Southern California Logistics Airport Authority

Continuing Disclosure Report

For Year Ended 6-30-2016

February 13, 2017

Southern California Logistics Airport Authority (SCLAA)
14343 Civic Drive
Victorville, CA 92392

February 13, 2017

RE: Annual Continuing Disclosure Report for Fiscal Year Ended June 30, 2016

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
Senior 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 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

Disclaimer

The information contained herein is qualified in its entirety by specific information contained in the Official Statements relating to the bonds issued by Southern California Logistics Airport Authority ("SCLAA"). 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. Final financial statements for Southern California Logistics Airport Authority for fiscal year ended June 30, 2016 and Comprehensive Annual Financial Report for the City of Victorville for fiscal year ended June 30, 2016.

2. Report from Fiscal Consultant, RSG, Inc. dated February 13, 2017 relating to historic and projected tax increment revenues of the VVEDA Project Area, a portion of which revenues are pledged to secure the repayment of the bonds issued by SCLAA. This report provides an update of the tables presented in the section of the Official Statement entitled "Pledged Tax Revenues – Assessed Valuations and Tax Increment Revenues," "--Assessment Appeals History" and "—Largest Property Taxpayers."

SCLAA Default on Bonded Debt and Draw on Reserves during Fiscal Year 2015-16

On August 20, 2015, Victor Valley Economic Development Authority (VVEDA) distributed tax increment to SCLAA of $10,440,653. This distribution, and use of reserves of $788,690, were used on December 1, 2015, to pay principal and interest debt service for all senior lien, housing, and junior lien subordinate debt, which includes: SCLAA Tax Allocation Revenue Parity Bonds 2005A, 2006, 2006 (Refunding) and 2006 (Forward Series), SCLAA Housing Set-Aside Revenue Bonds (Refunding) 2006, SCLAA Taxable Housing Set-Aside Revenue Parity Bonds 2007, and SCLAA Taxable Subordinate Tax Allocation Revenue Bonds 2006. These principal and interest payments totaled $11,194,343. Defaults occurred on: SCLAA Subordinate Tax Allocation Revenue Bonds 2007 for principal and interest payments totaling $1,715,961; and SCLAA Subordinate Tax Allocation Revenue Bonds 2008A principal and interest payments totaling $250,063. Reserves were used to pay a portion of the SCLAA Taxable Subordinate Tax Allocation Revenue Bonds 2006 interest payment of $1,794,430.

On March 22, 2016, VVEDA distributed tax increment to SCLAA in the amount of $13,230,890. This distribution was used on June 1, 2016 to pay interest debt service for all senior lien, housing, and junior lien subordinate debt, which includes: SCLAA Tax Allocation Revenue Parity Bonds 2005A, 2006, 2006 (Refunding) and 2006 (Forward Series), SCLAA Housing Set-Aside Revenue Bonds (Refunding) 2006, SCLAA Taxable Housing Set-Aside Revenue Parity Bonds 2007, and SCLAA Taxable Subordinate Tax Allocation Revenue Bonds 2006. These interest payments totaled $7,103,131. Also from this VVEDA distribution, $4,113,093 was transferred to the Trustee to fully replenish the SCLAA Taxable Subordinate Tax Allocation Revenue Bonds 2006 Reserve Account.

Based on tax increment projections, $249,970 of the remaining March VVEDA distribution was set aside to cover all senior debt service payments due December 1, 2016. The other portion of the remaining amount was used to pay past-due debt service payments, paying the oldest delinquencies first. This included the principal payment of $485,000 that was due December 1, 2012 for the SCLAA Subordinate Tax Allocation Revenue Bonds 2007, plus $63,656 in interest due to the bondholders on this defaulted principal, the principal payment of $75,000 that was due December 1, 2012 for the SCLAA Subordinate Tax Allocation Revenue Bonds 2008A, and the interest debt service payment of $1,166,571 that was due June 1, 2013 for the SCLAA Subordinate Tax Allocation Revenue Bonds 2007. In order to make this full interest payment of $1,166,571, reserve funds of $110,335 were used. Defaults occurred on the June 1, 2016 interest debt service for: SCLAA Subordinate Tax Allocation Revenue Bonds 2007 in the amount of $1,155,961; and SCLAA Subordinate Tax Allocation Revenue Bonds 2008A in the amount of $165,063.

More detailed information on these payments and defaults can be found on the EMMA website, emma.msrb.org.

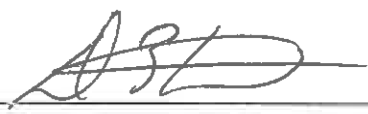
Several material events have occurred that have resulted in SCLAA defaulting on the two bond issues and the use of reserves with the Trustee for interest payments:

(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 15-16, the assessed value for the Project Area was approximately $7.5 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 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.

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.



Douglas B. Robertson
Disclosure Representative
Southern California Logistics Airport Authority

**SOUTHERN CALIFORNIA
LOGISTICS AIRPORT AUTHORITY**

BASIC FINANCIAL STATEMENTS

Year ended June 30, 2016

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY

Basic Financial Statements

Year ended June 30, 2016

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Board of Directors
Southern California Logistics Airport Authority
Victorville, California

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the Southern California Logistics Airport Authority ("SCLAA"), a component unit of the City of Victorville, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise SCLAA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Southern California Logistics Airport Authority, as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the financial statements of the Southern California Logistics Airport Authority, as of June 30, 2015, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 2, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matters

The accompanying financial statements have been prepared assuming that the SCLAA will continue as a going concern. As discussed in note 8 to the financial statements, the SCLAA has suffered recurring losses in recent years and the SCLAA has defaulted on a number of its recent debt payments. The statewide dissolution of all redevelopment agencies in the State of California creates additional uncertainty with respect to the SCLAA due to its dependency upon tax increment funding from the Victor Valley Economic Development Authority. These circumstances raise substantial doubt about the SCLAA's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the SCLAA be unable to continue as a going concern. Our opinion is not modified with respect to this matter.

As described further in note 7, on April 29, 2013, the United States Securities and Exchange Commission filed a complaint alleging that a number of defendants, including the City of Victorville, the Southern California Logistics Airport Authority, and certain City officials, committed certain fraudulent acts associated with the issuance in 2008 of $13,334,925 of Subordinate Tax Allocation Revenue Bonds, Series 2008A. As of the date of issuance of the financial statements, there was a possibility that this matter might result in a loss to the SCLAA. However, the amount of the loss, if any, that might result from this matter could not be reasonably estimated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SCLAA's basic financial statements. The *Combining Schedule of Net Position* and the *Combining Schedule of Revenues, Expenses and Changes in Net* Position is presented for purposes of additional analysis and are not a required part of the basic financial statements. The *Combining Schedule of Revenues, Expenses and Changes in Net Position* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Combining Schedule of Net Position* and the *Combining Schedule of Revenues, Expenses and Changes in Net Position* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016 on our consideration of SCLAA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCLAA's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
December 22, 2016

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY
Statement of Net Position
June 30, 2016
(with comparative data for June 30, 2015)

Assets:	2016	2015
Current assets:		
Cash and investments (note 2)	$ 15,080,604	16,984,157
Cash and investments with fiscal agent (note 2)	19,640,266	16,125,511
Accounts receivable, net	231,346	125,146
Due from other governments	1,722,966	-
Inventory	5,982	3,518
Total current assets	36,681,164	33,238,332
Noncurrent assets:		
Prepaid items	565	4,538
Advances to City of Victorville (note 5)	1,929,341	1,939,863
Advances to other governments (note 5)	2,558,202	4,681,492
Nondepreciable capital assets (note 3)	18,433,623	19,116,101
Depreciable capital assets, net (note 3)	139,424,511	138,182,300
Total noncurrent assets	162,346,242	163,924,294
Total assets	199,027,406	197,162,626
Deferred Outflow of Resources:		
Deferred outflow - pension contribution (note 6)	233,116	197,631
Deferred charge on refunding	2,339,505	2,474,021
Total deferred outflow of resources	2,572,621	2,671,652
Liabilities:		
Current liabilities:		
Accounts payable	431,472	2,000,811
Interest payable	1,396,360	1,416,033
Bonds subject to call (note 4)	58,630,561	58,124,460
Long-term liabilities, due within one year (note 4)	4,393,231	4,087,443
Total current liabilities	64,851,624	65,628,747
Noncurrent liabilities:		
Accrued rent credit payable	814,554	1,028,605
Advances from City of Victorville (note 5)	1,742,931	-
Advances from other governments (note 5)	10,278,395	11,970,371
Net Pension liability	2,090,587	1,880,791
Long-term liabilities, due in more than one year (note 4 and note 6)	249,423,516	253,745,501
Total noncurrent liabilities	264,349,983	268,625,268
Total liabilities	329,201,607	334,254,015
Deferred Inflows of Resources:		
Deferred inflows - actuarial (note 6)	270,322	552,576
Total deferred outflows of resources	270,322	552,576
Net position (deficiency):		
Net position (deficiency):		
Net investment in capital assets	(132,454,260)	(141,780,028)
Unrestricted	4,582,358	6,807,715
Total net position (deficiency)	$ (127,871,902)	(134,972,313)

See accompanying notes to the basic financial statements.

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position
Year ended June 30, 2016
(with comparative data for June 30, 2015)

	2016	2015
Operating revenues:		
Charges for services:		
Landing fees	$ 368,192	349,359
Fuel flowage fees	554,503	543,845
Concession sales	3,645	2,397
Rent and lease revenue	7,101,041	7,214,490
Total charges for services	8,027,381	8,110,091
Fines and forfeitures	692	124
Other	298,417	381,681
Total operating revenues	8,326,490	8,491,896
Operating expenses:		
Personnel services	1,806,644	1,910,583
Maintenance and operations	6,324,119	10,403,318
Depreciation	6,840,988	6,947,027
Total operating expenses	14,971,751	19,260,928
Operating income (loss)	(6,645,261)	(10,769,032)
Nonoperating revenues (expenses):		
Intergovernmental	394,819	-
Taxes	23,674,150	5,356,804
Investment income	38,219	31,610
Interest expense	(16,624,755)	(15,809,747)
Gain (loss) on sale of fixed assets	-	(381,933)
Total nonoperating revenues (expenses)	7,482,433	(10,803,266)
Income (loss) before transfers and capital contributions	837,172	(21,572,298)
Capital contribution	6,263,239	3,079,776
Transfers from the City of Victorville (note 5)	-	14,638,263
Total contributions and transfers	6,263,239	17,718,039
Change in net position	7,100,411	(3,854,259)
Net position (deficiency) at beginning of year	(134,972,313)	(131,118,054)
Net position (deficiency) at end of year	$ (127,871,902)	(134,972,313)

See accompanying notes to the basic financial statements.

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY
Statement of Cash Flows
Year ended June 30, 2016
(with comparative data for June 30, 2015)

	2016	2015
Cash flows from operating activities:		
Cash received from customers	$ 8,006,237	8,879,763
Cash payments to employees for services	(1,914,587)	(1,935,534)
Cash payments to suppliers for goods and services	(7,891,947)	(9,921,729)
Net cash provided by (used for) operating activities	(1,800,297)	(2,977,500)
Cash flows from noncapital financing activities:		
Cash received from other governments	26,189,871	7,621,753
Cash paid to other governments	(1,691,976)	-
Cash received from City of Victorville	32,875	14,640,648
Net cash provided by (used for) noncapital financing activities	24,530,770	22,262,401
Cash flows from capital and related financing activities:		
Cash payments to acquire capital assets	(1,137,482)	(1,140,462)
Principal paid on capital-related debt	(3,375,580)	(2,716,693)
Interest paid on capital-related debt	(16,644,428)	(15,828,351)
Net cash provided by (used for) capital and related financing activities	(21,157,490)	(19,685,506)
Cash flows from investing activities:		
Interest received on investments	38,219	31,610
Net cash provided by investing activities	38,219	31,610
Net increase in cash and cash equivalents	1,611,202	(368,995)
Cash and cash equivalents at beginning of year	33,109,668	33,478,663
Cash and cash equivalents at end of year	$ 34,720,870	33,109,668
Reconciliation of operating income to net cash provided by (used for) operating activities:		
Operating income (loss)	$ (6,645,261)	(10,769,032)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	6,840,988	6,947,027
(Increase) decrease in accounts receivable	(106,200)	659,940
(Increase) decrease in inventory	(2,464)	3,630
(Increase) decrease in prepaid items	3,973	(2,463)
(Increase) decrease in deferred outflow - pension	(35,485)	(13,139)
Increase (decrease) in accounts payable	(1,569,339)	480,422
Increase (decrease) in accrued rent credits payable	(214,051)	(272,073)
Increase (decrease) in accrued compensated absences	-	3,447
Increase (decrease) in net pension liability	209,796	(567,835)
Increase (decrease) in deferred inflows	(282,254)	552,576
Total adjustments	4,844,964	7,791,532
Net cash provided by (used for) operating activities	$ (1,800,297)	(2,977,500)
Noncash capital, financing and investing activities		
Capital assets contributed to the City of Victorville	$ 6,263,239	3,079,776
Loss on disposal of capital assets	-	(381,933)
Total noncash capital, financing and investing activities	$ 6,263,239	2,697,843

See accompanying notes to the basic financial statements.

