



*Southern California*  
**LOGISTICS AIRPORT**

June 1, 2015

**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 1, 2015, Victor Valley Economic Development Authority issued a check for \$10,727,694 to the City of Victorville which consisted of tax increment distribution revenue from May 1, 2014 through December 12, 2014. Of this amount \$73,500 will be used for bond administration and fiscal agent fees and \$33,416 was used to meet the increased reserve requirement for the SCLAA Tax Allocation Revenue Parity Bonds, Series 2006 on May 21, 2015. The remainder amount of \$10,620,778, in addition to \$244,192 currently held by the Bank of New York Mellon (BNY) as Trustee will be used for interest only debt service payments due June 1, 2015 for the Senior Lien Pledge Non-Housing Bonds, the Housing Bonds, and the Junior Lien Subordinate Pledge Non-Housing Bond. It will also be used to cure the default on the Junior Lien Subordinate Pledge Non-Housing Bond for the December 1, 2014 principal and interest debt service payment. The total of these debt service payments is \$9,799,451.

After all payments have been made on June 1, 2015, there will be a remaining balance of \$1,065,519 which will be used to partially replenish the Junior Lien Subordinate Pledge, Non-Housing Bond Reserve.

A default will occur on the interest payment for the SCLAA Subordinate Tax Allocation Revenue Bonds, Series 2007. The Bank of New York Mellon does not provide for use of reserves for partial interest payments. Therefore, the SCLAA Subordinate Tax Allocation Revenue Bonds, Series 2007 could not use the remainder of reserves available for the interest payment due. Reserves will be used to make the debt service interest payment for the SCLAA Subordinate Tax Allocation Revenue Bonds, Series 2008A. The default on the SCLAA Subordinate Tax Allocation Revenue Bonds, Series 2007 and the draw on reserves for the SCLAA Subordinate Tax Allocation Revenue Bonds, Series 2008A will not be cured or replenished until sufficient tax increment is received from Victor Valley Economic Development Authority. A detail spreadsheet summarizing the payments, draw on reserves, defaults, and a projection of remaining reserve balances on June 1, 2015 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:

**SOUTHERN CALIFORNIA LOGISTICS AIRPORT**

18374 Phantom West • Victorville, CA 92394 • 760.243.1900 • [www.victorvillecity.com](http://www.victorvillecity.com)

**A WORLD OF OPPORTUNITY**

- (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. Since that time, there has been a significant decrease in assessed value for the Victor Valley Redevelopment Project Area. For Fiscal Year 14-15, the assessed value for the Project Area was approximately \$7.05 billion. The decrease was largely the result of the Great Recession.
- (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 every six months 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**

On May 18, 2015, the Victor Valley Economic Development Authority (VVEDA) received the attached letter dated May 15, 2015 (Exhibit B) from the DOF regarding its determination of funding for the upcoming ROPS 15-16A period, which covers obligations for July 1, 2015 through December 31, 2015, and more particularly the December 1 debt service payments. In its letter, the DOF determined it will only approve amounts due for the December 1 principal and interest payments, and will not approve excess funds that should otherwise be available to SCLAA to allow it to partially cure any previously defaulted bond payments. While VVEDA and the SCLAA have disagreed with this determination, both entities have exhausted all administrative remedies available by the State. SCLAA believes this DOF determination potentially impairs 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.

Below is a summary of all actions initiated by VVEDA and/or SCLAA since the State-imposed dissolution of RDAs in an attempt to protect any and all amounts pledged to debt service:

- In 2012, VVEDA sought declaratory relief from Sacramento Superior Court, seeking a determination that the RDA dissolution law did not apply to VVEDA, in an attempt to allow VVEDA to exist and distribute funds to its member entities and SCLAA as it previously had. The State of California prevailed when the court sustained a demurrer in the action.
- In May 2013, VVEDA filed briefs for its appeal of the Superior Court's ruling, which appeal was ultimately upheld in favor of the State. The final decision was to allow VVEDA to continue to exist as a JPA, but to eliminate all of VVEDA's redevelopment powers, including the continued use of tax increment in the pre-dissolution manner. Please refer to Exhibit C.
- Since August 2013, VVEDA attempted to work with DOF staff administratively to gain support for its position that the VVEDA JPA and funds generated there under should be treated as they were pre-dissolution. After numerous email and in-person discussions, VVEDA was notified in May 2015 by DOF that staff now considers this matter closed.
- In January 2014, VVEDA petitioned the DOF for a Final and Conclusive determination that the VVEDA JPA should be treated as an enforceable obligation and that all RPTTF monies should be passed through to VVEDA to be distributed in accordance with its JPA. On November 12, 2014, the DOF issued its determination letter and recognized the payments made pursuant to the VVEDA JPA to Victorville for the payment of "scheduled debt service payments" for SCLAA bonds as an Enforceable Obligation. Please refer to Exhibit D.

- In December 2014, VVEDA initiated special legislation in an attempt to exempt VVEDA from the RDA dissolution process through the legislative process; however, the draft legislation has gained little traction and legislative sponsors have expressed an unwillingness to move forward given the anticipated opposition from the Governor's office and the DOF.
- On April 10, 2015, upon receiving the DOF's initial determination for the 15-16A ROPS, staff initiated the administrative appeal process available to it, known as the "Meet and Confer" process. The details of the Meet and Confer position are attached as Exhibit E.
- As follow-up to the Meet and Confer, staff provided the attached additional documentation (Exhibit F) to support the defaulted amounts outstanding to demonstrate the need to receive all tax increment available, above and beyond any current debt service payments due.

