FY 2022-23 assessment roll. There is a total of 20 pending appeals with a total requested reduction value of \$47 million, or 25.7% of the properties' FY 2022-23 total assessed value. The highest requested annual reduction for the four top ten taxpayers in the Original Area is \$22.6 million, or 25.7% of the properties' FY 2022-23 total assessed value.

Three of the top ten taxpayers in the Amendment Area have a total of seven pending appeals to the FYs 2019-20 and 2022-23 assessment rolls. These appeals have a total requested reduction value of \$7.9 million, or 11.9% of the properties' FY 2022-23 assessed value. The highest requested annual reduction for the three taxpayers in the Amendment Area combined is \$6.3 million, or 23.4% of the properties' FY 2022-23 total assessed value.

DISSOLUTION OF REDEVELOPMENT AGENCIES

On December 29, 2011, the California Supreme Court upheld Assembly Bill ("AB") x1 26, which dissolved redevelopment agencies in California. The action to dissolve redevelopment agencies created significant changes to how tax increment is collected and distributed to former redevelopment agencies. For each dissolved redevelopment agency, a successor agency was created to oversee payment of all valid debts, including bond indebtedness. However, unlike redevelopment agencies, successor agencies are not allocated all tax increment in a project area. Instead, successor agencies create schedules of debt called Recognized Obligation Payment Schedules ("ROPS"), and request funds in the amounts necessary to pay enforceable obligations. The actions of each successor agency are reviewed by and require approval from an oversight board and DOF.

All tax increment amounts for the Successor Agency are now collected by the San Bernardino County Auditor-Controller ("Auditor-Controller") and distributed pursuant to HSC Section 34183. Priority is given to County and State administration fees and affected taxing agency (pass-through) payments followed by approved successor agency debts, including bond debt. However, taxing agency payments that were subordinated to bond issues remain subordinate. Additionally, Low- and Moderate-Income Housing Set Aside requirements no longer exist, and in fact are made illegal under Dissolution Law. Therefore, all remaining tax increment revenues generated within a redevelopment project area (housing and non-housing) can be used to satisfy bond debt obligations.

The Successor Agency will continue to pay outstanding debt obligations (obligations which include tax allocation bonds) until they are fully retired. Any tax increment revenues remaining after administrative costs, taxing agency pass-through payments, and enforceable obligations are to be distributed to affected taxing entities within the Project Area. In the event there is not enough tax increment revenue to cover all approved enforceable obligations, payment of tax allocation bond debt is given the highest priority and is paid before any other approved enforceable obligation or debt.

TAX INCREMENT LIMIT

Prior to Dissolution Law, the Redevelopment Plan for the Original Area and the Amendment Area contained a limitation on the cumulative amount of tax increment the former Victorville Redevelopment Agency ("Redevelopment Agency") could receive. More specifically, Ordinance Number 1620, adopted in 1993, states that the cumulative amount of tax increment that the Redevelopment Agency can receive from the Project Area is limited to \$49 million (In 1982 dollars) plus (a) annual adjustments beginning in 1982 in accordance with the Consumer Price Index ("CPI"), or an acceptable replacement index in the event the CPI ceases to be published, and (b) any payments made by the Redevelopment Agency to alleviate financial burden pursuant to Section 33401 of the Community Redevelopment Law ("CRL"), and (c) any funds required by Section 33334.2 of CRL to be deposited by the Agency in a Low and Moderate Income Housing Fund as a result of any such payments to taxing agencies.

However, pursuant to Senate Bill ("SB") 107 and the amended Health and Safety Code ("HSC") Section 34189, successor agencies are no longer bound by time and financial limits of adopted redevelopment plans. HSC Section 34189 now states:

34189. (a) Commencing on the effective date of this part, all provisions of the Community Redevelopment Law that depend on the allocation of tax increment to redevelopment agencies, including, but not limited to, Sections 33445, 33640, 33641, and 33645, and subdivision (b) of Section 33670, shall be inoperative. Solely for the purposes of the payment of enforceable obligations defined by subparagraphs (A) to (G), inclusive, of paragraph (1) of subdivision (d) of Section 34171 and subdivision (b) of Section 34191.4, and for no other purpose whatsoever, a successor agency is not subject to the limitations relating to time, number of tax dollars, or any other matters set forth in Sections 33333.2, 33333.4, and 33333.6. Notwithstanding any other provision in this section, this subdivision shall not result in the restoration or continuation of funding for projects whose contractual terms specified that project funding would cease once the limitations specified in any of Section 33333.2, 33333.4, or 33333.6 were realized.