(1) Summary of Significant Accounting Policies

(a) Description of the Reporting Entity

The Southern California Logistics Airport Authority ("SCLAA"), a component unit of the City of Victorville, was formed in June of 1997 by the City of Victorville and the former Victorville Redevelopment Agency. Following the dissolution of the Victorville Redevelopment Agency in 2012, the Victorville Water District was added as a member of the JPA. The purpose of SCLAA is to provide for the coordination of long range planning of the territory of George Air Force Base (now Southern California Logistics Airport, or the Airport). The Victor Valley Economic Development Authority ("VVEDA"), a Joint Powers Authority of the City of Victorville and other entities, was authorized to exclusively exercise the powers of a redevelopment agency in the area including and surrounding the Airport. VVEDA subsequently delegated to the SCLAA all of its redevelopment authority over the portion of the VVEDA project area comprised of the Airport.

(b) Basic Financial Statements

The basic financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the notes to the basic financial statements.

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The SCLAA is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

The SCLAA distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with airport and rental operations. The principal operating revenues of the SCLAA are federal grants and charges to customers for services. Operating expenses include general and administrative costs, maintenance and operational costs and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(1) Summary of Significant Accounting Policies, (Continued)

(d) Relationship to the City of Victorville

The SCLAA is an integral part of the reporting entity of the City of Victorville ("City") and is reflected as a blended component unit within the City of Victorville. The SCLAA fund has been included within the scope of the basic financial statements of the City because the City Council is the governing board and has financial accountability over the operations of the SCLAA. Only the SCLAA fund is included herein and these financial statements, therefore, do not purport to represent the financial position or results of operations of the City of Victorville, California.

(e) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

(f) Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents include the cash and investments held by a fiscal agent.

(g) Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

(1) Summary of Significant Accounting Policies, (Continued)

Level 2 – Inputs other than quoted prices included within the Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- o Quoted prices for similar assets or liabilities in active markets;
- o Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- o Inputs other than quoted prices that are observable for the asset or liability;
- o Inputs that are derived principally from or corroborated by observable market data by correlation or other items.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurements. These unobservable input reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

(g) Capital Assets

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. SCLAA capitalizes all assets with a historical cost of at least $5,000 and a useful life of at least three years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the life are not capitalized.

Depreciation is computed utilizing the straight-line method over the following useful lives:

Buildings and improvements	10-50 years
Furniture and equipment	3-7 years
Computer and communications	5 years
Vehicles	8-15 years
Sewer	50-60 years
Storm drains	20-100 years
Water lines	70-80 years
Runways and roads	20-40 years

(1) Summary of Significant Accounting Policies, (Continued)

(h) Compensated Absences

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee.

Compensated absences (unpaid vacation and sick leave) are recorded as expenditures in the year they are paid. The balance of unpaid vacation and vested sick leave at year end is recorded as a long-term liability in the government-wide financial statements, as these amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

(i) Deferred Charges on Refunding

Unamortized losses on refunding are amortized over the shorter of the term of the new debt or the refunded debt. Unamortized losses on refunding are recorded as deferred charge on refunding, under Deferred Outflow of Resources.

(j) Bond Premiums/Discounts and Issuance Costs

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Debt issuance costs other than prepaid insurance are expensed when incurred.

(k) Estimates

The presentation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

(1) Summary of Significant Accounting Policies, (Continued)

(l) Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets

This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position

This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position

This amount is all of the net position that does not meet the definition of "invested in capital assets" or "restricted net position."

(m) Deferred Outflows and Deferred Inflows of Resources

When applicable, the statement of net position and balance sheet will report a separate section for deferred outflows of resources. *Deferred outflows of resources* represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, are not recognized as an expense or expenditure until that time. The government has two items that qualify for reporting in this category. Deferred outflows – pension contribution relates to the net pension liability. Deferred charge on refunding is the difference between the reacquisition price and net carrying amount of refunded debt and is deferred and amortized over a period time.

When applicable, the statement of net position and the balance sheet will report a separate section for deferred inflows of resources. *Deferred inflows of resources* represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as an inflow of resources (revenue) until that time. The SCLAA has one item that qualifies for reporting in this category. Deferred inflows – actuarial relates to the net pension liability.

(1) Summary of Significant Accounting Policies, (Continued)

(n) Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2015
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	June 30, 2014 to June 30, 2015

(o) Prior Year Data

Selected information regarding the prior year had been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the SCLAA's prior year financial statements, from which this selected financial data was derived. In addition, certain minor reclassifications of the prior year data have been made to enhance their comparability to the current year.

(2) Cash and Investments

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	$ 15,080,604
Cash and investments with fiscal agent	19,640,266
Total cash and investments	$ 34,720,870

Cash and investments as of June 30, 2016, consist of the following:

Equity in City of Victorville Pool	$ (1,041,826)
Investments	35,762,696
Total cash and investments	$ 34,720,870

(2) Cash and Investments, (Continued)

Equity in the Cash and Investments Pool of the City of Victorville

The SCLAA has no separate bank accounts or investments other than investments held by bond trustee, and their investment in LAIF. The SCLAA's equity in the cash and investment pool is managed by the City of Victorville. The SCLAA is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City of Victorville. The SCLAA has not adopted an investment policy separate from that of the City of Victorville. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the SCLAA's pro-rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an original cost basis.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the SCLAA's investment policy.

The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	1 year	None	None
Commercial Paper	180 days	None	None
Money Market Mutual Funds	None	None	None
Repurchase Agreements	None	None	None
Investment Contracts	None	None	None
Certificate of Deposit	None	None	None
Local Agency Investment Fund	None	None	None
California Common Law Trust Shares	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

(2) Cash and Investments, (Continued)

Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of these investments by maturity:

		Remaining Maturing (in Months)			
Investment Type	Total	12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State investment pool	$ 16,122,430	16,122,430	-	-	-
Held by bond trustee:					
Money market funds	19,640,266	19,640,266	-	-	-
Total	$ 35,762,696	35,762,696	-	-	-

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

			Rating as of Year End	
Investment Type	Total	Minimum Legal Rating	AAA	Not Rated
State investment pool	$ 16,122,430	N/A	-	16,122,430
Held by bond trustee:				
Money market funds	19,640,266	AAA	19,640,266	-
Total	$ 35,762,696		19,640,266	16,122,430

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

(2) Cash and Investments, (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF.

Fair Value Measurement

The District categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The District has the following recurring fair value measurements as of June 30, 2016:

		Fair Value Hierarchy		
Investment type:	Total	Level 1	Level 2	Level 3
Local Agency Investment Fund	$16,122,430	-	16,122,430	-
Total	$16,122,430	-	16,122,430	-

(3) Capital Assets

The following is a summary of changes in capital assets for SCLAA at June 30, 2016:

	Balance at 7/1/2015	Additions	Deletions	Balance at 6/30/2016
Non-depreciable assets:				
Land	$ 14,149,163	223,613	-	14,372,776
Construction in progress	4,966,938	7,158,336	(8,064,427)	4,060,847
Total non-depreciable assets	19,116,101	7,381,949	(8,064,427)	18,433,623
Depreciable assets:				
Buildings and improvements	177,418,525	-	(50,125)	177,368,400
Computer and communication	236,462	-	(21,695)	214,767
Furniture and equipment	8,459,259	105,403	(153,229)	8,411,433
Infrastructure	75,366,940	8,064,427	(63,276)	83,368,091
Land improvements	128,489	-	-	128,489
Vehicles	463,602	150,172	-	613,774
Total depreciable assets	262,073,277	8,320,002	(288,325)	270,104,954
Less accumulated depreciation:				
Buildings and improvements	(84,846,781)	(3,846,929)	50,125	(88,643,585)
Computer and communication	(155,239)	(32,581)	21,695	(166,125)
Furniture and equipment	(4,195,580)	(553,127)	153,229	(4,595,478)
Infrastructure	(34,252,796)	(2,474,953)	63,276	(36,664,473)
Land improvements	(48,183)	(12,849)	-	(61,032)
Vehicles	(392,398)	(157,352)	-	(549,750)
Total accumulated depreciation	(123,890,977)	(7,077,791)	288,325	(130,680,443)
Total depreciable assets, net	138,182,300	1,242,211	-	139,424,511
Capital assets, net	$157,298,401	8,624,160	(8,064,427)	157,858,134

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016 is noted below:

	Balance at July 1, 2015	Additions	Retirements	Balance at June 30, 2016	Due Within One Year
Compensated Absences	$ 128,215	115,101	(88,163)	155,153	116,363
Tax Allocation Bonds:					
2005 Tax Allocation Bonds	20,250,000	-	(905,000)	19,345,000	945,000
2006 Tax Allocation Bonds (Non-Housing)	54,100,000	-	(940,000)	53,160,000	980,000
2006 Tax Allocation Bonds (Housing)	14,535,000	-	(255,000)	14,280,000	265,000
2006 Tax Allocation Parity Bonds	42,305,000	-	(110,000)	42,195,000	120,000
2006 Tax Allocation Revenue Parity Bonds	32,625,000	-	(420,000)	32,205,000	445,000
2006 Tax Allocation Revenue Bonds	59,320,000	-	(800,000)	58,520,000	845,000
2007 Tax Allocation Bonds	37,160,000	-	(560,000)	36,600,000	585,000
2007 Tax Allocation Bonds (Non-Housing)*	40,185,000	-	(485,000)	39,700,000	39,700,000
2008 Tax Allocation Bonds*	18,084,463	921,098	(75,000)	18,930,561	18,930,561
Tax Allocation Funds Subtotal	318,564,463	921,098	(4,550,000)	314,935,561	62,815,561
Unamortized Discounts/Premiums	(2,735,274)	-	91,868	(2,643,406)	91,868
Total	$315,957,404	1,036,199	(4,546,295)	312,447,308	63,023,792

* - Debt covenants required these bonds to be callable as a result of defaults. Callable bonds are required to be reported as current.

Tax Allocation Parity Bonds, Series 2005A

In June 2005, the Southern California Logistics Airport Authority issued $42,185,000 principal amount of Tax Allocation Parity Bonds, Series 2005A. The proceeds were used to finance certain public capital improvements benefiting the Southern California Logistics Airport.

On February 8, 2006, $1.8 million of bond proceeds was invested in land for the construction of a new City library. Prior to this purchase (on November 3, 2005), the Board of Directors of the SCLAA adopted a resolution with the intent of entering into a loan agreement between the SCLAA and the City with respect to this land purchase. On September 21, 2010 City Council approved this loan agreement. Legal counsel for the City has indicated that approval by the bond insurer is not required for the investment of proceeds not held by the bond trustee.

Bonds maturing on December 1, 2010, December 1, 2015, December 1, 2020, December 1, 2025, and December 1, 2030 in the amounts of $2,765,000, $3,365,000, $5,140,000, $6,335,000 and $7,870,000 are term bonds. The outstanding bonds bear interest at 3.50% to 5.00% due June 1 and December 1 of each year.

(4) Long-Term Liabilities, (Continued)

Tax Allocation Parity Bonds, Series 2005A, (Continued)

The bonds are subject to redemption prior to maturity as described in the bond covenants. The bonds maturing on or after June 1, 2015 are subject to optional redemption in whole or in part by lot without premium.

The bonds maturing on December 1, 2010, December 1, 2015, December 1, 2020, December 1, 2025, and December 1, 2030 are subject to mandatory redemption in part by lot, without premium, commencing December 1, 2007, December 1, 2012, December 1, 2016, December 1, 2021, and December 1, 2026, respectively, from sinking fund payments made by SCLAA.

In the fiscal year ended June 30, 2006 these bonds were partially defeased by the issuance of the Tax Allocation Revenue Parity Bonds, Refunding Series 2006 (Non-Housing). The required reserve for the Bonds is $1,797,890. As of June 30, 2016, the reserve amount was $1,798,163. The Bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding at June 30, 2016 is $19,345,000.

Tax Allocation Revenue Parity Bonds, Refunding Series 2006 (Non-Housing)

In June 2006, the Southern California Logistics Airport Authority issued $62,780,000 principal amount of Tax Allocation Revenue Parity Bonds, Refunding Series 2006. The proceeds were used to refund the 2001 Tax Allocation Bonds, the 2003 Tax Allocation Bonds, and a portion of 2005 Tax Allocation Bonds. As a result, the 2001 and 2003 Tax Allocation Bonds are considered to be defeased, and the 2005 Tax Allocation Bonds are considered to be partially defeased. The respective liabilities have been removed from the statement of net position.

Bonds maturing on December 1, 2026, December 1, 2031, December 1, 2036 and December 1, 2043 in the amounts of $6,895,000, $8,595,000, $10,810,000 and $20,335,000 are term bonds. The outstanding bonds bear interest at 4.50% to 5.00% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity as described in the bond covenants. The bonds maturing on or after June 1, 2016 are subject to optional redemption in whole or in part by lot without premium.

The bonds maturing on December 1, 2026, December 1, 2031, December 1, 2036 and December 1, 2043 are subject to mandatory redemption in part by lot, without premium, commencing December 1, 2022, December 1, 2027, December 1, 2032 and December 1, 2037, respectively, from sinking fund payments made by SCLAA.

The required reserve for the bonds is $3,519,300. As of June 30, 2016, the reserve amount was $3,519,484. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding at June 30, 2016 is $53,160,000.

(4) Long-Term Liabilities, (Continued)

Tax Allocation Revenue Parity Bonds, Refunding Series 2006 (Housing Set-Aside)

In June 2006, the Southern California Logistics Airport Authority issued $16,855,000 principal amount of Housing Set-Aside Revenue Bonds, Refunding Series 2006. The proceeds were used to refund all of the 2003 Tax Allocation Bonds and a portion of the 2005 Tax Allocation Parity Bonds. As a result the 2003 Tax Allocation Bond is considered to be defeased and the liability has been removed from the statement of net position.