In its May 15, 2015 final determination letter, the DOF indicated the "excess \$77,893 ... is not eligible for RPTTF funding on this ROPS." SCLAA's concern with such determination is the denial of any funding that may be available during any ROPS period which could be used to remedy previously defaulted amounts. As an example, June 2015 debt service payments due totaled approximately \$8.5 million. Amounts available from the VVEDA RPTTF to SCLAA totaled \$10.7 million. If the DOF applies its latest determination to the next ROPS 15-16B cycle, then *approximately \$2.2 million could potentially be withheld from SCLAA* for payment of previously defaulted amounts to bondholders for June 2016 debt service. Because this latest determination from the DOF represents a significant change in the DOF's prior ROPS determinations, the Authority is fully disclosing such determination as of function of its future outlook statement.

A conference call to discuss the topics outlined in this Notice to Bondholders is scheduled for Thursday, June 4 at 10:00 AM Pacific Standard Time. Please call (760) 243-4773 to join the call. Additional documents relative to various actions VVEDA has taken in opposition to the State's dissolution process and determinations can be found at [www.victorvalleyca.com](http://www.victorvalleyca.com).

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.



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Douglas B. Robertson, Disclosure Representative  
Southern California Logistics Airport Authority





# EXHIBIT B



DEPARTMENT OF  
**FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3708 ■ WWW.DOF.CA.GOV

May 15, 2015

Mr. Keith C. Metzler, Executive Director  
City of Victor Valley  
14343 Civic Drive  
Victorville, CA 92392

Dear Mr. Metzler:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 10, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Victor Valley Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to Finance on February 26, 2015, for the period of July through December 2015. Finance issued a ROPS determination letter on April 10, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 29, 2015.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed.

- Item No. 2 – Joint Powers Authority (JPA) Agreement pass-through distribution to the City of Victorville (City) in the amount of \$1,427,142,698. Finance continues to partially approve this item. Additional information and documents provided by the Agency during the Meet and Confer process did not support that the denied portion of this item is an enforceable obligation of the Agency. Therefore, as previously determined, the Agency requested \$11,029,741 in Redevelopment Property Tax Trust Funds (RPTTF) for debt service payments due by the City. However, the debt service due for the current ROPS period is \$10,951,848. Therefore, the excess, \$77,893 (\$11,029,741 - \$10,951,848) is not eligible for RPTTF funding on this ROPS.
- Item Nos. 3, 4, 6 – JPA Agreement pass-through distributions to the City of Hesperia, County of San Bernardino, and City of Adelanto in the amounts of \$71,197,016, \$66,249,815 and \$30,196,541, respectively. Finance continues to deny these items. Additional information and documents provided by the agency during the Meet and Confer process did not support that these items are an enforceable obligation. Therefore, as previously determined, RPTTF funds distributed to the JPA members are not encumbered for the payment of bond debt service or any other obligation owed by the recipients. Therefore, these items are not enforceable obligations and are not eligible for RPTTF funding.

- Item No. 5 – JPA Agreement pass-through distribution to the Town of Apple Valley (Town) in the amount of \$170,831,930. Finance continues to partially approve this item. Additional information and documents provided by the Agency during the Meet and Confer process did not support that the denied portion of this item is an enforceable obligation of the Agency. Therefore, as previously determined, the Agency requested \$1,364,275 in RPTTF for debt service payments due by the Town. However, the debt service due for the current ROPS period is \$334,336. Therefore, the excess, \$1,029,939 (\$1,364,275 - \$334,336) is not eligible for RPTTF funding.
- Item No. 17 – ROPS 14-15 A Admin Costs in the amount of \$133,123. Finance continues to deny \$82,844 of this item and reclassifies the remaining \$50,279 to RPTTF. Additional review during the Meet and Confer process indicates that in the July through December 2014 (ROPS 14-15A) period the Agency was approved \$369,132 in administrative costs. However, this amount was not distributed by the county auditor controller and not received by the Agency so the Agency used \$133,123 of the remaining \$469,717 Due Diligence Review (DDR) balances identified in the January through June 2015 (ROPS 14-15B) Meet and Confer determination letter dated December 17, 2014. Then, for the ROPS 14-15B period, the Agency was approved to expend \$386,873 from remaining DDR balances. Based on this information and supporting documentation, Finance has determined that the Agency experienced a funding shortfall. Accordingly, the shortfall of \$50,279 (\$469,717 - \$386,873 - \$133,123) is approved for RPTTF on this ROPS.

Finally, Finance reminds the Agency that per HSC section 34177 (a) (3), only those payments listed on ROPS may be made by the Agency from the funds specified on the ROPS. HSC sections 34177 (a) (4) and 34173 (h) provide mechanisms when Agency payments exceed the amounts authorized by Finance or the amounts distributed by the county auditor controller. Please ensure the proper expenditure authority is received from your Oversight Board and Finance prior to making payments on enforceable obligations from funding sources not previously approved.

In addition, per Finance's letter dated April 10, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency has \$82,844 in available Reserve Balances and \$29,286 in available Other Funds.