Exhibit 6-A, which was previously included in historical Continuing Disclosure Reports, is excluded due to information presented above.

TAXING ENTITY PASS-THROUGH PAYMENTS

In addition to reviewing and applying the pass-through agreements and applicable sections of the HSC, Harris has used the County's pass-through calculation methodology since this methodology matches what is prescribed in the agreements and law, and since the County calculates and administers the pass-through distribution following the dissolution of redevelopment agencies.

Prior to 1994, HSC Section 33401 allowed redevelopment agencies to pay to any other entity collecting property taxes within the redevelopment project area a portion of tax increment revenues to alleviate any financial burden related to the redevelopment project. The Agency

entered into several agreements in connection with the Original and Amendment Areas, with the County, the County Library, and the County Flood Control District.

Original Area

In February 1982, the City of Victorville, the Redevelopment Agency, and the County entered into an agreement, which provides for payment to the County of a portion of the tax increment generated in the Original Area. In summary, the terms of the Agreement provide that commencing in fiscal year 1998-99, the County shall receive its share of all tax increment for every fiscal year that the Agency collects tax increment. The projections presented in Tables 6-B through 6-D show this payment as a pass-through.

Amendment Area

The Redevelopment Agency entered into an agreement with the County, the County Library, and the County Flood Control District, which provides for payment to these agencies of a portion of the increment generated in the Amendment Area. In summary, the Agreement provides for the Flood Control District and the County Library to receive their share of all tax increment. The County Library no longer has a share of the property tax in Victorville. The Agreement also provides for the County to receive a portion of its share of all tax increment. Starting in 2011, that portion is 100%. The projections presented in Tables 6-B, 6-C, and 6-E show these payments as pass-throughs.

1993 Plan Amendment Agreements

The Redevelopment Agency adopted an amendment to the Redevelopment Plan in 1993. The primary purpose of the amendment was to increase the tax increment and bonded indebtedness limits of the redevelopment plan. Because of the amendment process, the Agency negotiated new pass-through agreements with the Victor Elementary School District, Victor Valley Union High School District, Victor Valley Community College District, the San Bernardino County Superintendent of Schools, and the Mojave Water Agency.

The agreements stipulate that, after the Redevelopment Agency collects \$49 million in cumulative tax increment, the Mojave Water Agency receives 80% of its share of tax increment, while the other taxing entities ("Education TEs") receive 40% of their shares of tax increment. The agreements also call for the Education TEs to receive, after the Redevelopment Agency collects \$49 million in cumulative tax increment, their share of 80% of the Original and Amendment Areas' base year values increased each year by the California CPI (generally 2%).

The agreements contain a provision that the obligations of the agreement "are not a pledge of any funds" and "are subordinate to any financing entered into by a party which requires such a pledge." In other words, these payments are subordinate to the Bonds. In the new tax increment distribution approach used following Redevelopment dissolution, these pass-through payments are shown as if they were senior to the Bonds. However, per HSC Section 34183 (b), the Successor Agency can report to the Auditor-Controller that available funds are expected to be insufficient to pay debt service on the Bonds and thereby require the Auditor-Controller to deduct the amount of the insufficiency from pass-through payments.

Since the 1993 Plan Amendment Agreement payments are subordinate to payments on the Bonds, they have not been deducted from revenue available to pay the Bonds' debt service. The

projection tables (6-B through 6-E) present these subordinate payments for the purposes of information only.

Statutory Pass-Through Payments

The SB 211 amendment adopted in 2006 to eliminate the time limit to incur debt triggered statutory pass-through payments (per HSC Section 33607.5) for any taxing entities that do not already have a negotiated pass-through agreement. Following the methodology used by the Auditor-Controller, these payments include the Education Revenue Augmentation Fund as a taxing entity. In the Original Area, taxing entities receiving statutory pass-throughs represent 40.60% of the tax rate. In the Amendment Area, such taxing entities represent 39.03% of the tax rate. The Agency has not sought to subordinate these payments to debt service. These payments are included in Tables 6-B through 6-E.