Bonds maturing on December 1, 2026, December 1, 2031, December 1, 2036 and December 1, 2043 in the amounts of $1,855,000, $2,305,000, $2,905,000 and $5,460,000 are term bonds. The outstanding bonds bear interest at 4.50% to 5.00% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity as described in the bond covenants. The bonds maturing on or after June 1, 2016 are subject to optional redemption in whole or in part by lot without premium.

The bonds maturing on December 1, 2026, December 1, 2031, December 1, 2036 and December 1, 2043 are subject to mandatory redemption in part by lot, without premium, commencing December 1, 2022, December 1, 2027, December 1, 2032, and December 1, 2037, respectively, from sinking fund payments made by SCLAA.

The required reserve for the bonds is $945,975. As of June 30, 2016, the reserve amount was $946,057. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding at June 30, 2016 is $14,280,000.

Tax Allocation Revenue Parity Bonds, Taxable Series 2006

In June 2006, the Southern California Logistics Airport Authority issued $45,020,000 principal amount of Tax Allocation Revenue Parity Bonds, Taxable Series 2006. The proceeds were used to finance certain redevelopment activities benefiting the Southern California Airport.

Bonds maturing on December 1, 2036, and December 1, 2043 in the amounts of $20,080,000, and $24,940,000 are term bonds. The outstanding bonds bear interest at 6.10% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity as described in the bond covenants. The bonds are subject to optional redemption in whole or in part by lot, subject to a premium.

The bonds maturing on December 1, 2036, December 1, 2043 are subject to mandatory redemption in part by pro rata, without premium, commencing December 1, 2006, December 1, 2037, respectively, from sinking fund payments made by SCLAA.

(4) Long-Term Liabilities, (Continued)

Tax Allocation Revenue Parity Bonds, Taxable Series 2006, (Continued)

The required reserve for the bonds is $4,403,373. As of June 30, 2016, the reserve amount was $4,403,556. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding at June 30, 2016 is $42,195,000.

Taxable Tax Allocation Revenue Parity Bonds, Forward Series 2006

In November 2006, Southern California Logistics Airport Authority issued $34,980,000 principal amount of Taxable Tax Allocation Revenue Parity Bonds, Forward Series 2006. The proceeds were used to finance and refinance certain redevelopment activities benefiting the Southern California Logistics Airport.

The bonds mature from December 1, 2007 to December 1, 2043 in varying amounts. Principal is payable in annual installments ranging from $50,000 to $2,320,000, commencing December 1, 2007. The bonds accrue interest at rates between 6.25% and 6.30%. Interest on the bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2007.

The bonds are subject to optional and mandatory redemption prior to maturity.

The bonds are secured by pledged tax revenues. The required reserve for the Bonds is $2,476,455. As of June 30, 2016, the reserve amount was $2,476,586. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding at June 30, 2016 is $32,205,000.

Taxable Subordinate Tax Allocation Revenue Bonds, Series 2006

In November 2006, the Southern California Logistics Airport Authority issued $64,165,000 principal amount of Taxable Subordinate Tax Allocation Revenue Bonds, Series 2006. The proceeds were used to finance certain redevelopment activities benefiting the Southern California Logistics Airport.

The bonds mature from December 1, 2007 to December 1, 2043 in varying amounts. Principal is payable in annual installments ranging from $395,000 to $4,135,000, commencing December 1, 2007. The bonds accrue interest at 6.05%. Interest on the bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2007.

The bonds are subject to optional and mandatory redemption prior to maturity.

The bonds are secured by pledged tax revenues. The required reserve for the bonds is $4,389,930. As of June 30, 2016, the reserve amount was $4,389,944. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding at June 30, 2016 is $58,520,000.

(4) Long-Term Liabilities, (Continued)

Taxable Housing Set-Aside Revenue Parity Bonds, Series 2007

In March 2007, the Southern California Logistics Airport Authority issued $41,460,000 principal amount of Taxable Housing Set-Aside Revenue Parity Bonds, Series 2007. The proceeds were used to finance certain low and moderate income housing programs of the Authority. On July 7, 2009, $20,000,000 of bond proceeds were invested in a loan to the Victorville Water District. Legal counsel for the City has indicated that approval by the bond insurer is not required for the investment of proceeds not held by the bond trustee.

Bonds maturing on December 1, 2012, December 1, 2017, December 1, 2022, December 1, 2027, and December 1, 2043 in the amounts of $3,265,000, $2,800,000, $3,620,000, $4,685,000 and $27,090,000 are term bonds. The outstanding bonds bear interest at 5.00%, 5.20%, 5.25%, 5.40% and 5.55% due June 1 and December 1 of each year.

The bonds are subject to optional redemption in whole or in part by lot, without premium.

The required reserve for the Bonds is $1,301,205. As of June 30, 2016, the reserve amount consisting of fiscal agent cash and an insurance policy was $1,301,273. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding at June 30, 2016 is $36,600,000.

Subordinate Tax Allocation Revenue Bonds, Series 2007

In December 2007, the Southern California Logistics Airport Authority issued $42,000,000 principal amount Subordinate Tax Allocation Revenue Bonds, Series 2007. The proceeds were used to finance certain redevelopment activities benefiting the Southern California Logistics Airport.

Bonds maturing on December 1, 2008, December 1, 2009, December 1, 2012, December 1, 2017, December 1, 2022, December 1, 2027, December 1, 2032, December 1, 2032, December 1, 2037, December 1 2037, December 1, 2037, December 1, 2043 and December 1, 2043 in the amounts of $480,000, $425,000, $1,395,000, $2,805,000, $3,640,000, $4,745,000, $3,000,000, $3,275,000, $3,325,000, $3,800,000, $1,250,000, $9,210,000 and $4,650,000 are term bonds. The outstanding bonds bear interest at 4.000%, 4.200%, 4.375%, 5.250%, 5.375%, 5.600%, 5.900%, 6.000%, 5.900%, 6.000%, 6.100%, 5.900% and 6.150% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity at the option of the Authority, on or after December 1, 2017, in whole or in part by lot, without premium.

The bonds maturing on the dates described above are subject to mandatory redemption in part by lot, without premium, commencing December 1, 2010, December 1, 2013, December 1, 2018, December 1, 2023, December 1, 2028, December 1, 2028,

(4) Long-Term Liabilities, (Continued)

Subordinate Tax Allocation Revenue Bonds, Series 2007, (Continued)

December 1, 2033, December 1, 2033, December 1, 2033, December 1, 2038, and December 1, 2038, respectively, from sinking fund payments made by SCLAA.

The required reserve for the Bonds is $2,824,473. As of June 30, 2016, the reserve amount was $381,021. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding at June 30, 2016 is $39,700,000.

Subordinate Tax Allocation Revenue Bonds, Series 2008

In May 2008, the Southern California Logistics Airport Authority issued $13,334,925 principal amount of Subordinate Tax Allocation Revenue Bonds, Series 2008A. The proceeds were used to finance certain redevelopment activities benefiting the Southern California Logistics Airport and to partially refund the $35,000,000 principal amount of Subordinate Tax Allocation Revenue Notes, Series 2008.

Bonds maturing on December 1, 2010, December 1, 2013, December 1, 2018, December 1, 2023, December 1, 2033, December 1, 2038, and December 1, 2043 in the amounts of $130,000, $215,000, $340,000, $530,000, $1,675,000, $1,285,000, and $1,720,000 are Current Interest Bonds. The outstanding bonds bear interest at 4.25%, 4.50%, 5.00%, 5.25%, 6.00%, 6.00% and 6.00% due June 1 and December 1 of each year.

Bonds maturing on December 1 of each year beginning 2044 through 2050 in the initial principal amounts of $1,316,266, $1,216,397, $1,123,621, $1,037,536, $957,600, $883,633, and $814,910 are Capital Appreciation Bonds. The outstanding bonds bear yields to maturity of 7.300%, 7.320%, 7.340%, 7.360%, 7.380%, 7.400% and 7.420%. All of the bonds have a maturity value of $18,085,000.

The Current Interest Bonds are subject to redemption prior to maturity at the option of the Authority, on or after December 1, 2018, in whole or in part by lot, without premium. The Capital Appreciation Bonds are subject to optional redemption in whole or in part by lot, without premium.

The required reserve for the Bonds is $1,333,492. As of June 30, 2016, the reserve amount was $160,234. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding at June 30, 2016 is $18,930,561, which includes an accretion balance of $5,870,636.

(4) Long-Term Liabilities, (Continued)

SCLAA Defaults on Bonded Debt

As of June 30, 2016, the SCLAA had accumulated outstanding defaults on interest and principal payments for the following debt issues:

	Principal	Interest	Total
Subordinate Tax Allocation Rev Bonds, 2007	$ 1,595,000	$ 6,935,768	$ 8,530,768
Subordinate Tax Allocation Rev Bonds, 2008A	235,000	330,125	565,125

The following shows the changes to the default amounts during FY 2015/16 for the two bond issues in default:

	Subordinate Tax Alloc Rev Bonds, 2007	Subordinate Tax Alloc Rev Bonds, 2008A	Total
Default Balance 7/1/2015	$ 7,310,416	$ 225,000	$ 7,535,416
Principal Default 12/1/15	560,000	85,000	645,000
Interest Defaults 12/1/15 & 6/1/16	2,311,923	330,125	2,642,048
Pmt of 12/1/12 Principal Default	(485,000)	(75,000)	(560,000)
Pmt of 6/1/13 Interest Default	(1,166,571)	-	(1,166,571)
Default Balance 6/30/2016	$ 8,530,768	$ 565,125	$ 9,095,893

Draws on Reserves with the Trustee for the December 1, 2015 debt service payments were as follows:

Taxable Subordinate Tax Allocation Rev Bonds, 2006	$ 788,690

Draws on Reserves with the Trustee for the June 1, 2016 debt service payments were as follows:

Subordinate Tax Allocation Rev Bonds, 2007	$ 110,335

In June 2016, payments were made on the past due debt service for both the Subordinate Tax Allocation Revenue Bonds, 2007 and the Subordinate Tax Allocation Revenue Bonds, 2008A. Both principal and interest was paid, starting with the oldest defaults, as advised by Bond Counsel for the SCLAA.

(4) Long-Term Liabilities, (Continued)

SCLAA Defaults on Bonded Debt, (Continued)

Going forward, as stated in BNY Mellon's Notice to Bond Holders dated October 14, 2016, surplus funds will be used to pay all past due interest first and then current interest, or be held for the next due interest payment. Any funds remaining will be deposited in the Reserve Account until the Reserve Account contains the required amount set forth in the Bond Indenture. Any surplus funds then shall then be deposited into the Principal Accounts and used to pay the principal of the Bonds at their maturity, starting with the oldest unpaid matured bonds.

Reserve Accounts for both the Subordinate Tax Allocation Revenue Bonds, 2007 and the Subordinate Tax Allocation Revenue Bonds, 2008A do not meet the reserve requirements as of 6/30/16. Reserve funds held by the Trustee have been used toward debt service interest payments in order to limit the amount of defaults for these bonds. As of 6/30/16, 13% of the Reserve Account is funded for the Subordinate Tax Allocation Revenue Bonds, 2007 and 12% of the Reserve Account is funded for the Subordinate Tax Allocation Revenue Bonds, 2008A. On 5/26/16, $4,113,093 was sent to the Trustee for the Subordinate Taxable Revenue Bonds, 2006 to fully fund the Reserve Account for this bond issue and meet the reserve requirement set forth in the Bond Indenture.

The following 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:

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 to a county Supplemental Educational Revenue Augmentation Fund (SERAF). Tax increment on hand from SCLAA paid this obligation of $9,352,308 in Fiscal Year 09/10 and $1,923,641 in Fiscal Year 10/11. These state-mandated payments severely impacted the SCLAA's cash reserves.

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 this area. In Fiscal Year 12/13, the assessed value for the Project Area was approximately $6.62 billion. This represents a 30% decrease in assessed value over that time period. For Fiscal Year 14/15, the assessed value for the Project Area was approximately $7.05 billion and for Fiscal Year 15/16 the assessed value was approximately $7.5 billion. The decrease since Fiscal Year 08/09 was largely the result of the economic downturn and the housing market crisis.

(4) Long-Term Liabilities, (Continued)

SCLAA Defaults on Bonded Debt, (Continued)

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 due to the new processes imposed by the legislation. 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). The revenue is distributed by the County on January 2 and is typically the larger distribution; however, this 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. This delayed receipt of funds contributes to the shortfall already realized due to sharp decreases in property values of the last several years.

Debt Service Requirements to Maturity

The annual requirements to amortize outstanding SCLAA debt as of June 30, 2016, are as follows for each fiscal year ending June 30:

Year Ending June 30	Tax Allocation Bonds Principal*	Tax Allocation Bonds Interest
2017	$ 4,865,000	16,635,808
2018	5,110,000	16,387,661
2019	5,365,000	16,093,581
2020	5,635,000	15,812,820
2021	5,920,000	15,516,539
2022-26	34,535,000	72,470,929
2027-31	44,665,000	62,475,395
2032-36	58,425,000	48,996,792
2037-41	77,350,000	29,814,125
2042-46	94,185,000	5,796,037
2047-51	92,255,000	-
Subtotal	428,310,000	299,999,687
Discounts / Premiums	(2,643,406)	
Total	$ 425,666,594	

* - This total includes capital appreciation of $113,374,439 for tax allocation bonds that will be accrued in the future years.