Therefore, the funding source for the following item has been reclassified to Reserve Balances and Other Funds and in the amounts specified below:

- Item No. 2 – JPA Agreement pass-through distribution to the City of Victorville (City) in the amount of \$112,130. As adjusted above, the Agency is approved to receive \$10,951,848 from RPTTF; however, Finance is reclassifying \$82,844 to Reserve Balances and \$29,286 to Other Funds. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require payment from property tax revenues and the Agency has \$82,844 in available Reserve Balances and \$29,286

in available Other Funds. Therefore, Finance is approving the use of \$10,839,718 in RPTTF, \$84,844 in Reserve Balances, and \$29,286 in Other Funds for a total of \$10,951,848.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment. However, Finance has determined that the prior period adjustment should be \$1,497; it appears the Agency and the CAC did not account for the prior period adjustment in the amount of \$1,497 from the ROPS 13-14A period that was available for enforceable obligations in the ROPS 14-15A period. Therefore, as adjusted by Finance, the prior period adjustment on this ROPS is \$1,497.

Except for the items denied in whole or in part or items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16A.

The Agency's maximum approved RPTTF distribution for the reporting period is \$11,486,151 as summarized in the Approved RPTTF Distribution table below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of July through December 2015</b>	
Total RPTTF requested for non-administrative obligations	13,214,596
Total RPTTF requested for administrative obligations	396,438
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 13,611,034</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>13,214,596</b>
<u>Denied Items</u>	
Item No. 2	(77,893)
Item No. 3	(254,436)
Item No. 4	(481,485)
Item No. 5	(1,029,939)
Item No. 6	(84,659)
	<u>(1,928,412)</u>
<u>Reclassified Item</u>	
Item No. 17	50,279
	<u>50,279</u>
	<b>\$ 11,336,463</b>
<u>Cash Balances - Item reclassified to Other Funds/Reserve Balances</u>	
Item No. 2	(112,130)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 11,224,333</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>396,438</b>
<u>Reclassified Item(s)</u>	
Item No. 17	(50,279)
	<u>(50,279)</u>
<u>Denied Item</u>	
Item No. 17	(82,844)
	<u>(82,844)</u>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 263,315</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 11,487,648</b>
ROPS 14-15A prior period adjustment	(1,497)
<b>Total RPTTF approved for distribution</b>	<b>\$ 11,486,151</b>

Please refer to the ROPS 15-16A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2015. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to the enactment of ABx1 26 and AB 1484. This amount is not and never



Mr. Keith C. Metzler  
May 15, 2015  
Page 5

was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

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

EXHIBIT C

RECEIVED  
FEB 13 2015  
BY: \_\_\_\_\_

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SUPERIOR COURT OF CALIFORNIA  
COUNTY OF SACRAMENTO

VICTOR VALLEY ECONOMIC  
DEVELOPMENT AUTHORITY, a  
a California joint powers authority,

Case No. 34-2012-80001113  
Department 33

Plaintiff,

v.

ORDER AND JUDGMENT AFTER APPEAL

STATE OF CALIFORNIA; CALIFORNIA  
STATE CONTROLLER JOHN CHIANG, an  
individual sued in his official capacity;  
CALIFORNIA DIRECTOR OF FINANCE  
ANA J. MATOSANTOS, an individual sued  
in her official capacity; SAN BERNARDINO  
AUDITOR-CONTROLLER LARRY WALKER,  
an individual sued in his official capacity,

Defendants.

Pursuant to the opinion filed by the Court of Appeal in Case No. C072518  
on November 25, 2014, modifying the judgment previously entered by the Superior  
Court to clarify that plaintiff Victor Valley may continue to exist as a joint powers  
authority,

IT IS ORDERED, ADJUDGED AND DECREED that:

1. The demurrer by defendants California State Controller and California  
Director of Finance is sustained without leave to amend on the ground that the  
allegations of the Petition for Writ of Mandate and Complaint for Declaratory Relief  
and Injunctive Relief do not state facts sufficient to constitute a cause of action.

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2. The Petition for Writ of Mandate and Complaint for Declaratory Relief and Injunctive Relief is dismissed.

3. This judgment does not compel the dissolution of Victor Valley as a joint powers authority.

Dated: FEB - 9 2015

ROBERT C. HIGHT

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LLOYD G. CONNELLY  
Judge of the Superior Court (Retired)  
SIGNATURE PURSUANT  
TO 635 CCP

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF SACRAMENTO**

Gordon D Schaber Courthouse  
720 Ninth STREET  
Sacramento, CA 95814-1311

**SHORT TITLE:** Victor Valley Economic Development Authority vs. State of California

**CLERK'S CERTIFICATE OF SERVICE BY MAIL**

**CASE NUMBER:  
34-2012-80001113-CU-WM-GDS**

I certify that I am not a party to this cause. I certify that a true copy of Judgment after Appeal was mailed following standard court practices in a sealed envelope with postage fully prepaid, addressed as indicated below. The mailing and this certification occurred at Sacramento, California, on 02/10/2015.

Clerk of the Court, by:     /s/ K. Wells     , Deputy

VICTOR VALLEY ECONOMIC DEVELOPMENT  
AUTHORITY  
GREEN DE BORTNOWSKY & QUINTANILLA  
23801 CALABASAS ROAD # 105  
CALABASAS, CA 91302

STATE OF CALIFORNIA  
ATTORNEY GENERAL OF CALIFORNIA  
1300 I STREET # 125  
SACRAMENTO, CA 94244-2550

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**CLERK'S CERTIFICATE OF SERVICE BY MAIL**



# EXHIBIT D



DEPARTMENT OF  
**FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

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.
  