TAX INCREMENT PROJECTIONS

Exhibits 6-B through 6-E outline the projection of revenues and debt service obligations for the Project Area. As discussed earlier in this Report, the Low- and Moderate-Income Housing Set Aside requirements no longer exist, and in fact are illegal under Dissolution Law. Therefore, all remaining tax increment revenues generated within a project area (housing and non-housing) can be used to satisfy outstanding bond debt obligations.

The first projection table, Exhibit 6-B, shows the housing and non-housing revenues and debt service coverage for the combined Project Area, which includes both the Original and the Amendment Areas. The tax increment revenue projections shown in Exhibit 6-B account for changes pursuant to Dissolution Law, showing both housing and non-housing tax increment as a single stream of pledged revenue to repay the Bonds. **This change is only reflected in Exhibit 6-B.** The calculation of pledged tax increment revenue subtracts the pass-through payments generated by each component area and takes into account the elimination of the tax increment limit caused by the dissolution of Redevelopment Agencies. Exhibit 6-B reflects the lowest debt service coverage projected for the combined Project Areas is 2.69. This is higher than the reported 2.59 in the FY 2021-22 Continuing Disclosure Report.

Exhibit 6-C shows the debt coverage ratio related to the bond debt service obligations compared to the total tax increment generated net of pass-through payments and the housing set aside for the Project Area as a whole. The primary difference between Exhibits 6-B and 6-C is that housing revenues are not included in the revenue pledged to the bond debt service payments in Exhibit 6-C. Based on the approach in Exhibit 6-C, the lowest debt service coverage expected for the Project Area is 2.02. As with Exhibit 6-B, this minimum debt coverage is higher than the coverage of 1.95 in the FY 2021-22 Continuing Disclosure Report.

CONTINUING DISCLOSURE REPORT

BEAR VALLEY ROAD REDEVELOPMENT PROJECT AREA

Exhibits 6-D and 6-E reflect the non-housing pledge of tax increment revenue and show the pledged revenue net of the housing set aside and pass-through payments for the Original and Amendment Areas separately. This is the same methodology used in previously prepared continuing disclosure reports (Refer to Exhibits 6-D and 6-E in the FY 2021-22 Continuing Disclosure Reports.) To provide conservative projections of growth, the revenue forecast assumes a 2.0% growth factor for secured assessed value in FY 2023-24 in accordance with the California CPI, a 2.0% growth for secured assessed value from FY 2024-25 onwards, and a 0.0% growth for utility and unsecured assessed value.

Exhibit 6-A has been omitted due to the DOF determination that tax increment limits are no longer applicable following Dissolution Law.

BEAR VALLEY ROAD REDEVELOPMENT PROJECT AREA

Combined Housing and Non-Housing Tax Increment Projections (Post Dissolution)													Exhibit 6-B	
Bear Valley Road Redevelopment Project Area														
Fiscal Year ¹	Gross Tax Increment	Housing Fund (20% of TI)	County Admin Fees	Total Senior Pass Thrus Original Area	Total Senior Pass Thrus Amendment Area	Pledged Revenue (Housing & Non-Housing) ²	Outstanding Debt Obligations					Total Debt Service	Debt Coverage Ratio	Total Subordinate Pass Thrus
							Series 2002 ³	Series 2003A ³	Series 2003B ³	Series 2006 ³				
2022-23	10,827,183	2,165,437	73,289	1,616,816	470,144	8,666,934	643,700	687,275	336,463	1,558,300	3,225,738	2.69	1,995,040	
2023-24*	11,013,229	2,202,646	74,549	1,654,965	481,670	8,802,045	642,688	685,275	335,713	1,557,600	3,221,276	2.73	2,029,822	
2024-25	11,202,996	2,240,599	75,833	1,693,878	493,427	8,939,857	640,650	682,275	339,463	1,559,800	3,222,188	2.77	2,065,300	
2025-26	11,396,558	2,279,312	77,143	1,733,569	505,419	9,080,427	647,588	683,275	332,463	1,559,600	3,222,926	2.82	2,101,488	
2026-27	11,593,991	2,318,798	78,480	1,774,054	517,651	9,223,807	647,988	683,025	335,213	1,557,000	3,223,226	2.86	2,138,399	
2027-28	11,795,373	2,359,075	79,843	1,815,348	530,127	9,370,055	647,106	681,525	337,213	1,557,000	3,222,844	2.91	2,176,048	
2028-29	12,000,783	2,400,157	81,233	1,857,468	542,853	9,519,228	644,944	682,388	337,775	1,559,300	3,224,407	2.95	2,214,451	
2029-30	12,210,301	2,442,060	82,652	1,900,431	555,833	9,671,385	646,500	686,675	332,550	1,558,600	3,224,325	3.00	2,253,621	
2030-31	12,424,009	2,484,802	84,098	1,944,253	569,073	9,826,585	646,519	684,125	336,800	1,554,900	3,222,344	3.05	2,293,575	
2031-32	12,641,991	2,528,398	85,574	1,988,952	582,578	9,984,888				3,223,200	3,223,200	3.10	2,334,328	
2032-33	12,864,333	2,572,867	87,079	2,034,544	596,352	10,146,358				3,223,000	3,223,000	3.15	2,375,896	
2033-34	13,091,122	2,618,224	88,614	2,081,048	610,403	10,311,057				3,223,200	3,223,200	3.20	2,418,296	
2034-35	13,322,446	2,664,489	90,180	2,134,227	624,734	10,473,306				393,200	393,200	26.64	2,461,543	
2035-36	13,558,397	2,711,679	91,777	2,188,469	639,352	10,638,800				392,200	392,200	27.13	2,505,655	