(4) Long-Term Liabilities, (Continued)

Pledged Revenue

SCLAA has a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses were so required by the debt agreement) are indicated in the table below:

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required)	Annual Debt Service Payment (of all debt secured by this revenue)	Debt Service as a Percentage of Pledged Revenue
Property Tax Increment pledged by the Southern California Logistics Airport Authority	25,175,952	21,584,521	86%

(5) Advances To/From and Transfers In/Out

Advances to/from other funds:

Fund Reporting Receivable	Fund Reporting Payable	Amount	
City Housing Asset Successor	SCLAA	$ 1,742,931	a)
Successor Agency *	SCLAA	10,278,395	b)
SCLAA	Capital Impact Facilities	1,929,341	c)
SCLAA	Successor Agency *	2,558,202	d)
	Total	$16,508,869	

* - Advances to or from the Successor Agency have been classified as Advances to or from Other Governments in the basic financial statements.

a) Per a loan agreement approved on October 20, 2009 by the Board of the Victorville Redevelopment Agency (RDA), a $1,700,000 advance was made from the Low and Moderate Housing Fund to the SCLAA. The advance is to be used for SCLAA redevelopment activities. The advance has a term of repayment of five years, with an annualized Local Agency Investment Fund ("LAIF") rate of return, as the interest rate. The outstanding balance of the advance as of June 30, 2016 is $1,742,931. After the dissolution of the Victorville Redevelopment Agency this advance was transferred to the City Housing Asset Successor Fund of the City of Victorville, and has been classified as an advance to the City of Victorville on the Statement of Net Position.

(5) Advances To/From and Transfers In/Out (Continued)

b) Per a loan agreement approved on September 15, 2009 by the Board of Victorville RDA, a $10,000,000 advance was made from the Bear Valley Road Redevelopment Project Area (RDA Capital Project Fund) to the Southern California Logistics Airport Authority. The advance is to be used to continue redevelopment at SCLA and to fund prior years' capital improvements and redevelopment project expenses. The advance has a term of repayment of five years from the date of the agreement, with an annualized Local Agency Investment Fund ("LAIF") rate of return as the interest rate. The outstanding balance of the advance as of June 30, 2016 is $10,278,395.

c) Per a loan agreement signed on September 21, 2010, by the board of the SCLAA, a $1,895,000 advance was made from the SCLAA to the Capital Impact Facilities Fund. The advance is to be used for the purchase of land. The advance has a term of repayment to automatically renew the loan until there are sufficient funds to repay. The advance has an annualized Local Agency Investment Fund ("LAIF") rate of return, as the interest rate. Throughout the life of the loan $78,174 in interest has been paid. The outstanding balance of the advance as of June 30, 2016 is $1,929,341.

d) Per a loan agreement approved on July 21, 2009 by the Board of the Victorville RDA, a $6,906,148 advance was made from the Agency's portion of VVEDA's 20% Low and Moderate Housing Fund to the SCLAA. The advance is to be used to fund land acquisitions associated within the Old Town project area. The advance has a term of repayment of five years, with an annualized Local Agency Investment Fund ("LAIF") rate of return, as the interest rate. The outstanding balance of the advance as of June 30, 2016 is $2,558,202.

Transfers in/out:

Transfer In	Transfers Out	Amount	
SCLAA	Successor Agency *	$ 91,725	a)
	Total	$ 91,725	

* - Transfers from the Successor Agency have been classified as Intergovernmental Revenues in the basic financial statements.

a) The Successor Agency fund transfer of $91,725 to the SCLAA was for the payment of unfunded sick and vacation liabilities of former Victorville RDA employees, as approved by the California Department of Finance on the ROPS.

(6) Pension Plan

Plan Descriptions (Agent Plan) - All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Certain required pension disclosures are not available separately for the Authority, including the required supplemental information, because the Authority is included in the City of Victorville Miscellaneous Plan. Complete plan information can be found in the City of Victorville Comprehensive Annual Financial Report.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2.5% @ 55	2.5% @ 62
Benefit vesting schedule	5 years service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Required employee contribution rates	8%	6.75%
Required employer contribution rates	17.04%	17.04%

Actuarial Methods and Assumptions used to determine Total Pension Liability

For the measurement period ending June 30, 2015 (the measurement date), the total pension liability was determined using the following actuarial methods and assumptions:

(6) Pension Plan, (Continued)

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses: includes Inflation
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality Rate Table	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Changes in Net Pension Liability

The following table shows the changes in the Authority's net pension liability recognized over the measurement period:

	Net Pension Liability
Balance at: 6/30/2015	$1,880,791
Net Changes during 2015-16	209,796
Balance at: 6/30/2016	$2,090,587

For the measurement period ending June 30, 2015 (the measurement date), the Authority recognized a pension expense of $125,173 for the Plan.

(6) Pension Plan. (Continued)

As of June 30, 2016, the SCLAA reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 233,116	-
Changes of Assumptions	-	(135,002)
Differences between Expected and Actual Experiences	-	(67,594)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(67,726)
Total	$ 233,116	(270,322)

$233,116 report as deferred outflows or resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measure Period Ended June 30:	Deferred (Inflows) of Resources
2016	$ (148,507)
2017	(148,507)
2018	(61,680)
2019	88,372
2020	-
Thereafter	-

(7) Commitments and Contingencies

Litigation

The SCLAA is a defendant in certain legal actions arising in the normal course of operations. The accompanying basic financial statements reflect a liability for the probable amounts of loss associated with these claims.

(7) Commitments and Contingencies, (Continued)

Complaint Filed by the United State Securities and Exchange Commission

On April 29, 2013, the United States Securities and Exchange Commission filed a complaint alleging that a number of defendants, including the City of Victorville, the Southern California Logistics Airport Authority, and certain City officials, committed certain fraudulent acts associated with the issuance in 2008 of $13,334,925 of Subordinate Tax Allocation Revenue Bonds, Series 2008A. As of the date of issuance of the financial statements, there was a possibility that this matter might result in a loss to the City or the Southern California Logistics Airport Authority. However, the amount of the loss, if any, that might result from this matter could not be reasonably estimated. The City, Southern California Logistics Airport Authority and relevant City officials are currently awaiting the Federal Court ruling on their motions for Summary Judgment.

(8) Accumulated Deficit, Other Significant Financial Obligations and Management's Plan

Southern California Logistics Airport Authority

During the current fiscal year, SCLAA had a net income before depreciation of $13.9 million. After depreciation expense of $6.8 million, SCLAA had a net gain of $7.1 million. The SCLA received a $6.3 million capital contribution from the City during the fiscal year ended June 30, 2016. A summary of the financial condition of the SCLAA enterprise fund is as follows:

	SCLAA Deficit Balance
Beginning Net Position	$ (134,972,313)
Net Gain	7,100,411
Ending Net Position	$ (127,871,902)

SCLAA Annual Debt Service Payments:

The required debt service payments of SCLAA for the fiscal year ended June 30, 2017 are $21,500,808. Estimated pledged revenues are anticipated to be $24,198,555, resulting in an excess. The excess pledged revenue will be used to pay past due amounts for SCLAA Subordinate Tax Allocation Revenue Bonds, Series 2007 and 2008A. On December 1, 2016, $1,155,961 excess pledged revenue was used to fund the interest payment originally due December 1, 2013 for SCLAA Subordinate Tax Allocation Revenue Bonds, Series 2007. However, SCLAA defaulted on current debt service payments due December 1 ,2016 for SCLAA Subordinate Tax Allocation Revenue Bonds, Series 2007 and 2008A. Defaults will continue on current debt service payments for these two subordinate bond issues until all past due payments are cured and reserves are replenished to the required amount. See footnote 4 for further information.

(8) Accumulated Deficit, Other Significant Financial Obligations and Management's Plan, (Continued)

Management's Plans with Respect to its Financial Condition

Management's plans to ensure that annual expenditures do not exceed annual revenues and to build the reserves that are necessary to provide for economic uncertainties are as follows:
The City of Victorville has continued to maintain a balance budget since 2007-2008. However, the ongoing lawsuit from the U.S. Securities and Exchange Commission (SEC) and the legal fees incurred continue to drawn down the General Fund and SCLAA reserves. The trial for the lawsuit has been delayed and currently awaiting for the Federal Court's ruling on their Motions for Summary Judgment. The additional sales tax revenue receipts in fiscal year 2016 helped to subsidize the additional legal costs.

The budget for the General Fund in fiscal year 2016-2017 also estimates revenue to equal expenditures. The Reserve Policy requiring a minimum reserve of 5% was suspended on June 1, 2010. However, the 5% minimum reserve requirement was met as of June 30, 2015 with an unassigned General Fund reserve $4,706,430 or a 8.94% reserve for the General Fund. The City is committed to monitoring the budget closely and providing for the accumulation of reserves until the target level of 15% has been realized in accordance with the General Fund policy. Regarding the SCLAA's financial condition, a draw on reserves and defaults will be necessary to bridge the gap until the economy rebounds and tax increment revenues exceed debt services payments.

(9) Subsequent Events

Default on Bonded Debt

On December 1, 2016, the SCLAA defaulted on the principal and interest payment, of $1,715,961 for SCLAA Subordinate Tax Allocation Revenue Bonds, Series 2007 and the principal and interest payment of $255,063 for SCLAA Subordinate Tax Allocation Revenue Bonds, Series 2008A.

(10) Successor Agency Trust for Assets of the Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the SCLAA because the SCLAA has historically funded its operations and debt service using significant tax increment revenue that the Victor Valley Economic Development Agency (VVEDA) has typically provided to the SCLAA in prior fiscal years. VVEDA has acted as a pass-through agency for the various recipients of tax increment revenue in the Victor Valley, and is subject to the dissolution requirements of the Bill.

(10) Successor Agency Trust for Assets of the Former Redevelopment Agency, (Continued)

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 17, 2012, the Victorville City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-005.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only

be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

After February 1, 2012 the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (Successor Agency to the Victorville RDA) in the financial statements of the City, pending the liquidation and distribution of the assets and liabilities of the former Redevelopment Agency to other taxing entities in accordance with state law.

On November 10, 2012 the Successor Agency Board approved Resolution R-SA-12-006 and established the City Housing Asset Successor Agency as a successor to the low and moderate income housing program of the former Redevelopment Agency.

SUPPLEMENTARY SCHEDULES

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY
Combining Schedule of Net Position
June 30, 2016
(with comparative data for June 30, 2015)

		Non	Other	Totals	
Assets:	Aeronautical	Aeronautical	Services	2016	2015
Current assets:					
Cash and investments (note 2)	$ -	175,314	14,905,290	15,080,604	16,984,157
Cash and investments with fiscal agent (note 2)	-	-	19,640,266	19,640,266	16,125,511
Accounts receivable, net	231,346	-	-	231,346	125,146
Due from other funds	-	-	2,516,668	2,516,668	-
Due from other governments	2,388	-	1,720,578	1,722,966	-
Inventory	5,982	-	-	5,982	3,518
Total current assets	239,716	175,314	38,782,802	39,197,832	33,238,332
Noncurrent assets:					
Prepaid items	565	-	-	565	4,538
Advances to City of Victorville (note 5)	-	-	1,929,341	1,929,341	1,939,863
Advances to other governments (note 5)	-	-	2,558,202	2,558,202	4,681,492
Nondepreciable capital assets (note 3)	4,060,847	-	14,372,776	18,433,623	19,116,101
Depreciable capital assets, net (note 3)	11,522,255	-	127,902,256	139,424,511	138,182,300
Total noncurrent assets	15,583,667	-	146,762,575	162,346,242	163,924,294
Total assets	15,823,383	175,314	185,545,377	201,544,074	197,162,626
Deferred Outflow of Resources:					
Deferred outflow - pension contribution (note 6)	233,116	-	-	233,116	197,631
Deferred charge on refunding	-	-	2,339,505	2,339,505	2,474,021
Total deferred outflow of resources	233,116	-	2,339,505	2,572,621	2,671,652
Liabilities:					
Current liabilities:					
Accounts payable	402,575	13,837	15,060	431,472	2,000,811
Interest payable	-	-	1,396,360	1,396,360	1,416,033
Due to other funds	2,516,668	-	-	2,516,668	-
Bonds subject to call (note 4)	-	-	58,630,561	58,630,561	58,124,460
Long-term liabilities, due within one year (note 4)	116,363	-	4,276,868	4,393,231	4,087,443
Total current liabilities	3,035,606	13,837	64,318,849	67,368,292	65,628,747
Noncurrent liabilities:					
Accrued rent credit payable	814,554	-	-	814,554	1,028,605
Advances from City of Victorville (note 5)	-	-	1,742,931	1,742,931	-
Advances from other governments (note 5)	-	-	10,278,395	10,278,395	11,970,371
Net Pension liability	2,090,587	-	-	2,090,587	1,880,791
Long-term liabilities, due in more than one year (note 4 & note 6)	38,788	-	249,384,728	249,423,516	253,745,501
Total noncurrent liabilities	2,943,929	-	261,406,054	264,349,983	268,625,268
Total liabilities	5,979,535	13,837	325,724,903	331,718,275	334,254,015
Deferred Inflows of Resources:					
Deferred inflows - actuarial (note 6)	270,322	-	-	270,322	552,576
Total deferred outflows of resources	270,322	-	-	270,322	552,576
Net position (deficiency):					
Net position (deficiency):					
Net investment in capital assets	15,583,094	-	(148,037,354)	(132,454,260)	(55,893,369)
Unrestricted	(5,776,452)	161,477	10,197,333	4,582,358	(79,078,944)
Total net position (deficiency)	$ 9,806,642	161,477	(137,840,021)	(127,871,902)	(134,972,313)