- 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



# EXHIBIT E

## MEET AND CONFER REQUEST FORM

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**Instructions:** Please fill out this form in its entirety to initiate a Meet and Confer session. Additional supporting documents may be included with the submittal of this form—as justification for the disputed item(s). Upon completion, email a PDF version of this document (including any attachments) to:

[Redevelopment\\_Administration@dof.ca.gov](mailto:Redevelopment_Administration@dof.ca.gov)

The subject line should state “[Agency Name] Request to Meet and Confer”. Upon receipt and determination that the request is valid and complete, the Department of Finance (Finance) will contact the requesting agency within ten business days to schedule a date and time for the Meet and Confer session.

To be valid, all Meet and Confer requests must be specifically related to a determination made by Finance and submitted within the required statutory time frame. The requirements are as follows:

- **Housing Asset Transfer** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34176 (a) (2).
- **Due Diligence Review** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter, and no later than **November 16, 2012** for the Low and Moderate Income Housing Fund due diligence review per HSC Section 34179.6 (e).
- **Recognized Obligation Payment Schedule (ROPS)** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34177 (m).

Agencies should become familiar with the Meet and Confer Guidelines located on Finance’s website. Failure to follow these guidelines could result in termination of the Meet and Confer session. Questions related to the Meet and Confer process should be directed to Finance’s Dispute Resolution Coordinator at (916) 445-1546 or by email to [Redevelopment\\_Administration@dof.ca.gov](mailto:Redevelopment_Administration@dof.ca.gov).

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### AGENCY (SELECT ONE):

Successor Agency       Housing Entity

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**AGENCY NAME: Victor Valley Economic Development Authority (VVEDA) Successor Agency**

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### TYPE OF MEET AND CONFER REQUESTED (SELECT ONE):

Housing Assets Transfers       Due Diligence Reviews       ROPS Period 15-16A

**DATE OF FINANCE’S DETERMINATION LETTER: 4/10/15**

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### REQUESTED FORMAT OF MEET AND CONFER SESSION (SELECT ONE):

Meeting at Finance       Conference Call

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## DETAIL OF REQUEST

### A. Summary of Disputed Issue(s) *(Must be specific.)*

Item #2 JPA pass-through to the City of Victorville - The DOF partially approved this item, and denied \$77,893 as excess funding not eligible for RPTTF funding. We're requesting DOF to reconsider its determination as it will result in such funding being available for distribution to the taxing entities, and such funds are legally restricted for SCLAA debt service and previous defaulted amounts payable to bondholders. Also, DOF determined \$112,130 of the \$10,951,848 approved for Item #2 is payable from \$82,844 in Reserves and \$29,286 in Other Funds. Only \$29,286 in Other Funds is available as the \$82,844 in Reserves has been used for ROPS 14-15A actual admin costs (please see Item #17). Therefore, \$82,844 must be paid from the RPTTF to avoid shorting the bondholders. We are requesting DOF to approve all amounts from VVEDA to Victorville be passed through for these items pursuant to the JPA.

Item #3, 4 & 6- Denial of these items would create liability for VVEDA as a result of the delegation of authority set forth in the VVEDA JPA. The denial legally impairs VVEDA's ability to administer specific provisions of the JPA.

Item #5 JPA pass-through to the Town of Apple Valley - We believe that the pass-through distribution should be available to fund all current obligations of the former RDA and not just the debt service payments due. We are requesting DOF to approve all amounts from VVEDA to Apple Valley be passed through for these items pursuant to the JPA.

Item #17- ROPS 14-15A Admin Costs- The \$133,123 costs were partially funded (\$82,844) by reserves available from the DDR. However, \$50,279 remain unfunded. We request approval of funding from the RPTTF for such amounts, and ratification of the expenditure of \$82,844 from residual DDR cash for ROPS 14-15A admin costs.


### B. Background/History *(Provide relevant background/history, if applicable.)*

The Victor Valley Economic Development Authority (VVEDA) was formed in 1989 pursuant to a Joint Exercise of Powers Agreement (JPA) under Government Code Section 6500 to provide a regional response to the federal government for the reuse of George Air Force Base (GAFB), now known as the Southern California Logistics Airport (SCLA). The JPA governing VVEDA has been amended four times with the last amendment taking place on May 20th, 2000. The JPA provides for the coordination of long range planning in the Victor Valley Redevelopment Project Area (Project Area), which also involves the financing of such projects including but not limited to obtaining grants, the issuance of bonds, notes, warrants and other evidence of indebtedness needed to effectuate its goals and responsibilities in redeveloping the former GAFB.

VVEDA is comprised of the Cities of Adelanto, Hesperia, Victorville, the Town of Apple Valley and County of San Bernardino (Member Jurisdictions). Each JPA member has portions of its territory within the Project Area which includes the former GAFB and certain designated areas within an eight mile radius of GAFB. As such, VVEDA generated Participating Jurisdiction Tax Increment Revenue as defined in the JPA and is contractually obligated to cause the division of said revenue (section 31 and 34 of the JPA) among the Member Jurisdictions, including amounts specifically identified to benefit SCLA. Section 34 of the JPA obligates Member Jurisdictions to expend its respective share of Participating Jurisdiction Tax Increment Revenue for use within their respective territories of the VVEDA project area. In furtherance of Section 34, Section 45 of the JPA delegates authority to the respective Member Jurisdiction to decide the use of said funds within its portion of the project area, and Section 51 formally assigns the right to receive and expend said funds to each Member Jurisdiction's Redevelopment Agency (now their respective SA).