¹ The Agency's last debt service payment is due December 1, 2036. It is therefore expected that the Agency's last receipt of revenue for debt service will occur on June 1, 2036, part of fiscal year 2035-36.

² Pursuant to ABx1, AB 1484, and SB 107, the Successor Agency is no longer required to set-aside tax increment for the low and moderate housing fund. Therefore those monies, which are deposited into the Redevelopment Property Tax Trust fund (RPTTF), can be pledged to pay bond debt service.

³ Outstanding debt service is shown here by bond year, which goes from January 1 to December 31, whereas increment calculations are shown by fiscal year. This is most appropriate as revenue received by fiscal year as used to pay debt service by bond year. Specifically, revenue received each January is used to pay the following June service and revenue received each June is used to pay the following December debt service.

* The State Board of Equalization has declared a 2% inflationary growth for the 2023-24 fiscal year.

CONTINUING DISCLOSURE REPORT

BEAR VALLEY ROAD REDEVELOPMENT PROJECT AREA

Tax Increment Revenue Projections													Exhibit 6-C	
Bear Valley Road Redevelopment Project Area (Non-Housing Portion)														
Fiscal Year ¹	Gross Tax Increment	Housing Fund (20% of TI)	County Admin Fees	Total Senior Pass Thrus Original Area	Total Senior Pass Thrus Amendment Area	Non-Housing Pledged Revenue	Outstanding Debt Obligations					Total Debt Service	Debt Coverage Ratio	Total Subordinate Pass Thrus
							Series 2002 ²	Series 2003A ²	Series 2003B ²	Series 2006 ²				
2022-23	10,827,183	2,165,437	73,289	1,616,816	470,144	6,501,497	643,700	687,275	336,463	1,558,300	3,225,738	2.02	1,995,040	
2023-24*	11,013,229	2,202,646	74,549	1,654,965	481,670	6,599,399	642,688	685,275	335,713	1,557,600	3,221,276	2.05	2,029,822	
2024-25	11,202,996	2,240,599	75,833	1,693,878	493,427	6,699,258	640,650	682,275	339,463	1,559,800	3,222,188	2.08	2,065,300	
2025-26	11,396,558	2,279,312	77,143	1,733,569	505,419	6,801,115	647,588	683,275	332,463	1,559,600	3,222,926	2.11	2,101,488	
2026-27	11,593,991	2,318,798	78,480	1,774,054	517,651	6,905,009	647,988	683,025	335,213	1,557,000	3,223,226	2.14	2,138,399	
2027-28	11,795,373	2,359,075	79,843	1,815,348	530,127	7,010,981	647,106	681,525	337,213	1,557,000	3,222,844	2.18	2,176,048	
2028-29	12,000,783	2,400,157	81,233	1,857,468	542,853	7,119,072	644,944	682,388	337,775	1,559,300	3,224,407	2.21	2,214,451	
2029-30	12,210,301	2,442,060	82,652	1,900,431	555,833	7,229,325	646,500	686,675	332,550	1,558,600	3,224,325	2.24	2,253,621	
2030-31	12,424,009	2,484,802	84,098	1,944,253	569,073	7,341,783	646,519	684,125	336,800	1,554,900	3,222,344	2.28	2,293,575	
2031-32	12,641,991	2,528,398	85,574	1,988,952	582,578	7,456,490				3,223,200	3,223,200	2.31	2,334,328	
2032-33	12,864,333	2,572,867	87,079	2,034,544	596,352	7,573,491				3,223,000	3,223,000	2.35	2,375,896	
2033-34	13,091,122	2,618,224	88,614	2,081,048	610,403	7,692,833				3,223,200	3,223,200	2.39	2,418,296	
2034-35	13,322,446	2,664,489	90,180	2,134,227	624,734	7,808,817				393,200	393,200	19.86	2,461,543	
2035-36	13,558,397	2,711,679	91,777	2,188,469	639,352	7,927,120				392,200	392,200	20.21	2,505,655	