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY

Combining Schedule of Revenues, Expenses and Changes in Net Position

(with comparative data for June 30, 2015)

	Year ended June 30, 2016			Total	
	Aeronautical	Non Aeronautical	Other Services	2016	2015
Operating revenues:					
Charges for services:					
Landing fees	$ 368,192	-	-	368,192	349,359
Fuel flowage fees	554,503	-	-	554,503	543,845
Concession sales	3,645	-	-	3,645	2,397
Rent and lease revenue	6,176,439	224,346	700,256	7,101,041	7,214,490
Total charges for services	7,102,779	224,346	700,256	8,027,381	8,110,091
Fines and forfeitures	692	-	-	692	124
Other	298,417	-	-	298,417	381,681
Total Operating Revenues	7,401,888	224,346	700,256	8,326,490	8,491,896
Operating expenses:					
Personnel services	1,667,185	139,459	-	1,806,644	1,910,583
Maintenance and operations	6,201,916	105,025	17,178	6,324,119	10,403,318
Depreciation	401,803	-	6,439,185	6,840,988	6,947,027
Total operating expenses	8,270,904	244,484	6,456,363	14,971,751	19,260,928
Operating income (loss)	(869,016)	(20,138)	(5,756,107)	(6,645,261)	(10,769,032)
Nonoperating revenues (expenses):					
Intergovernmental	394,819	-	-	394,819	-
Taxes	2,607	-	23,671,543	23,674,150	5,356,804
Investment income	178	100	37,941	38,219	31,610
Interest expense	159,742	-	(16,784,497)	(16,624,755)	(15,809,747)
Gain (loss) on sale of fixed assets	-	-	-	-	(381,933)
Total nonoperating revenues (expenses)	557,346	100	6,924,987	7,482,433	(10,803,266)
Income (loss) before transfers and capital contributions	(311,670)	(20,038)	1,168,880	837,172	(21,572,298)
Capital contribution	6,039,626	-	223,613	6,263,239	3,079,776
Transfers to the City of Victorville	-	-	-	-	14,638,263
Transfers in (note 5)	115,500	-	1,064,718	1,180,218	-
Transfers out (note 5)	(1,064,718)	-	(115,500)	(1,180,218)	-
Total contributions and transfers	5,090,408	-	1,172,831	6,263,239	17,718,039
Change in net position	4,778,738	(20,038)	2,341,711	7,100,411	(3,854,259)
Net position (deficiency) at beginning of year	5,027,904	181,515	(140,181,732)	(134,972,313)	(131,118,054)
Net position (deficiency) at end of year	$ 9,806,642	161,477	(137,840,021)	(127,871,902)	(134,972,313)

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY
18374 Readiness Street, Victorville, CA 92394

Continuing Disclosure Report

February 13, 2017

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INTRODUCTION

RSG, Inc. ("RSG") has prepared this Continuing Disclosure Report ("Report") at the request of the Southern California Logistics Airport Authority ("SCLA" or "SCLAA"). It is our understanding that SCLA will employ this Report to substantiate the continuing viability of its nine (9) outstanding Tax Allocation Bonds ("Bonds") issued since 2005. The Bonds include the following series:

- 2005A Tax Allocation Parity Bonds,
- 2006 Tax Allocation Revenue Parity Refunding Bonds,
- 2006 Taxable Tax Allocation Revenue Parity Bonds,
- 2006 Taxable Forward Tax Allocation Revenue Parity Bonds,
- 2006 Taxable Subordinate Tax Allocation Revenue Bonds,
- 2006 Housing Set-aside Revenue Refunding Bonds,
- 2007 Subordinate Tax Allocation Revenue Bonds,
- 2007 Taxable Housing Set-Aside Revenue Parity Bonds, and
- 2008A Subordinate Tax Allocation Revenue Bonds.

This Report outlines available tax increment generated within the Victor Valley Redevelopment Project Area ("Project Area") as updated since the issuance of the Bonds. The Project Area includes three sub-areas.

- the Original Area,
- the Amendment IV Area, and
- the Amendment VIII Area

SCLA is a Joint Powers Authority ("JPA") that was originally comprised of the Victorville Redevelopment Agency and the City of Victorville. However, following the dissolution of redevelopment, the JPA composition was changed to include just the City of Victorville and the Victorville Water District as redevelopment agencies ceased to exist pursuant to State law as of February 1, 2012. SCLA is a successor in interest to the Victor Valley Economic Development Authority ("VVEDA") with respect to all of the rights and obligations associated with the development of the properties comprising the former George Air Force Base.

The following tables update the information presented in the original Fiscal Consultant Report ("FCR") prepared for the Bonds and the exhibit numbers correspond to the exhibits of the FCR:

Exhibits 3A-B:	Historic Assessed Valuation and Tax Increment Receipts
Exhibit 5A:	New Development
Exhibits 7A-I:	Top Ten Taxpayers
Exhibit 9:	Assessment Appeals
Exhibits 10A-O:	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 XIIIA 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 anticipated legislation.

RSG relies on established data sources, including, as described above, the County equalized assessment roll, appeals records, and pass through payment calculation methodology. RSG has, in addition, incorporated corrections as identified in discussion with the County. However, RSG 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 assure 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.

DISSOLUTION OF REDEVELOPMENT AGENCIES

On December 29, 2011, the California Supreme Court upheld Assembly Bill ("AB") x1 26, which dissolved redevelopment agencies in California. VVEDA is a JPA comprised of city governments (and not redevelopment agencies) with powers similar to redevelopment agencies under special legislation. As of the date of this Report, VVEDA is being treated as a former redevelopment agency/successor agency by DOF and is subject to all requirements pursuant to ABx1 26 and subsequent amending legislation AB 1484 and Senate Bill ("SB") 107 (collectively, "Dissolution Law"). VVEDA has complied, and will continue to comply, with the requirements prescribed in the Dissolution Law.

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 (now called "RPTTF") in a project area. Instead, successor agencies create six-month 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 VVEDA are now collected by the San Bernardino County Auditor-Controller ("Auditor-Controller") and distributed pursuant to Health and Safety Code ("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 to the Victor Valley Economic Development Authority ("Successor Agency") will continue to pay outstanding debt obligations (including 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 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.

Uneven Revenue Distribution

The Dissolution Law transferred the responsibility to calculate and determine the distribution of tax increment revenues from redevelopment agencies to county auditor-controllers. As a result, the Successor Agency receives tax increment revenue distributions from the Auditor-Controller twice per year, in January and June.

Because San Bernardino County collects tax increment up to the end of each fiscal year (June 30) and it takes time to calculate the correct distributions, the distributions are uneven. The January distribution incorporates tax increment collected from the previous May to mid-December. The June distribution incorporates tax increment collected from mid-December to April.

Unfortunately for the Successor Agency, the larger (January) distribution is used to pay the smaller, interest-only debt service payments due June 1 of each year. The smaller (June) distribution is used, correspondingly, to pay the larger, principal and interest payments due December 1 of each year. Therefore, even when pledged tax increment exceeds the debt service obligations on an annual basis, there may be insufficient funds available for the December 1 payments.

While the Successor Agency uses the January distribution to cure defaults and replenish required bond reserves, the uneven revenue distribution results in a pendulum-like pattern of defaults each December with cures and bond reserve replenishments each June. If annual pledged tax increment exceeds annual debt service obligations, the overall pattern of this pendulum will be to cure the defaults and replenish the bond reserves. This is the case as of 2016. SCLA received approximately $4.9 million <u>more</u> in January 2016 than the total June 1, 2016, debt service payments. In June 2016, however, SCLA received approximately $2.6 million <u>less</u> than the total December 1, 2016, debt service payments.

After all defaults are cured and required bond reserves replenished, the Successor Agency can avoid further occurrence of the "pendulum" by requesting that a revenue reserve be set aside from each January distribution of tax increment for the following December 1 debt service payments.

Pledged Revenues Definition

Prior to the June 2015 distribution, DOF approved the Successor Agency's requested estimate of tax increment pledged for the Bonds on each ROPS. However, in its determination letter for the June 2015 tax increment distribution (see Appendix 1 in the FY 2015-16 Continuing Disclosure Report), DOF denied the estimated amount of pledged tax increment for the Bonds. Instead, DOF approved the amount of debt service payments due for the non-housing Bonds on December 1, 2015, a slightly smaller amount. The actual amount of pledged tax increment available for distribution in June 2015 did not exceed either number. Although a default occurred on December 1, 2015, it was due to insufficient available tax increment revenues.

In an attempt to respond to DOF's changed approach, the Successor Agency, rather than listing an estimate of tax increment pledged for the Bonds as one item in its request for the January 2016 distribution, listed the June 1, 2016, debt service payment amount and the amounts needed to cure defaults and replenish required reserves as separate items. DOF denied the latter. The Successor Agency immediately filed a Meet and Confer request (the sole appeal process allowed by the Dissolution Law relating to DOF decisions on ROPS) and conducted the Meet and Confer with DOF on November 30, 2015.

The Successor Agency provided DOF staff with all bond documents at the Meet and Confer and walked DOF staff through the requirements of the bond indentures for the bond issues. After the Meet and Confer, DOF requested and promptly received additional information from the Successor Agency. However, on December 17, 2015, DOF transmitted a letter to the Successor Agency approving the requested amounts for debt service, defaults and reserve requirements, but stipulated that the obligations be paid only "from former tax increment generated from the George Air Force Base ("GAFB") Parcels," i.e., the SCLA Area (see Appendix 2 in the FY 2015-16 Continuing Disclosure Report). In this determination letter, DOF stated that "the SCLAA bond documents reference a pledge of funds from three other sources," but did not recognize that these other sources include the pledges of tax increment from the other VVEDA jurisdictions' portions of the Project Area.

As described previously, the June distributions are less than the December debt service obligations, so the defaults occurring on December 1, 2015, were not due to DOF's determination. The January distributions, meanwhile, are greater than the June debt service obligations. Following DOF's determination for the January 2016 distribution would result in drastic defaults and a missed opportunity to cure previous defaults and replenish required reserves.

Since DOF's December 17, 2015, determination letter, encouraged by DOF's promise to "continue to work with the [Successor] Agency to determine the sources of funding that should be used to fund the debt service," the Successor Agency explained that the "three other sources" include the pledges of tax increment from the other VVEDA jurisdictions (see Appendix 3 in the FY 2015-16 Continuing Disclosure Report).

Following these efforts, DOF and the Successor Agency, along with the latter's bond counsel and legal counsel, held a conference call on February 8, 2016. They discussed the tax increment distribution and potential ramifications of limiting tax increment distributed to the GAFB parcels, which is inconsistent with the Bonds' Indentures. The Successor Agency received an e-mail on February 9, 2016, from Justyn Howard, DOF's Program Budget Manager, (see Appendix 4 in the FY 2015-16 Continuing Disclosure Report) as a follow up to the conference call stating:

> As stated on the call, from information provided to DOF last month, it is DOF's understanding that section 38 of the VVEDA JPA agreement authorizes SCLAA to pledge more former tax increment than generated only from the GAFB parcels. As such, the limitation of using only RPTTF generated in GAFB parcels for payment of ROPS line items 2, 18 and 19 [current debt service, default payments, and reserve replenishment], as stated on page one of the December 17, 2015 DOF ROPS determination letter, should be ignored.

The February 9, 2016, e-mail maintains the full amounts approved in the December 17, 2015, letter for the debt service, default payments, and reserve replenishment and allows the Successor Agency to use all the tax increment pledged for the Bonds to pay these items.

RPTTF Distribution Methodology

DOF subsequently issued an official determination letter on April 13, 2016, approving an RPTTF distribution (based on what was requested in ROPS 16-17 for existing obligations, and not based on actual RPTTF revenues available) of approximately $39.2 million (see Appendix 1 to this Report). VVEDA requested not only the current debt service payment, but also the outstanding amount of default payments and reserve requirements on ROPS 16-17, even though this amount exceeds the portion of tax increment that is legally pledged for the SCLA bonds in the 16-17 ROPS period. In response to this request, DOF authorized that all VVEDA tax increment (not just the Victorville/SCLA share) be distributed to VVEDA, leaving no residual payments to the taxing entities.

The actual amount of RPTTF available and distributed to the County for ROPS 16-17A and 16-17B was $29,465,490 ($12,588,794 + $16,876,696, see Appendix 2 to this Report).

VVEDA staff contacted the Auditor-Controller staff about modifying the residual RPTTF distribution timing in March of 2016. VVEDA staff and Auditor-Controller staff met on March 25, 2016, to discuss VVEDA's preferred alternative distribution. VVEDA staff explained to the Auditor-Controller's staff that, without this distribution method being revised, VVEDA will have to hold these revenues that are residual for other Jurisdictions (which VVEDA cannot spend on the Bonds or other items) for up to three years until the prior period adjustments result in these funds being distributed by the Auditor-Controller as residual RPTTF. Auditor-Controller staff expressed concerns about the County's liability in using a modified RPTTF distribution methodology, receiving questions from bondholders themselves, and making an exception to the prescribed prior period adjustment process outlined in the HSC.

VVEDA staff requested that Auditor-Controller staff confer with the County's legal counsel about VVEDA's proposed modified distribution methodology and followed up by e-mail on April 18, 2016, with no response for several months. VVEDA transmitted a letter to the Auditor-Controller on August 8, 2016, outlining the issues about the distribution and prior period adjustments (See Appendix 3 to this Report). On August 9, the Auditor-Controller's office responded that DOF would not revise the April 13 determination letter with the distribution amounts and that the Auditor-Controller is legally required to disburse RPTTF based on DOF's determination letters.