C. **Justification** (Provide additional attachments to this form, as necessary.)

 Item #2 - The DOF has determined the pass-through from VVEDA to the City of Victorville for the SCLAA debt service is not an obligation of the Successor Agency. Therefore, it has requested debt service schedules as backup documentation to support the dollar amount VVEDA will pass-through to the City to satisfy VVEDA's obligation. It appears DOF has agreed to fund only current debt service amounts due during the ROPS 15-16A period. However, due to RPTTF shortfalls for Victorville in prior periods, the SCLAA has accrued defaulted payment amounts, most recently in December 2014, totalling \$4,324,974 (please see attached December 1, 2014 Notice to Bondholders). Accordingly, any amounts from VVEDA RPTTF available for distribution to Victorville (such as the \$77,893 identified in the ROPS 15-16A determination) must be passed through from VVEDA to Victorville to pay towards any defaulted amounts. Otherwise, the DOF would distribute such funds to taxing entities, rather than to the bondholders that hold priority over these funds.

Item #3, 4, & 6 - The VVEDA JPA is a binding contract governing the roles of the Member Jurisdictions relating to the reuse of the former George Air Force Base and the redevelopment project area surrounding it (JPA attached for reference). Though VVEDA delegated certain decision making with respect to the expenditure of Participating Jurisdiction Tax Increment Revenue, the VVEDA JPA requires each Member Jurisdiction to conform to provisions of the JPA (Section 45) when making their independent decisions. Accordingly, this has been the course of conduct in administering funds provided for pursuant to the JPA, which course of conduct has, in the past, been recognized by the Department of Finance. Moreover, VVEDA has entered into binding contracts with the Department of Defense to facilitate the transfer of properties from the federal government to the local jurisdiction in order to cause its successful reuse and development. The federal government entered into these contracts in reliance on the revenue distributions set forth in the JPA. By denying the subject ROPS items at the VVEDA Successor Agency level, the Department of Finance is effectively causing VVEDA to be in non-compliance with its JPA which creates a liability to the VVEDA organization and legally impairs the VVEDA contract. It may also result in non-compliance with its other federal contracts. This is in large part the reason the VVEDA Successor Agency identified the respective Member Jurisdiction as the Payees in previous ROPS and required the Successor Agencies of the respective Member Jurisdictions to identify to the Department of Finance their own respective enforceable obligations.

Denial of the aforementioned ignores the fact that the Joint Powers Agreement is an Enforceable Obligation and has been considered an Enforceable Obligation by the DOF in prior ROPS periods. Health and Safety Code Section 34171(d)1) defines "Enforceable Obligation" to mean any of the following:

H&SC Section 34171(d)(1)(E) - Any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy.

The JPA is an enforceable agreement as it was entered into willfully by its Member Jurisdictions.

Item #5 - We believe that the pass-through distribution should be available to fund all current obligations of the former RDA and not just the debt service payments due. The SERAF loan of \$401,767 was approved to be repaid with future revenue of the former RDA and we believe should be taken into consideration in determining the pass-through distribution for the ROPS 15-16A period. Also, revenues from the pass-through distribution should be considered for repayment of loans re-entered into pursuant to AB 1484.

Item #17 - VVEDA would like the DOF to reconsider its denial of admin costs for ROPS 14-15A in the amount of \$133,123. Such amount reflects the actual admin costs for that time period, and \$82,844 in residual cash from the DDR was used. We are requesting DOF to ratify the use of such funds for this item by approving the entire \$133,123 and providing \$50,279 in RPTTF funding from ROPS 15-16A to provide for the entire amount. (Please see the attached Residual Cash from DDR report which demonstrates the use of such funds on Admin costs to date)



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**Agency Contact Information**

Name: Keith Metzler

Name: Marc Puckett

Title: Executive Director

Title: Treasurer

Phone: 760-243-1935

Phone: 760-240-7000 x7700

Email: kmetzler@victorvilleca.gov  
MPuckett@applevalley.org

Email:

Date: 4/17/15

Date: 4/17/15

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**Department of Finance Local Government Unit Use Only**REQUEST TO MEET AND CONFER DATE:  APPROVED  DENIED

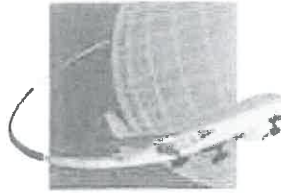
REQUEST APPROVED/DENIED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

MEET AND CONFER DATE/TIME/LOCATION: \_\_\_\_\_

MEET AND CONFER SESSION CONFIRMED:  YES DATE CONFIRMED: \_\_\_\_\_DENIAL NOTICE PROVIDED:  YES DATE AGENCY NOTIFIED: \_\_\_\_\_

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Form DF-MC (Revised 9/10/12)



*Southern California*  
**LOGISTICS AIRPORT**

December 1, 2014

**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

**Junior Lien Subordinate Pledge, Non-Housing Bonds:**

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

**Housing Bonds:**

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

**SUMMARY**

On August 22, 2014, Victor Valley Economic Development Authority issued a check for \$8,390,942 to the City of Victorville which consisted of tax increment distribution revenue from December 14, 2013 through April 30, 2014. Of this amount \$40,000 will be used for administrative and fiscal agent fees. Principal and interest payments for debt service payments due 12-1-2014, on the Senior, Non-Housing Bonds, and the Housing Bonds total \$8,527,789. There was a remaining amount available after the June 1, 2014 debt service payments of \$473,947. Additional interest of \$21,478 was needed for the 2006 Subordinate payment since it was not made timely. Therefore the remaining amount available after the June 1, 2014 payments was \$452,469. This remaining amount along with the \$8,390,942 will be used for the bond obligations on the Senior, Non-Housing Bonds and the Housing Bonds debt service payments due on December 1, 2014 of \$8,527,789. This will result in a remaining amount of \$275,622 which will be held with the Successor Agency to be used on June 1, 2015 for debt service payments.

