



Southern California
LOGISTICS AIRPORT

May 30, 2018

NOTICE TO BONDHOLDERS AND "REPORTING OF SIGNIFICANT EVENTS" CONCERNING THE FOLLOWING BONDS ISSUED BY THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY (SCLAA)

FOR: Senior Lien Pledge, Non-Housing Bonds:

SCLAA, Tax Allocation Parity Bonds, Series 2005A
SCLAA, Taxable Tax Allocation Revenue Parity Bonds, Series 2006
SCLAA, Tax Allocation Revenue Parity Bonds, Refunding Series 2006
SCLAA, Taxable Tax Allocation Revenue Parity Forward Bonds, 2006

Housing Bonds:

SCLAA, Tax Allocation Revenue Parity Refunding Housing Bonds, 2006
SCLAA, Taxable Housing Set-Aside Revenue Parity Bonds, Series 2007

Junior Lien Subordinate Pledge, Non-Housing Bond:

SCLAA, Taxable Subordinate Tax Allocation Revenue Bonds, Series 2006

Subordinate Pledge, Non-Housing Bonds:

SCLAA, Subordinate Tax Allocation Revenue Bonds, Series 2007
SCLAA, Subordinate Tax Allocation Revenue Bonds, Series 2008A

SUMMARY

On April 9, 2018, Victor Valley Economic Development Authority (VVEDA) issued a check for \$17,387,712 to the City of Victorville. This distribution consisted of tax increment revenue for the period of April 30, 2017 through December 13, 2017 due to Victorville and SCLAA. Additional revenue in the amount of \$1,000,000, resulting from SCLAA's Ground Lease and Development Agreement with High Desert Power Project (HDPP), Section 2.02, will also be used for SCLAA June 1, 2018 debt service.

Of the total revenue available, \$47,000 will be set aside to be used for bond administration and fiscal agent fees and \$10,323 will be used to increase the reserves to meet the reserve requirement for the SCLAA Taxable Tax Allocation Revenue Parity Bonds, Series 2006. \$11,681,604 will be used for interest debt service payments due June 1, 2018 for all SCLAA bond issues and for all past due interest debt service for the Subordinate Tax Allocation Revenue Bonds, Series 2007. \$3,210,577 will be sent to the Trustee, The Bank of New York Mellon, to hold on deposit for the December 1, 2018 debt service. This amount is based on revenue projections and is the estimated amount needed to pay principal and interest debt service on all senior bonds and interest debt service on the two subordinate pledge bonds. The remaining amount of \$3,438,208 will be sent to The Bank of New York Mellon to partially replenish the reserve accounts for the two subordinate pledge bonds.

No defaults will occur on the debt service payments due June 1, 2018. The principal defaults that occurred on December 1, 2013 through December 1, 2017 for the SCLAA Subordinate Tax Allocation Revenue Bonds, Series 2007 and the SCLAA Subordinate Tax Allocation Revenue Bonds, Series 2008A will not be cured until sufficient revenue is received and sent to the Trustee to distribute. For additional detailed information on how funds will be applied to past due amounts and replenishing reserves for the subordinate bonds, please see The Bank of New York Mellon's Notices to Bondholders posted on MSRB's Electronic Municipal Market Access system ("EMMA") on May 24, 2017.

SOUTHERN CALIFORNIA LOGISTICS AIRPORT

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A detailed spreadsheet summarizing the June 1, 2018 debt service payments and the use of the remaining pledged revenue is attached as Exhibit A.