GENERAL ASSUMPTIONS IN THE REVENUE PROJECTIONS

Assessment Roll Adjustment

The FY 2016-17 Assessment Roll published by the County showed a $172.8 million reduction in assessed value in the County's portion of the Original Area compared to FY 2015-16. Given that the Original Area experienced an assessed value increase from last year overall and in every other member jurisdiction's portion, RSG contacted the County Assessor[1] to inquire about this reduction. From that research, RSG learned that the property commonly known as the Oro Grande Cement Plant ("OGCP") had been omitted from the assessment roll.

The OGCP parcel, currently valued at $303.8 million, is a combination of two previous parcels valued at an approximate total of $174.3 million in FY 2015-16. The property was purchased by Calportland Co. in 2015 from Martin Marietta Materials, Inc., the parent company of Riverside Cement Co. This parcel has been added to the FY 2016-17 Secured Assessment Roll as a correction. While this correction was made too late to be incorporated into the official assessment roll and the County's valuation reports, it is expected that the omission will not affect the payment of taxes on the property. Calportland Co. was issued a timely property tax bill for the OGCP parcel and paid the first installment. RSG has therefore incorporated corrections to include the OGCP's assessed value and estimated property tax revenue as appropriate. These corrections most notably affect the FY 2016-17 assessed valuation reported in Exhibit 3A, the top ten taxpayer tables in Exhibits 7A and 7H, and the tax increment projections in Exhibits 10A, 10B, 10C, and 10F.

The County Assessor indicated that similar errors, in which property is excluded from the assessment roll, occur very rarely and, when they occur, they generally involve property valued below $100,000. After the OGCP parcel was initially excluded from the current assessment roll, the County Assessor instituted an additional review of property values prior to roll equalization to reduce the probability of such errors occurring in the future.

[1] RSG spoke to Glen Brinkerhoff, a Supervisor in the Special Property Division of the County Assessor's office, on January 31, and February 2, 2017, as well as Erik Endler, Chief Appraiser, on February 10, 2017.

Assessed Valuation

Exhibit 3A summarizes year-to-year changes in the Project Area's assessed values for the past five years (2012-13 through 2016-17) based upon the Auditor-Controller's annual assessed value reports. Between FY 2012-13 and FY 2016-17, Project Area total assessed values for the Original Area, Amendment IV Area, and Amendment VIII Area have increased by 21.7%.

The increase in value over the last five years is the result of a recovery from the latest economic downturn, especially evident in assessed value growth since FY 2013-14 (18.8%). Over the past three years, the Project Area assessed valuation increased from approximately $6.8 billion to almost $8.1 billion.

Since FY 2012-13, the Original Area and the Amendment VIII areas experienced increases in assessed value of $944.1 million and $499.0 million (respectively) and the Amendment IV area experienced a reduction of $4.1 million.

Tax Increment Collection History

Exhibit 3A on the following pages presents a summary of tax increment revenue collections for fiscal years 2012-13 through 2016-17.

Historic Assessed Value and Tax Increment Revenue Receipts — Exhibit 3A

Southern California Logistics Airport Authority - VVEDA Project Area

	2012-13				% Growth of Combined Area Over Prior Year	2013-14				% Growth of Combined Area Over Prior Year
Assessed Valuations	Original Area	Am. IV Area	Am. VIII Area	Combined		Original Area	Am. IV Area	Am. VIII Area	Combined	
Local Secured	4,066,558,173	90,809,262	1,863,687,572	6,021,055,007		4,170,168,495	89,292,737	1,944,349,534	6,203,810,766	
Secured Utility	278,704,400	-	-	278,704,400		231,204,400	-	-	231,204,400	
Unsecured	286,393,811	190,354	31,231,627	317,815,792		314,713,032	175,951	31,160,212	346,049,195	
Total	4,631,656,384	90,999,616	1,894,919,199	6,617,575,199	-1%	4,716,085,927	89,468,688	1,975,509,746	6,781,064,361	2%
1997-98 Base Year	(1,783,833,921)	(24,956,814)	(1,894,919,199)	(3,703,709,934)		(1,783,833,921)	(24,956,814)	(1,975,509,746)	(3,784,300,481)	
(Per Original & Annual A/C Reports)										
Incremental Value	2,847,822,463	66,042,802	-	2,913,865,265		2,932,252,006	64,511,874	-	2,996,763,880	
Est Increment @1% [1]	28,478,225	660,428	-	29,138,653		29,322,520	645,119	-	29,967,639	
Actual Allocation Per County A/C [2]	28,478,234	660,429	-	29,138,663		29,322,523	645,118	-	29,967,641	
Actual Revenue Received [3]	29,901,323	718,914	179,967	30,800,204		30,643,888	835,670	388,822	31,868,380	
Distribution of Revenue Received										
Member Jurisdictions		% of Total					% of Total			
Low Mod Housing Fund	Incl. in Totals Below [4]					Incl. in Totals Below [4,5]				
SCLA	**9,792,007**	31.9%				**9,128,850**	30.3%			
Victorville	**8,553,441**	27.8%				**8,646,370**	28.7%			
Apple Valley	2,383,462	7.8%				2,288,782	7.6%			
Hesperia	341,220	1.1%				346,150	1.1%			
County	922,193	3.0%				835,701	2.8%			
Adelanto	298,829	1.0%				122,507	0.4%			
Subtotal	**22,291,152**					**21,368,359**				
Administrative Cost Allowance	110,480	0.4%				276,004	0.9%			
Pass Throughs to Affected Districts	8,330,055	27.1%				8,482,293	28.2%			
Remaining Tax Increment [6]	-	0.0%				-	0.0%			
Total	**30,731,687**	100.0%				**30,126,656**	100.0%			

(Exhibit 3A continued on next page)

Historic Assessed Value and Tax Increment Revenue Receipts — **Exhibit 3A (cont.)**

Southern California Logistics Airport Authority - VVEDA Project Area

	2014-15				% Growth of Combined Area Over Prior Year	2015-16				% Growth of Combined Area Over Prior Year
	Original Area	**Am. IV Area**	**Am. VIII Area**	**Combined**		**Original Area**	**Am. IV Area**	**Am. VIII Area**	**Combined**	
Assessed Valuations										
Local Secured	4,365,252,808	87,882,052	2,076,677,241	6,529,812,101		4,630,949,815	88,292,763	2,236,262,847	6,955,505,425	
Secured Utility	179,957,350	-	1,000	179,958,350		176,945,350	-	1,000	176,946,350	
Unsecured	313,930,737	162,749	27,179,876	341,273,362		337,661,196	102,696	31,040,685	368,804,579	
Total	4,859,140,895	88,044,801	2,103,858,117	7,051,043,813	4%	5,145,556,363	88,395,459	2,267,304,532	7,501,256,354	6%
1997-98 Base Year	(1,783,833,921)	(24,956,814)	(1,990,232,379)	(3,799,023,114)		(1,783,833,921)	(24,956,814)	(1,990,232,379)	(3,799,023,114)	
(Per Original & Annual A/C Reports)										
Incremental Value	3,075,306,974	63,087,987	113,625,738	3,262,020,699		3,361,722,442	63,438,645	277,072,153	3,702,233,240	
Est Increment @1% [1]	30,753,070	630,880	1,136,257	32,520,207		33,617,224	634,386	2,770,722	37,022,332	
Actual Allocation Per County A/C [2]	30,753,077	630,879	1,136,257	32,520,213		33,619,537	634,385	2,770,714	37,024,636	
Actual Revenue Received [3]	32,155,428	608,444	1,627,383	34,391,255		35,613,536	553,611	3,154,718	39,321,864	
Distribution of Revenue Received										
Member Jurisdictions		% of Total					% of Total			
Low Mod Housing Fund	Incl. in Totals Below [4,5]					Incl. in Jurisd. Totals Below [4,5]				
SCLA	10,490,052	30.8%				11,596,266	29.8%			
Victorville	10,678,296	31.3%				12,257,053	31.5%			
Apple Valley	334,336	1.0%				1,050,614	2.7%			
Hesperia	-	0.0%				-	0.0%			
County	-	0.0%				-	0.0%			
Adelanto	-	0.0%				-	0.0%			
Subtotal	21,502,683					24,903,935				
VVEDA Administrative Cost Allowance	263,315	0.8%				500,000	1.3%			
Pass Throughs to Affected Districts	9,316,823	27.4%				10,672,178	27.4%			
Remaining Tax Increment [6]	2,982,155	8.8%				2,885,192	7.4%			
Total	34,064,977	100.0%				38,961,305	100.0%			

(Exhibit 3A continued on next page)

Historic Assessed Value and Tax Increment Revenue Receipts					Exhibit 3A (cont.)
Southern California Logistics Airport Authority - VVEDA Project Area					
	2016-17				% Growth of Combined Area Over Prior Year
	Original Area	Am. IV Area	Am. VIII Area	Combined	
Assessed Valuations					
Local Secured	5,030,034,855	86,110,477	2,362,568,063	7,478,713,395	
Secured Utility	224,894,350	-	1,000	224,895,350	
Unsecured	320,814,389	795,000	31,381,087	352,990,476	
Total	5,575,743,594	86,905,477	2,393,950,150	8,056,599,221	7%
1997-98 Base Year	(1,783,833,921)	(24,956,814)	(1,990,232,379)	(3,799,023,114)	
(Per Original & Annual A/C Reports)					
Incremental Value	3,791,909,673	61,948,663	403,717,771	4,257,576,107	
Est Increment @1% [1]	37,919,097	619,487	4,037,178	42,575,761	
Actual Allocation Per County A/C [2]	34,881,005	619,486	4,037,175	39,537,666	
Actual Revenue Received [3]	N/A	N/A	N/A	-	
Distribution of Revenue Received					
Member Jurisdictions					
Low Mod Housing Fund					
SCLA					
Victorville					
Apple Valley					
Hesperia					
County		**Not Available**			
Adelanto					
Subtotal					
VVEDA Administrative Cost Allowance					
Pass Throughs to Affected Districts					
Remaining Tax Increment [6]					
Total					

Footnotes for Exhibit 3A:

1. "Est Increment @ 1%" is based on incremental value for the entire Project Area presented on the San Bernardino County Auditor-Controller annual report "PI163 Agency Net Valuations Report."

2. Each year, San Bernardino County issues report "PI715R01 Redevelopment Agency Percentages" showing the tax increment for each Tax Rate Area. The "Actual Allocation Per County A/C" shows the VVEDA Project Area tax increment based on this report. The actual revenue received by the VVEDA Agencies is based on this report rather than report PI163. The County indicates that the difference in these two reports is related to corrections made to the tax roll during the fiscal year. In fiscal year 2016-17, the "Actual Allocation Per County" differs from the "Est Increment @ 1%" by $3,038,092 because the County's PI715R01 report excludes the property tax allocation of the Oro Grange Cement Plant in accordance with the assessment roll at the time. This Report generally incorporates a correction for that omission, as explained elsewhere in the Report, and therefore includes the Oro Grande Cement Plant's estimated property tax.

3. Revenue was received in fiscal years 2012-13 and 2013-14 in the Amendment VIII Area despite zero (0) incremental value due to supplemental revenue for prior fiscal years.

4. The action to dissolve redevelopment agencies eliminated the requirement in the Community Redevelopment Law to set aside 20% of revenues for affordable housing (Housing Set Aside). As a

result, the County Auditor-Controller now distributes all monies (housing and non-housing) to the Successor Agency for the Original, Amendment IV, and Amendment VIII areas. The amounts shown for each member jurisdiction in FY 2012-13 and afterwards reflect this change in the law and include housing and non-housing monies distributed to the Successor Agency.

5. Beginning in Fiscal Year 2013-14, the "Distribution of Revenue Received" shows distributions of tax increment revenue based on the period from May 1 to April 30. This change was made to reflect the County's distribution methodology more accurately. It should be noted that an Administrative Cost Allowance and the State Department of Finance's Recognized Obligation Payment Schedule process further differentiate the new distribution methodology from the previous methodology. Differences between actual revenue received and distributions to member jurisdictions include the County administrative fees and distributions denied by the Department of Finance.

6. Remaining Tax Increment includes tax increment distributed to taxing entities as a result of the Department of Finance denying the distribution of tax increment to taxing entities without current enforceable obligations per the Dissolution Law.

Exhibit 3B presents the historic assessed value for the Victorville and SCLA portions of the Project Area.

Historic Assessed Value - Victorville and SCLA Only					Exhibit 3B
	2012-13	2013-14	2014-15	2015-16	2016-17
Victorville					
Total	3,888,421,066	4,016,737,597	4,256,459,586	4,552,456,020	4,807,429,196
Base Year	2,127,706,982	2,216,153,979	2,216,157,006	2,216,157,006	2,216,157,006
Increment	1,760,714,084	1,800,583,618	2,040,302,580	2,336,299,014	2,591,272,190
SCLA					
Total	582,359,626	548,550,493	476,894,683	492,503,305	548,097,364
Base Year	7,854,350	7,854,350	7,854,350	7,854,350	7,854,350
Increment	574,505,276	540,696,143	469,040,333	484,648,955	540,243,014

Source: San Bernardino County Auditor-Controller

Growth Assumptions

The assessed valuation forecast provided in the tax increment projections (shown in Exhibits 10A through 10O) detail assessed value for years 2017-18 and beyond. These projections incorporate a growth rate of 2.000% for FY 2017-18, in accordance with the California CPI set by the State Board of Equalization, 1.75% in FYs 2018-19 and 2019-20, and a 2% annual increase thereafter in the Project Area. This conservative approach reflects the recent frequency of State Board of Equalization inflation rates below 2% and an expected plateauing in the regional economy's growth.