A default will occur on the principal and interest payments for the SCLAA Taxable Subordinate Tax Allocation Revenue Bonds 2006 and the SCLAA Subordinate Tax Allocation Revenue Bonds 2007. A default will also occur on the principal payment on the SCLAA Subordinate Tax Allocation Revenue Bonds 2008A. The Successor Agency anticipates receiving tax increment in March 2015 to cure the default of \$2,572,269 on the SCLAA Taxable Subordinate Tax Allocation Revenue Bonds 2006. However, the defaults on the SCLAA Subordinate Tax Allocation Revenue Bonds 2007 and the SCLAA Subordinate Tax Allocation Revenue Bonds 2008A will not be cured until sufficient tax increment is received from Victor Valley Economic Development Authority.

On November 12, 2014, the City of Victorville received a letter from the California Department of Finance (DOF) regarding a request by the Victor Valley Economic Development Authority (VVEDA) for final and conclusive determination of the VVEDA JPA. In general, California Health and Safety Code (H&SC) Section 34177.5(i) provides, as a part of the statewide redevelopment dissolution effort, an opportunity for the DOF to make a determination that an Enforceable Obligation, as approved in a Recognized Obligation Payment Schedule (ROPS), is final and conclusive and reflects DOF's approval of subsequent payments to be made pursuant to the Enforceable Obligation. Specific to this Notice, a Final and Conclusive

**SOUTHERN CALIFORNIA LOGISTICS AIRPORT**

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Determination has been granted by the DOF recognizing that payments made pursuant to the VVEDA JPA to Victorville for the payment of SCLAA bonds as an Enforceable Obligation. The Final and Conclusive Determination is subject to DOF's verification of the actual amounts of debt service to be paid to satisfy the SCLAA bonds and shall not be understood as a guarantee that tax increment revenues from VVEDA to support the SCLAA Bonds will be sufficient to satisfy its debt service obligations.

The below table represents the 12-1-2014 distribution, use of reserves, and defaults:

Debt Issue	12-1-2014 Principal & Interest	12-1-2014 Use of Reserves	12-1-2014 Default
SCLAA Tax Allocation Revenue Parity Bonds 2005A	1,326,583		
SCLAA Tax Allocation Revenue Parity Bonds 2006	1,398,505		
SCLAA Tax Allocation Revenue Parity Bonds 2006, Refunding	2,207,394		
SCLAA Tax Allocation Revenue Parity Bonds 2006, Forward	1,437,521		
SCLAA Housing Set Aside Revenue Bonds 2006, Refunding	594,848		
SCLAA Housing Set Aside Revenue Parity Bonds 2007	1,562,938		
SCLAA Taxable Subordinate Revenue Bonds, 2006			2,572,269
SCLAA Subordinate Tax Allocation Revenue Bonds, 2007			1,672,705
SCLAA Subordinate Tax Allocation Revenue Bonds, 2008A		168,325	80,000
	8,527,786	168,325	4,324,974

A detail spreadsheet summarizing the payments, draw on reserves, defaults, and a projection of remaining reserve balances on December 2, 2014 is attached. The Bank of New York Mellon does not provide for partial use of reserves for interest payments. Therefore, the SCLAA Subordinate Tax Allocation Revenue Bonds 2007 could not use the remainder of reserves available for interest payments.

Several material events have occurred 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. Since that time, there has been a significant decrease in assessed value for the Victor Valley Redevelopment Project Area. For Fiscal Year 13-14, the assessed value for the Project Area was approximately \$6.78 billion. The decrease was largely the result of the Great Recession.
- (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. Revenue distributed by the County of San Bernardino 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.

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.



Adele Mosher, Disclosure Representative  
Southern California Logistics Airport Authority

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY  
December 1-2014 Debt Service Payment