Several material events have occurred over the last several years that have resulted in SCLAA defaulting on the bond issues and the use of reserves with the Trustee for interest payments:

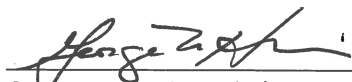
- (1) As part of adopting its 2009 budget bill, the State of California approved AB 26 4X, which included a provision that required redevelopment agencies to make remittance for FY 10/11 to a county Supplemental Educational Revenue Augmentation Fund. Tax increment on hand from SCLAA paid this obligation of \$9,352,308 in FY 09/10 and \$1,923,641 in FY 10/11. These state-mandated payments severely impacted SCLAA's cash reserves.
- (2) In Fiscal Year 08/09, the assessed value for the Victor Valley Redevelopment Project Area was approximately \$9.49 billion. Beginning in FY 09/10, there were significant decreases in assessed value for the Victor Valley Redevelopment Project Area. Assessed values for the Project Area reached a low point of \$6.6 Billion in FY 12/13. The decrease was largely the result of the Great Recession. Since FY 12/13, assessed values have increased steadily. For Fiscal Year 17-18, the assessed value for the Project Area is approximately \$8.3 billion.
- (3) The State of California enacted legislation in June 2011 which eliminated all Redevelopment Agencies across the state. The Redevelopment Agency (RDA) dissolution process has created cash flow issues. The former RDAs must utilize a Recognized Obligation Payment Schedule (ROPS) process annually to receive funding from the County of San Bernardino only as approved by the State's Department of Finance (DOF). The County collects tax increment of the former RDAs and holds it in the Redevelopment Property Tax Trust Fund (RPTTF). Revenue distributed by the County on January 2 is typically the larger distribution; however, the January 2 distribution is designated for June 1 interest-only debt service payments. The June 1 distribution from the County, which is typically the smaller distribution, is designated for December 1 principal and interest debt service payments.

FUTURE OUTLOOK

As previously disclosed in SCLAA's notices to bondholders, the DOF's prior determination letters to SCLAA had limited SCLAA's ability to remedy previously defaulted amounts by not allowing SCLAA to collect and distribute all tax increment available from the revenues pledged for debt service. However, the DOF changed its position, and in its FY 16-17 ROPS determination letter dated April 13, 2016, the DOF authorized the payment of previously defaulted amounts and reserve shortfalls from all tax increment available from the revenues pledged for debt service. In its April 11, 2017 determination letter for FY 17/18 funding, the DOF continued its position to allow for all tax increment available to be used for payment of previously defaulted amounts and reserve shortfalls.

If there are any questions regarding this notice, please contact Christina James at cjames@victorvilleca.gov or by phone at 760-955-5585.

The information contained herein has been approved for filing with the MSRB's Electronic Municipal Market Access system ("EMMA") by the Southern California Logistics Airport Authority, which as 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 SCLAA bonds.



George N. Harris II, Disclosure Representative
Southern California Logistics Airport Authority

Exhibit A

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY
June 1, 2018 Debt Service Payments