¹ The Agency's last debt service payment is due December 1, 2036. It is therefore expected that the Agency's last receipt of revenue for debt service will occur on June 1, 2036, part of fiscal year 2035-36.

² Outstanding debt service is shown here by Bond Year, which goes from Jan 1, to Dec. 31, whereas increment calculations are shown by fiscal year.

* The State Board of Equalization has declared a 2% inflationary growth for the 2023-24 fiscal year.

CONTINUING DISCLOSURE REPORT

BEAR VALLEY ROAD REDEVELOPMENT PROJECT AREA

Tax Increment Revenue Projections												Exhibit 6-D
Bear Valley Road Redevelopment Project Area - Original Area												
Plan Year	Fiscal Year ¹	Secured Assessed Value	Secured Utility Value	Unsecured Assessed Value	Total Assessed Value	Incremental Value	Gross Tax Increment (1%)	Housing Fund (20% of TI)	County Pass Thrus	Total Statutory Payments	Revenue net of Senior Pass Thrus & Housing Fund	Total Subordinate Pass Thrus
BASE YEAR		4,676,720	2,064	53,600	4,732,384		1%	20%	14.02%	40.60%		
41	2022-23	\$704,977,684	\$ 31,798	\$140,816,374	\$ 845,825,856	\$ 841,093,472	\$ 8,410,935	\$ 1,682,187	\$ 1,179,413	\$ 437,402	\$ 5,111,932	\$ 1,543,697
42	2023-24*	719,077,238	31,798	140,816,374	859,925,410	855,193,026	8,551,930	1,710,386	1,199,184	455,781	5,186,579	1,569,810
43	2024-25	733,458,782	31,798	140,816,374	874,306,954	869,574,570	8,695,746	1,739,149	1,219,351	474,527	5,262,718	1,596,446
44	2025-26	748,127,958	31,798	140,816,374	888,976,130	884,243,746	8,842,437	1,768,487	1,239,920	493,649	5,340,381	1,623,614
45	2026-27	763,090,517	31,798	140,816,374	903,938,689	899,206,305	8,992,063	1,798,413	1,260,901	513,152	5,419,597	1,651,326
46	2027-28	778,352,328	31,798	140,816,374	919,200,500	914,468,116	9,144,681	1,828,936	1,282,302	533,046	5,500,397	1,679,592
47	2028-29	793,919,374	31,798	140,816,374	934,767,546	930,035,162	9,300,352	1,860,070	1,304,131	553,338	5,582,813	1,708,423
48	2029-30	809,797,762	31,798	140,816,374	950,645,934	945,913,550	9,459,135	1,891,827	1,326,396	574,035	5,666,877	1,737,831
49	2030-31	825,993,717	31,798	140,816,374	966,841,889	962,109,505	9,621,095	1,924,219	1,349,107	595,146	5,752,623	1,767,827
50	2031-32	842,513,591	31,798	140,816,374	983,361,763	978,629,379	9,786,294	1,957,259	1,372,272	616,680	5,840,083	1,798,423
51	2032-33	859,363,863	31,798	140,816,374	1,000,212,035	995,479,651	9,954,797	1,990,959	1,395,900	638,644	5,929,293	1,829,630
52	2033-34	876,551,140	31,798	140,816,374	1,017,399,312	1,012,666,928	10,126,669	2,025,334	1,420,000	661,048	6,020,287	1,861,462
53	2034-35	894,082,163	31,798	140,816,374	1,034,930,335	1,030,197,951	10,301,980	2,060,396	1,444,583	689,644	6,107,357	1,893,931
54	2035-36	911,963,806	31,798	140,816,374	1,052,811,978	1,048,079,594	10,480,796	2,096,159	1,469,657	718,811	6,196,168	1,927,049
							\$ 139,780,681	\$ 27,956,136	\$ 19,600,581	\$ 8,353,311	\$ 83,870,652	\$ 25,677,821