Name of Debt	Debt	Reserve Fund Requirement	BNY Reserve 10/31/2014	Debt Service Principal 12/1/2014	Debt Service Interest 12/1/2014	Total Debt Service 12/1/2014	Available from VVEDA Distributions	Use of Reserve 12/1/2014	Default	BNY Reserve 12/31/2014	% Reserve Fully Funded 12/2/2014
<b>Senior Debt</b>											
SCLA Tax Alloc. Rev. Parity Bonds (Partially Refunded)	26,850,000	1,797,890	1,797,890	860,000	466,583	1,326,583	1,326,583	-	-	1,797,890	100%
SCLA Tax Allocation Revenue Parity Bonds	45,020,000	4,334,091	4,334,091	105,000	1,293,505	3,398,505	1,398,505	-	-	4,334,091	100%
SCLA Tax Allocation Revenue Parity Bonds (Refunding)	62,780,000	3,519,300	3,519,301	905,000	1,302,394	2,207,394	2,207,394	-	-	3,519,301	100%
SCLA Tax Allocation Revenue Parity Bonds	34,380,000	2,476,455	2,476,456	400,000	1,037,521	1,437,521	1,437,521	-	-	2,476,456	100%
<b>Total Senior Debt</b>	<b>169,030,000</b>	<b>12,127,736</b>	<b>12,127,738</b>	<b>2,270,000</b>	<b>4,100,003</b>	<b>6,370,003</b>	<b>6,370,003</b>	-	-	<b>12,127,738</b>	
<b>Housing Set-Aside</b>											
SCLA Housing Set-Aside Revenue Bonds (Refunding)	16,855,000	946,001	946,001	245,000	349,848	594,848	594,848	-	-	946,001	100%
SCLA Taxable Housing Set-Aside Revenue Parity Bonds (other 50% of Reserve is insured)	41,460,000	1,301,205	1,301,205	530,000	1,032,938	1,562,938	1,562,938	-	-	1,301,205	100%
<b>Total Housing Set-Aside Debt</b>	<b>58,315,000</b>	<b>2,247,206</b>	<b>2,247,206</b>	<b>775,000</b>	<b>1,382,786</b>	<b>2,157,786</b>	<b>2,157,786</b>	-	-	<b>2,247,206</b>	
<b>Total Senior and Housing Set-Aside Debt</b>	<b>227,345,000</b>	<b>14,374,942</b>	<b>14,374,944</b>	<b>3,045,000</b>	<b>5,482,788</b>	<b>8,527,788</b>	<b>8,527,789</b>	-	-	<b>14,374,944</b>	
<b>Senior Subordinate Debt</b>											
SCLA Taxable Subordinate Tax Allocation Revenue Bonds	64,155,000	4,399,950	4,399,950	755,000	1,817,269	2,572,269	-	-	2,572,269	-	0%
<b>TOTAL SENIOR, HOUSING AND SR. SUBORDINATE DEBT</b>	<b>292,110,000</b>	<b>18,764,872</b>	<b>18,764,872</b>	<b>3,800,000</b>	<b>7,300,057</b>	<b>11,100,057</b>	<b>8,527,789</b>	-	-	<b>18,764,872</b>	
<b>Junior Subordinate Debt</b>											
SCLA Subordinate Tax Allocation Revenue Bonds	42,000,000	2,824,473	491,331	530,000	1,142,705	1,672,705	-	-	1,672,705	491,331	17%
SCLA Subordinate Tax Allocation Revenue Bonds	13,334,925	1,332,492	493,613	80,000	168,325	248,325	-	168,325	80,000	325,288	24%
<b>Total Junior Subordinate Debt</b>	<b>55,334,925</b>	<b>4,156,965</b>	<b>984,944</b>	<b>610,000</b>	<b>1,311,030</b>	<b>1,921,030</b>	-	<b>168,325</b>	<b>1,752,705</b>	<b>816,619</b>	
<b>TOTAL</b>	<b>347,444,925</b>	<b>22,921,837</b>	<b>15,359,888</b>	<b>4,410,000</b>	<b>8,611,087</b>	<b>13,021,087</b>	<b>8,527,789</b>	<b>168,325</b>	<b>4,324,974</b>	<b>15,191,563</b>	
Payment from VVEDA to SCLAA & Victorville - 8/22/2014	8,390,942.00						8,390,942.00				
Remaining balance from Payment from VVEDA to SCLAA & Victorville 3/20/2014	452,469.00						452,469.00				
Less Amount Held at SCLAA for Fiscal Agents Fees, Continuing Disclosure Reports, Arbitrage fees	(40,000.00)						(40,000.00)				
<b>Available for December 1, 2014 Debt Service Payments</b>	<b>8,803,411.00</b>						<b>8,803,411.00</b>				
<b>Available for 12/1/2014 Debt Service Payment on SCLAA 2006 Bond Issue</b>	<b>275,622.00</b>						<b>275,622.00</b>				

# EXHIBIT F

**Sophie Smith**

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**From:** Sophie Smith  
**Sent:** Wednesday, May 06, 2015 3:47 PM  
**To:** 'danielle.brandon@dof.ca.gov'  
**Subject:** RE VVEDA Meet & Confer - follow up item  
**Attachments:** Defaults on SCLA Debt.xlsx

Danielle, as follow-up to the VVEDA Meet and Confer, related specifically to Item No. 2, attached is the report I received from the City's Finance Department regarding the total amount of defaults owed on the SCLA bonds. As of 12-31-14, the amount is \$7.47 M.

Please let me know if you need any additional information for this item.