The growth assumptions were established by RSG to account for the following factors that affect future tax increment collections.

Article XIIIA (Proposition 13) Inflationary Adjustments

As enacted by Proposition 13 in 1978, Article XIIIA of the State Constitution limits annual inflationary adjustments to property assessed values to a maximum of 2% annually. Each year, the State Board of Equalization establishes this annual increase based on the statewide consumer price index for the previous year (October to October). Since its passage in 1978, there have been nine previous occurrences when the inflationary adjustment was less than 2%. This occurred in fiscal years 1983-84, 1995-96, 1996-97, 1999-00, 2004-05, 2010-11, 2011-12, 2014-15, and 2015-16; the inflationary adjustments for these fiscal years were 1.00%, 1.19%, 1.11%, 1.853%, 1.867%, -0.237% (deflation), 0.753%, 0.454%, and 1.998%, respectively. Given how frequently this has occurred since fiscal year 2010-11, a 2% annual inflationary growth assumption is no longer conservative.

County Administrative Charges

The County charges an administrative fee for disbursing property tax increment revenues to successor agencies. This fee is based on actual cost, prorated among redevelopment project areas based on their respective assessed values. The County's administrative charges vary from year to year, but for VVEDA have so far consistently been between 1.00% and 1.36%.

In the fiscal year 2013-14 distributions, the County charged VVEDA $366,247 in administrative charges, which was approximately 1.17% of the gross tax increment collected in that year. In fiscal year 2014-15, the County charged VVEDA $467,362 in administrative charges, approximately 1.36% of the gross tax increment collected in that year. The County charged $454,582 in fiscal year 2015-16, approximately 1.15% of the gross tax increment collected.

Changes in Value Due to New Construction

Exhibit 5A presents a summary of finalized building permits for improvements that will result in an increase in the assessed value for the subject properties. The value of these improvements is anticipated to be reflected on the 2017-18 assessment roll. Exhibit 5A only covers the Victorville and SCLA portions of the Project Area and includes data for the entire 2016 calendar year.

Building Permit Activity[1] — **Exhibit 5A**

Southern California Logistics Airport Authority - Victorville and SCLA Areas

	Commercial & Industrial		Residential	
Month	# Permits	Valuation	# Permits	Valuation
Jan-16	2	$1,076,962	2	$300,899
Feb-16	0	$0	8	$2,146,947
Mar-16	1	$504,180	3	$947,370
Apr-16	4	$1,000,428	8	$1,997,336
May-16	1	$75,000	2	$294,669
Jun-16	2	$780,657	6	$1,697,980
Jul-16	0	$0	1	$234,203
Aug-16	0	$0	7	$1,950,496
Sep-16	0	$0	1	$223,874
Oct-16	0	$0	10	$2,403,153
Nov-16	0	$0	2	$605,575
Dec-16	4	$987,870	1	$249,801
	14	$4,425,097	51	$13,052,303

Total Value Added to 2017-18	$17,477,400
Total VVEDA 2016-17 Value	$8,056,599,221
Percentage Increase	0.22%

[1] Excludes all permits less than $50,000 in valuation

Sources: City of Victorville Development Department, San Bernardino County Auditor-Controller

An additional $17.5 million in value is anticipated to be reflected on the 2017-18 assessment roll because of new construction in the Victorville and SCLA portions of the Project Area. This additional value represents an increase of 0.22% to the 2016-17 total assessed value of the Project Area. Although the permit activity in calendar year 2016 is slightly less than that of calendar years 2015 and 2014, which suggests that construction activity in Victorville has slowed somewhat compared to the previous two years, it is important to note that a large, newly constructed 445,000 square foot industrial building valued at $21.4 million was recently completed in Victorville. The building permit for this property was finaled in January 2017 and this value will be reflected on the fiscal year 2018-19 assessment roll.

New development is assessed on both construction costs and market conditions. Because building permit value is generally lower than construction costs, RSG conservatively utilized the total permit value of the improvements for the estimate of added value resulting from new development in the projection of future tax increment revenues.

TAXING AGENCY PAYMENTS

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

Payments Required by the Amended Redevelopment Plan

Section 703 of the Amended Redevelopment Plan ("Plan") provides that the following taxing entities are excluded from the definition of "Tax Increment" pursuant to the Plan and therefore will receive 100% of their share of tax increment in the Original Area:

- Apple Valley Fire Protection District;
- Mojave Water Agency;
- Baldy Mesa County Water District;
- Mojave River County Water District;
- Apple Valley Park District; and
- Hesperia Park District.

The Baldy Mesa County Water District, the Mojave River County Water District, and the Apple Valley Park District have since been dissolved and their shares of Tax Increment have been shifted to the Victorville Water District, the Mojave Resource Conservation District, and the Town of Apple Valley, respectively.

The Plan also provides for the Cities of Victorville, Apple Valley, and Hesperia, as well as the County of San Bernardino to receive tax increment generated from application of their entities' tax rate to the portion of the Project Area within their jurisdiction that exceeds 5.2935%. The revenue generated by the first 5.2935% of the jurisdiction's tax rate was previously allocated to VVEDA, but is now included with residual revenue to be distributed to all taxing entities.

HSC Section 33401 Payments

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.

VVEDA entered into such agreements with the following entities:

- County Superintendent of Schools;
- Adelanto Elementary School District;
- Victorville Elementary School District;
- Oro Grande Elementary School District;
- Victor Valley High School District;
- Apple Valley Unified School District;
- Hesperia Unified School District; and
- Victor Valley Community College District.

Pursuant to these agreements, the County Superintendent receives 100% of their share of tax increment revenue, and the other districts receive 32.5% of their share of tax increment revenue. Exhibit 6 presents a summary of the pass-through payments and tax increment distribution requirements.

Summary of Agreement Terms **Exhibit 6**

Southern California Logistics Airport Authority

Pursuant to Section 703 of Plan

Taxing Entities excluded from Tax Increment definition:

Apple Valley Fire Protection District (WF01)
Mojave Water Agency (WY20)
Baldy Mesa County Water District (WW05)
Mojave River County Water District (VW02)
Apple Valley Park District (VP01)
Hesperia Park District (VP02)

Jurisdiction Member Share [Section 703(b)(l)(a)]

Victorville - Portion of 1% share in excess of 5.2935%
Apple Valley - same
Hesperia - same
County of San Bernardino - same

Pursuant to School Pass Through Agreements

Tax Increment excludes over-ride rates, unitary utility revenue, State subventions (Homeowner's exemptions)
Low and moderate income housing set-aside is not deducted prior to calculation of payment

Districts get 32.5% of their share (except the Superintendent of Schools)- may deposit into District Capital Fund held by VVEDA
Superintendent of Schools gets 100% of its share
If deposits are not made within 30 Days of receipt, interest rate of 1% per 30 day period

Payments shall not be subordinate to VVEDA bonds & indebtedness

Pursuant to JPA Agreement

All George Air Force Base ("GAFB")-generated tax increment for use on GAFB with understanding that Victorville will set aside 20% thereof for low and moderate income housing

1997-98 & 1998-99 increment to be used on GAFB (no longer applicable)

20% of each member jurisdiction's tax increment allocated for low and moderate income housing and allocated to each Member to be used in its own portion of the project area (no longer dedicated to housing following Redevelopment dissolution, but still applied in pas through calculations)

Remaining balance of each member jurisdictions' tax increment:
- 50% allocated for use in such Member's portion of the project area
- 50% allocated for use on GAFB parcels (SCLA)
- For Adelanto, 50% to SCLA and 25% to Adelanto; 25% to reimburse Authority and when paid off, this 25% goes to Adelanto (subject to the Department of Finance's approval following Redevelopment dissolution)

HSC Section 33607.5 Payments

The Amendment IV and Amendment VIII Areas are subject to statutory pass through payments required by HSC Section 33607.5. These payments are calculated in the tax increment projections included in Exhibits 10A through 10O.

Adjustments For Negative Increment Values

The Tax Increment Projections shown in Exhibits 10A through 10O use the Auditor-Controller Tax Rate Area ("TRA") reports to allocate assessed values and increment values to member jurisdictions. In certain cases, when the assessed value of a TRA is below its base year value, it is the policy of the Auditor-Controller to shift the difference to another TRA within the same project area. The net effect is that the sum of the increments of all the TRAs in a project area will be equal to the gross increment of the project area also reported by the Auditor-Controller.

The projections in Exhibits 10A through 10O show the assessments by jurisdiction before adjustments but conservatively assume that negative increment value will not generate any pass-through payments. Therefore, pass through payments will not be generated from any Project Area sub-areas when they do not have positive increment revenue in a given year. This occurs in the Apple Valley portion of the Amendment VIII Area (Exhibit 10M).

TOP TEN TAXPAYERS

Utilizing the County's FY 2016-17 Secured and Unsecured Assessment Rolls, the top ten largest taxpayers within the Project Area have been identified and are listed on Exhibits 7A through 7I. These exhibits include the top ten taxpayers for the following areas:

- Entire VVEDA Project Area;
- Victorville and SCLA portions only;
- Amendment VIII Area only; and
- Each individual member jurisdiction's portion (with the Original Area and amendment areas combined for Adelanto, Apple Valley, Victorville, and San Bernardino County)

Each table is accompanied by a short description of the changes to the assessed value of the top ten taxpayers and the percentage of total assessed value.

Total Project Area

The FY 2016-17 top ten taxpayers' total assessed value in Exhibit 7A (below) encompasses $1.04 billion, or 12.91% of the total Project Area assessed value (and 24.44% of *incremental* assessed value).

The FY 2016-17 top ten taxpayers value is significantly higher than the FY 2015-16 top ten taxpayers' total assessed value, which was $841.1 million of the total Project Area valuation (shown in Exhibit 7A in the FY 2015-16 Continuing Disclosure Report). Moreover, as a percentage, the FY 2016-17 value (12.91%) is higher than that of 2015-16, which was 11.19%. The much higher assessed value for the top ten taxpayers and higher percentage of total assessed value reflects overall growth in the Project Area's assessed value (a 7% increase from last year) along with especially strong growth among the highest valued properties, particularly those owned by Calportland Co. and the High Desert Power Trust ("HDPT").

Oro Grande Cement Plant

It is important to note that Calportland Co. owns the OGCP, a single parcel assessed at $303.8 million. As described earlier in this Report, the OGCP parcel is a combination of two previous parcels valued at an approximate total of $174.3 million in FY 2015-16 and purchased by Calportland Co. from Martin Marietta Materials, Inc., the parent company of Riverside Cement Co. The OGCP parcel was originally excluded from the County's FY 2016-17 Secured Assessment Roll and has since been added as a correction. The correction was made too late to be incorporated into the County's valuation reports. However, Calportland Co. was issued a timely property tax bill for the OGCP parcel and paid the first installment. RSG has therefore incorporated corrections to include the OGCP's assessed value and estimated property tax revenue as appropriate, including in Exhibits 7A and 7H.

2016-17 Top Ten Secured & Unsecured Taxpayers — **Exhibit 7A**

Victor Valley Redevelopment Agency - Combined

	Taxpayer	No. of Parcels	Land Use(s)	Assessed Value	% of Total	% of Increment
1	Calportland Co.	37	Industrial and Vacant Land	$ 314,836,575	3.91%	7.40%
2	High Desert Power Trust	3	Industrial	224,800,000	2.79%	5.28%
3	The American Bottling Co.	3	Industrial and Unsecured	97,219,234	1.21%	2.28%
4	Stirling Capital Investments	21	Industrial and Vacant Land	86,217,899	1.07%	2.03%
5	Wal-Mart Stores, Inc.	19	Commercial, Vacant Land, and Unsecured	78,985,803	0.98%	1.86%
6	Cemex Construction Materials Pacific	25	Industrial and Vacant Land	73,100,670	0.91%	1.72%
7	Apple Valley Ranchos Water Co.	8	Public Facilities and Vacant Land	50,343,081	0.62%	1.18%
8	General Electric Co	3	Industrial and Unsecured	45,581,917	0.57%	1.07%
9	Victor Valley Hospital Real Estate, LLC	4	Hospital and Unsecured	36,137,535	0.45%	0.85%
10	Target Corp.	5	Commercial, Vacant Land, and Unsecured	32,990,581	0.41%	0.78%
Total		128		$ 1,040,213,295	12.91%	24.44%
			Total Project Area Assessed Value	$ 8,055,808,641		
			Incremental Project Area Assessed Value	$ 4,256,785,527		

Source: San Bernardino County Assessor Secured and Unsecured Tax Rolls; State Board of Equalization

Note: Total values vary from those in Exhibit 3A because Exhibit 3A uses data from the County Auditor-Controller while Exhibit 7A uses data from the County Assessor. These departments release their data at different times.

It should also be noted that the value attributed to the High Desert Power Plant—the three parcels owned by the second top taxpayer in the Project Area, HDPT—is assessed by the State Board of Equalization ("SBE") and is considered unitary value. According to SBE, the FY 2016-17 valuation for the HDPT is $224.8 million, an increase of $47.9 million from its FY 2015-16 valuation of $176.9 million. Unlike in the previous two years, SBE did not apply a value adjustment for previously adopted assessment reductions to the HDPT property.

The other eight top taxpayers increased their collective value from last year by approximately $13.1 million.

Combined Victorville and SCLA Areas

As shown in Exhibit 7B below, the FY 2016-17 top ten taxpayers in the Victorville and SCLA Areas combined represent $699.7 million, or 13.07% of the combined areas' values.