¹ The Agency's last debt service payment is due December 1, 2036. It is therefore expected that the Agency's last receipt of revenue for debt service will occur on June 1, 2036, part of fiscal year 2035-36.
 * The State Board of Equalization has declared a 2% inflationary growth for the 2023-24 fiscal year.

BEAR VALLEY ROAD REDEVELOPMENT PROJECT AREA

Tax Increment Revenue Projections													Exhibit 6-E
Bear Valley Road Redevelopment Project Area - Hook Blvd Amendment Area													
Plan Year	Fiscal Year ¹	Secured Assessed Value	Unsecured Assessed Value	Total Assessed Value	Incremental Value	Gross Tax Increment (1%)	Housing Fund (20% of TI)	County Pass Thrus	Flood Control Pass Thru	Total Negotiated Pass Thrus	Total Statutory Payments	Revenue net of Senior Pass Thrus & Housing Fund	Total Subordinate Pass Thrus
BASE YEAR		5,656,042	92,240	5,748,282		1%	20%	13.86%	2.19%	16.05%	39.03%		
37	2022-23	225,251,391	22,121,742	247,373,133	241,624,851	2,416,249	483,250	267,957	42,318	310,274	159,870	1,462,854	451,343
38	2023-24*	229,756,419	22,121,742	251,878,161	246,129,879	2,461,299	492,260	272,953	43,107	316,059	165,611	1,487,369	460,012
39	2024-25	234,351,547	22,121,742	256,473,289	250,725,007	2,507,250	501,450	278,049	43,912	321,960	171,467	1,512,373	468,855
40	2025-26	239,038,578	22,121,742	261,160,320	255,412,038	2,554,120	510,824	283,246	44,732	327,979	177,440	1,537,877	477,874
41	2026-27	243,819,350	22,121,742	265,941,092	260,192,810	2,601,928	520,386	288,548	45,570	334,118	183,533	1,563,892	487,073
42	2027-28	248,695,737	22,121,742	270,817,479	265,069,197	2,650,692	530,138	293,956	46,424	340,380	189,747	1,590,427	496,457
43	2028-29	253,669,651	22,121,742	275,791,393	270,043,111	2,700,431	540,086	299,472	47,295	346,767	196,086	1,617,492	506,028
44	2029-30	258,743,044	22,121,742	280,864,786	275,116,504	2,751,165	550,233	305,098	48,183	353,282	202,551	1,645,099	515,791
45	2030-31	263,917,905	22,121,742	286,039,647	280,291,365	2,802,914	560,583	310,837	49,090	359,927	209,146	1,673,258	525,748
46	2031-32	269,196,263	22,121,742	291,318,005	285,569,723	2,855,697	571,139	316,691	50,014	366,705	215,873	1,701,980	535,905
47	2032-33	274,580,189	22,121,742	296,701,931	290,953,649	2,909,536	581,907	322,661	50,957	373,618	222,734	1,731,277	546,266
48	2033-34	280,071,792	22,121,742	302,193,534	296,445,252	2,964,453	592,891	328,751	51,919	380,670	229,732	1,761,159	556,833
49	2034-35	285,673,228	22,121,742	307,794,970	302,046,688	3,020,467	604,093	334,963	52,900	387,863	236,871	1,791,639	567,612
50	2035-36	291,386,693	22,121,742	313,508,435	307,760,153	3,077,602	615,520	341,299	53,901	395,200	244,152	1,822,729	578,606
						40,567,370	8,113,474	4,498,833	710,490	5,209,323	2,949,049	24,295,525	7,602,937

¹ The Agency's last debt service payment is due December 1, 2036. It is therefore expected that the Agency's last receipt of revenue for debt service will occur on June 1, 2036, part of fiscal year 2035-36.
 * The State Board of Equalization has declared a 2% inflationary growth for the 2023-24 fiscal year.