Thank you,

*Sophie L. Smith*  
*Economic Development Administrator*  
*City of Victorville*  
14343 Civic Drive  
Victorville, CA 92392  
760-955-5033 office  
760-559-3065 cell

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY

Name of Debt	Original Debt	Default on 12/1/2012		Default on 6/1/2013		Default on 12/1/2013		Cure on 6/1/2014		Default on 12/1/2014		TOTAL DEFAULT
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
<b>Senior Debt</b>												
SCLA Tax Allocation Revenue Parity Bonds (Part Refunded)	2005A	26,850,000	-	-	-	-	-	-	-	-	-	-
SCLA Tax Allocation Revenue Parity Bonds	2006	45,020,000	-	-	-	-	-	-	-	-	-	-
SCLA Tax Allocation Revenue Parity Bonds (Refunding)	2006	62,780,000	-	-	-	-	-	-	-	-	-	-
SCLA Tax Allocation Revenue Parity Bonds	2006	34,980,000	-	-	-	-	-	-	-	-	-	-
<b>Total Senior Debt</b>		<b>169,630,000</b>	-	-	-	-	-	-	-	-	-	-
<b>Housing Set-Aside</b>												
SCLA Housing Set-Aside Revenue Bonds (Refunding)	2006	16,855,000	-	-	-	-	-	-	-	-	-	-
SCLA Taxable Housing Set-Aside Revenue Parity Bonds (other 50% of Reserve is insured)	2007	41,460,000	-	-	-	-	-	-	-	-	-	-
		<b>58,315,000</b>	-	-	-	-	-	-	-	-	-	-
<b>Senior Subordinate Debt</b>												
SCLA Taxable Subordinate Tax Allocation Revenue Bonds	2006	64,165,000	-	-	-	1,838,746	-	(2,548,746)	-	755,000	1,817,269	2,572,269
<b>TOTAL SENIOR, HOUSING AND SR. SUBORDINATE DEBT</b>		<b>292,110,000</b>	-	-	-	<b>1,838,746</b>	-	<b>(2,548,746)</b>	-	<b>755,000</b>	<b>1,817,269</b>	<b>2,572,269</b>
<b>Subordinate Debt</b>												
SCLA Subordinate Tax Allocation Revenue Bonds	2007	42,000,000	485,000	1,155,961	505,000	1,155,961	-	-	1,142,705	530,000	1,142,705	6,117,332
SCLA Subordinate Tax Allocation Revenue Bonds	2008A	13,334,925	75,000	-	70,000	-	-	-	-	80,000	-	225,000
<b>Total Subordinate Debt</b>		<b>55,334,925</b>	<b>560,000</b>	<b>1,155,961</b>	<b>575,000</b>	<b>1,155,961</b>	-	-	<b>1,142,705</b>	<b>610,000</b>	<b>1,142,705</b>	<b>6,342,332</b>
<b>TOTAL</b>		<b>347,444,925</b>	<b>560,000</b>	<b>1,155,961</b>	<b>1,285,000</b>	<b>2,994,707</b>	<b>(2,548,746)</b>	<b>1,142,705</b>	<b>1,365,000</b>	<b>2,959,974</b>	<b>8,914,601</b>	

Name of Debt	Original Debt	Default on 12/1/2012		Default on 6/1/2013		Default on 12/1/2013		Cure on 6/1/2014		Default on 12/1/2014		Cure on 6/1/2015		Default on 6/1/2015		TOTAL DEFAULT	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
<b>Senior Debt:</b>																	
SCLA Tax Allocation Revenue Parity Bonds (Part Refunded)	26,850,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SCLA Tax Allocation Revenue Parity Bonds	45,020,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SCLA Tax Allocation Revenue Parity Bonds (Refunding)	62,780,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SCLA Tax Allocation Revenue Parity Bonds	34,980,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Senior Debt</b>	<b>169,630,000</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Housing Set-Aside:</b>																	
SCLA Housing Set-Aside Revenue Bonds (Refunding)	16,855,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SCLA Taxable Housing Set-Aside Revenue Parity Bonds (other 50% of Reserve is insured)	41,460,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Senior Subordinate Debt</b>	<b>58,315,000</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Senior Subordinate Debt</b>																	
SCLA Taxable Subordinate Tax Allocation Revenue Bonds	64,165,000	-	-	710,000	-	1,838,746	-	(2,548,746)	-	755,000	1,817,269	(2,572,269)	-	-	-	-	-
<b>TOTAL SENIOR, HOUSING AND SR. SUBORDINATE DEBT</b>	<b>292,110,000</b>	-	-	<b>710,000</b>	-	<b>1,838,746</b>	-	<b>(2,548,746)</b>	-	<b>755,000</b>	<b>1,817,269</b>	<b>(2,572,269)</b>	-	-	-	-	-
<b>Subordinate Debt</b>																	
SCLA Subordinate Tax Allocation Revenue Bonds	42,000,000	485,000	1,155,961	505,000	1,155,961	-	1,142,705	-	1,142,705	530,000	1,142,705	-	1,128,793	7,246,125	-	-	-
SCLA Subordinate Tax Allocation Revenue Bonds	13,334,925	75,000	-	70,000	-	-	-	-	-	80,000	-	-	-	-	225,000	-	-
<b>Total Subordinate Debt</b>	<b>55,334,925</b>	<b>560,000</b>	<b>1,155,961</b>	<b>575,000</b>	<b>1,155,961</b>	<b>-</b>	<b>1,142,705</b>	<b>-</b>	<b>1,142,705</b>	<b>610,000</b>	<b>1,142,705</b>	<b>-</b>	<b>1,128,793</b>	<b>7,471,125</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>347,444,925</b>	<b>560,000</b>	<b>1,155,961</b>	<b>1,285,000</b>	<b>2,994,707</b>	<b>(2,548,746)</b>	<b>1,142,705</b>	<b>1,142,705</b>	<b>3,365,000</b>	<b>2,959,974</b>	<b>(2,572,269)</b>	<b>1,128,793</b>	<b>1,128,793</b>	<b>7,471,125</b>	<b>1,128,793</b>	<b>7,471,125</b>	<b>-</b>