Name of Debt	Original Debt	Reserve Fund Requirement	BNY Reserve 5/1/2018	Debt Service Principal 6/1/2018	Debt Service Interest 6/1/2018	Total Debt Service	Use of VVEDA Distributions	Use of Reserve 6/1/2018	Default Reserve	Replenish Reserve	BNY Reserve 6/1/2018	% Reserve Fully Funded 6/1/2018
Senior Lien Pledge, Non-Housing Bonds												
SCLAA Tax Alloc. Rev. Parity Bonds (Partially Refunded)	2005A	26,850,000	1,797,890	1,811,470	-	382,651.25	382,651.25	-	-	-	1,811,470	101%
SCLAA Tax Allocation Revenue Parity Bonds	2006	45,020,000	4,483,177	4,472,854	-	1,279,475.00	1,279,475.00	-	-	10,323	4,483,177	100%
SCLAA Tax Allocation Revenue Parity Bonds (Refunding)	2006	62,780,000	3,519,300	3,545,323	-	1,226,231.25	1,226,231.25	-	-	-	3,545,323	101%
SCLAA Tax Allocation Revenue Parity Bonds	2006	34,980,000	2,476,455	2,494,768	-	982,803.75	982,803.75	-	-	-	2,494,768	101%
Total Senior Lien Pledge, Non-Housing Bonds		169,630,000	12,276,822	12,324,415	-	3,871,161.25	3,871,161.25	-	-	10,323	12,334,738	
Housing Set-Aside Bonds												
SCLAA Housing Set-Aside Revenue Bonds (Refunding)	2006	16,855,000	945,975	952,996	-	329,248.75	329,248.75	-	-	-	952,996	101%
SCLAA Taxable Housing Set-Aside Revenue Parity Bonds (other 50% of Reserve is insured)	2007	41,460,000	1,301,205	1,310,827	-	973,267.50	973,267.50	-	-	-	1,310,827	101%
Total Housing Set-Aside Bonds		58,315,000	2,247,180	2,263,823	-	1,302,516.25	1,302,516.25	-	-	-	2,263,823	
TOTAL SENIOR AND HOUSING BONDS		227,945,000	14,524,002	14,588,238	-	5,173,677.50	5,173,677.50	-	-	10,323	14,598,561	
Junior Lien Subordinate Pledge Bonds (Senior Subordinate Debt)												
SCLAA Taxable Subordinate Tax Allocation Revenue Bonds	2006	64,165,000	4,389,930	4,422,174	-	1,717,443.75	1,717,443.75	-	-	-	4,422,174	101%
TOTAL SENIOR, HOUSING AND SENIOR SUBORDINATE BONDS		292,110,000	18,913,932	19,010,412	-	6,891,121.25	6,891,121.25	-	-	10,323	19,020,735	
Subordinate Pledge Bonds (Junior Subordinate Debt)												
SCLAA Subordinate Tax Allocation Revenue Bonds	2007	42,000,000	2,824,473	377,318	-	1,155,961.25	1,155,961.25	-	-	2,447,155	2,824,473	100%
SCLAA Subordinate Tax Allocation Revenue Bonds*	2008A	13,334,925	1,333,492	115,208	-	166,637.50	166,637.50	-	-	991,053	1,106,261	83%
Total Subordinate Pledge Bonds (Junior Subordinate Debt)		55,334,925	4,157,965	492,526	-	1,322,598.75	1,322,598.75	-	-	3,438,208	3,930,734	
TOTAL		347,444,925	23,071,897	19,502,938	-	8,213,720.00	8,213,720.00	-	-	3,448,531	22,951,469	

SUMMARY OF FUNDS:

Payment from VVEDA to SCLAA & Victorville - April 9, 2018
HDPG Ground Lease - Section 2.02 - FY 17/18
Total

\$ 17,387,712.10
1,000,000.00
18,387,712.10

Less: Amount Held at SCLAA for Fiscal Agents Fees & Continuing Disclosure Report (1/2 of FY 2017/18 Budget)

Less: Amount wired to BNY 5/9/18 to meet 6/30/18 Reserve Requirement for SCLAA 2006 \$45M Tax Alloc Revenue Parity Bonds

Total Funds Available for June 1, 2018 Debt Service Payments

(47,000.00)
(10,323.00)
18,330,389.10

Less: Total of June 1, 2018 Debt Service Payments

(8,213,720.00)

Less: Amount set aside for 12/1/18 debt service payments to cover senior, housing, and senior subordinate bond debt service and subordinate bond interest debt service, based on RSG tax increment projections

(3,210,577.00)

Remaining Funds Sent to Trustee for Past Due Payments and Replenish Reserves, per BNY Mellon Notice to Bond Holders dated October 14, 2016

6,906,092.10

Use of Remaining Funds:

SCLAA Sub 2007 - Past Due Interest from 12/1/2016	1,155,961.25
SCLAA Sub 2007 - Past Due Interest from 6/1/2017	1,155,961.25
SCLAA Sub 2007 - Past Due Interest from 12/1/2017	1,155,961.25
SCLAA Sub 2007 - Replenish Reserve Account	2,447,155.00
SCLAA Sub 2008A - Partially Replenish Reserve Account	991,053.35
	6,906,092.10