The Victorville and SCLA areas combined show a higher assessed value for the top ten taxpayers and a slightly higher percentage of total assessed value compared to the previous fiscal year (shown in Exhibit 7B in the FY 2015-16 Continuing Disclosure Report). The FY 2015-16 top ten taxpayer value was $641.6 million, or 12.66% of the combined areas' value. The top ten taxpayers' share of total assessed value, while slightly higher compared to last year, is still less than it was two years ago, indicating a similarly diverse property tax base as values generally increase. HDPT remains the #1 taxpayer within the combined Victorville and SCLA Areas.

2016-17 Top Ten Secured & Unsecured Taxpayers — **Exhibit 7B**

Victor Valley Redevelopment Agency - Combined Victorville and SCLA Areas

	Taxpayer	No. of Parcels	Land Use(s)	Assessed Value	% of Total
1	High Desert Power Trust	3	Industrial	$ 224,800,000	4.20%
2	The American Bottling Co.	3	Industrial and Unsecured	97,219,234	1.82%
3	Stirling Capital Investments	21	Industrial and Vacant Land	86,217,899	1.61%
4	Cemex Construction Materials Pacific	9	Industrial and Vacant Land	72,455,842	1.35%
5	Wal-Mart Stores, Inc.	16	Commercial, Vacant Land, and Unsecured	64,735,202	1.21%
6	General Electric Co.	3	Industrial and Unsecured	45,581,917	0.85%
7	Victor Valley Hospital Real Estate, LLC	4	Hospital and Unsecured	36,137,535	0.67%
8	Plastipak Packaging, Inc.	2	Unsecured	32,072,467	0.60%
9	Bear Valley Partners	11	Commercial	20,759,067	0.39%
10	Riverton of the High Desert	1	Multi-Family Residential	19,764,484	0.37%
Total		70		$ 699,743,647	13.07%
			Total Project Area Assessed Value	$ 5,354,809,385	

Source: San Bernardino County Assessor Secured and Unsecured Tax Rolls; State Board of Equalization

Note: Total values vary from those in Exhibit 3B because Exhibit 3B uses data from the County Auditor-Controller while Exhibit 7B uses data from the County Assessor. These departments release their data at different times.

Amendment VIII Added Area (Combined)

As shown in Exhibit 7C, the top ten taxpayers in the Amendment VIII area represent $110.7 million of value, or 4.63% of the total Amendment VIII area's value. An increase from the value held by the FY 2015-16 top ten taxpayers (from $109.2 million) and a decrease in the percentage of the area's total assessed value (from 4.83%) reflect a stronger and more diverse tax base in the Amendment VIII Area. The increase in the area's total assessed value from approximately $2.26 billion to more than $2.39 billion further supports this trend.

2016-17 Top Ten Secured & Unsecured Taxpayers — **Exhibit 7C**

Victor Valley Redevelopment Agency - Amendment VIII Added Area (Combined)

	Taxpayer	No. of Parcels	Land Use(s)	Assessed Value	% of Total
1	VNF Properties	4	Commercial and Vacant Land	$ 18,384,628	0.77%
2	Wilmington Victorville, LLC	2	Commercial	18,237,885	0.76%
3	NHP Sterling, LLC	3	Multi-Family Housing and Hospital	17,820,356	0.74%
4	JSAK Victorville Partners, LP	2	Hotel and Vacant Land	9,594,313	0.40%
5	Walton California, LLC	15	Vacant Land	8,564,054	0.36%
6	HD Development of Maryland, Inc.	1	Commercial	8,299,243	0.35%
7	KB Home Greater Los Angeles, Inc.	89	Single Family Residential and Vacant Land	7,837,279	0.33%
8	Dr. Prem Reddy Family Foundation	28	Vacant Land	7,701,195	0.32%
9	Ryu Real Estate Holdings, LP	3	Commercial	7,161,700	0.30%
10	Wal-Mart Stores, Inc.	11	Vacant Land	7,120,520	0.30%
Total		158		$ 110,721,173	4.63%
			Total Project Area Assessed Value	$ 2,393,810,260	

Source: San Bernardino County Assessor Secured and Unsecured Tax Rolls

Note: Total values vary from those in Exhibit 3A because Exhibit 3A uses data from the County Auditor-Controller while Exhibit 7C uses data from the County Assessor. These departments release their data at different times.

Victorville Area (Original, IV, VIII)

In the Victorville areas, the top ten taxpayers represent $301.6 million of value, or 6.27% of the total Victorville area's value, shown in Exhibit 7D. The value is higher and the percentage is slightly lower than in FY 2015-16, when the top ten taxpayers' assessed value of $293.5 million contributed 6.43% to the area's total assessed value (shown in Exhibit 7D in the FY 2015-16 Continuing Disclosure Report).

2016-17 Top Ten Secured & Unsecured Taxpayers — **Exhibit 7D**

Victor Valley Redevelopment Agency - Victorville Area (Original, IV, VIII)

	Taxpayer	No. of Parcels	Land Use(s)	Assessed Value	% of Total
1	Cemex Construction Materials Pacific	9	Industrial and Vacant Land	$ 72,455,842	1.51%
2	Wal-Mart Stores, Inc.	16	Commercial, Vacant Land, and Unsecured	64,735,202	1.35%
3	Victor Valley Hospital Real Estate, LLC	4	Hospital and Unsecured	36,137,535	0.75%
4	Bear Valley Partners	11	Commercial	20,759,067	0.43%
5	Riverton of the High Desert	1	Multi-Family Residential	19,764,484	0.41%
6	VNF Properties	4	Commercial and Vacant Land	18,384,628	0.38%
7	Wilmington Victorville, LLC	2	Commercial	18,237,885	0.38%
8	NHP Sterling, LLC	3	Multi-Family Housing and Hospital	17,820,356	0.37%
9	Victorian 124, LP	1	Multi-Family Residential	17,728,807	0.37%
10	Newporter Apartments, LLC	1	Multi-Family Residential	15,533,325	0.32%
Total		52		$ 301,557,131	6.27%
			Total Project Area Assessed Value	$ 4,806,651,271	

Source: San Bernardino County Assessor Secured and Unsecured Tax Rolls

Note: Total value varies from those in Exhibit 3B because Exhibit 3B uses data from the County Auditor-Controller while Exhibit 7D uses data from the County Assessor. These departments release their data at different times.

SCLA Original Area

In the SCLA area, the FY 2016-17 top ten taxpayers make up approximately $526.6 million of the SCLA Original Area value, shown in Exhibit 7E, an approximately 9% increase from the top ten taxpayers' assessed value reported in Exhibit 7E in the FY 2015-16 Continuing Disclosure Report. The percentage of value held by the FY 2016-17 top ten taxpayers, 96.06%, is slightly lower than the 96.13% reported in the FY 2015-16 Continuing Disclosure Report.

The SCLA Original Area continues to have a very non-diverse property tax base. Excluding HDPT, who is the top taxpayer, the other taxpayers' assessed value decreased from FY 2015-16 by about $1.3 million. Furthermore, two of the FY 2016-17 top ten taxpayers in the SCLA Original Area (Plastipak Packaging, Inc. and Federal Express Corp.) only have unsecured property value in the area.

2016-17 Top Ten Secured & Unsecured Taxpayers — **Exhibit 7E**

Victor Valley Redevelopment Agency - SCLA Original Area

	Taxpayer	No. of Parcels	Land Use(s)	Assessed Value	% of Total
1	High Desert Power Trust	3	Industrial	$ 224,800,000	41.01%
2	The American Bottling Co.	2	Industrial and Unsecured	97,120,853	17.72%
3	Stirling Capital Investments	21	Industrial and Vacant Land	86,217,899	15.73%
4	General Electric Co.	3	Industrial and Unsecured	45,581,917	8.32%
5	Plastipak Packaging, Inc.	2	Unsecured	32,072,467	5.85%
6	Federal Express Corp.	2	Unsecured	14,873,234	2.71%
7	Leading Edge Aviation Services, Inc.	4	Airport Related and Unsecured	12,320,061	2.25%
8	The Boeing Company, Inc	5	Airport Related and Unsecured	5,154,789	0.94%
9	Pacific Aerospace Resources & Technology	5	Airport Related	4,273,974	0.78%
10	Southern California Aviation, LLC	4	Airport Related and Unsecured	4,147,225	0.76%
Total		48		$ 526,562,419	96.06%
			Total Project Area Assessed Value	$ 548,158,114	

Source: San Bernardino County Assessor Secured and Unsecured Tax Rolls; State Board of Equalization

Note: Total value varies from those in Exhibit 3B because Exhibit 3B uses data from the County Auditor-Controller while Exhibit 7E uses data from the County Assessor. These departments release their data at different times.

Hesperia Original Area

In the Hesperia area, the top ten taxpayers provided approximately $9.3 million of value, or 3.61% of the area's total value, shown in Exhibit 7F. This represents an increase in value and a decrease in percentage of total value from FY 2015-16, when the top ten taxpayers' provided $8.9 million, or 3.67% of the area's total assessed value (shown in Exhibit 7F in the FY 2015-16 Continuing Disclosure Report). The prevalence of single family residential property owners among the top ten taxpayers reflects the project area's relative lack of commercial development.

2016-17 Top Ten Secured & Unsecured Taxpayers						**Exhibit 7F**
Victor Valley Redevelopment Agency - Hesperia Original Area						
	Taxpayer	No. of Parcels	Land Use(s)		Assessed Value	% of Total
1	Graham, Roger F. Trust	1	Industrial	$	3,688,554	1.44%
2	Inland Group, LLC	2	Commercial		1,252,530	0.49%
3	Dorghalli, Rami	1	Commercial		780,177	0.30%
4	Karle, Samuel D. III	3	Single Family Residential		622,753	0.24%
5	Vergara, Norberto	4	Single Family Residential		543,932	0.21%
6	Rodriguez, Sergio	2	Single Family Residential		510,300	0.20%
7	Bigbee, Michael J.	1	Commercial		509,161	0.20%
8	Chavez, Ruben J	2	Single Family Residential		455,700	0.18%
9	Hernandez, Rafael	2	Single Family Residential		450,400	0.18%
10	Hane, Jerald D & Sheryl J Family Trust	2	Single Family Residential		440,600	0.17%
Total		20		$	9,254,107	3.61%
		Total Project Area Assessed Value		$	256,693,085	
Source: San Bernardino County Assessor Secured and Unsecured Tax Rolls						

Apple Valley Area (Original, VIII)

The top ten taxpayers in the Apple Valley areas contributed approximately $159.2 million of value, or 15.02% of the total assessed value in the Apple Valley areas, shown in Exhibit 7G. Both value and the percentage of total value increased from last year. In FY 2015-16, the top ten taxpayers contributed $150.5 million, or 14.80% of the total assessed value in the Apple Valley areas (shown in Exhibit 7G in the FY 2015-16 Continuing Disclosure Report). The Apple Valley Area continued to grow its total assessed value, by more than 4% from the previous fiscal year.

2016-17 Top Ten Secured & Unsecured Taxpayers — **Exhibit 7G**

Victor Valley Redevelopment Agency - Apple Valley Area (Original, VIII)

	Taxpayer	No. of Parcels	Land Use(s)	Assessed Value	% of Total
1	Apple Valley Ranchos Water Co.	7	Public Facilities and Vacant Land	$ 50,342,130	4.75%
2	Lewis Group	34	Commercial and Vacant Land	28,246,108	2.66%
3	Target Corp.	2	Commercial and Unsecured	22,081,093	2.08%
4	Wal-Mart Stores, Inc.	3	Commercial, Vacant Land, and Unsecured	14,250,601	1.34%
5	MHC Los Ranchos, LP	3	Mobile Home Park	12,408,325	1.17%
6	ABS CA-O, LLC	1	Commercial	7,489,699	0.71%
7	Lakritz Family Partnership	5	Medical Office	7,066,308	0.67%
8	Corwin Medical Center, LP	2	Medical Office	7,046,355	0.66%
9	Ross, Carl E. Living Trust 5/23/91	22	Vacant Land	5,242,340	0.49%
10	FGFW IV, LLC	1	Vacant Land	5,063,050	0.48%
Total		80		$ 159,236,009	15.02%
		Total Project Area Assessed Value		$ 1,060,347,237	

Source: San Bernardino County Assessor Secured and Unsecured Tax Rolls

San Bernardino County Area (Original, IV, VIII)

The top ten taxpayers in the San Bernardino County areas owned $341.3 million of value, or 55.64% of the San Bernardino County areas' assessed value in FY 2016-17, as shown in Exhibit 7H. This is a drastic increase in value and in percentage of total assessed value from last year. In FY 2015-16, the top ten taxpayers had $213.8 million, or 44.85% of the total assessed value in the San Bernardino County areas (shown in Exhibit 7H in the FY 2015-16 Continuing Disclosure Report).

The large increase is due to the new assessed value of the OGCP parcel, as described earlier in this Report. Calportland Co.'s purchase of the property from Riverside Cement Co.'s parent company greatly increased the value of property held by the former, moving it to the top taxpayer position in the County areas. The purchase left Riverside Cement Co. at #6 in the top ten list for the County areas with 1 property remaining, contributing approximately $2.5 million in value. The transaction also allowed for the property's full re-assessment, which resulted in an increased valuation from approximately $174.3 million to more than $303.8 million. This increased valuation greatly benefits the County areas' and the Project Area's tax base.

2016-17 Top Ten Secured & Unsecured Taxpayers — **Exhibit 7H**

Victor Valley Redevelopment Agency - San Bernardino County Area (Original, IV, VIII)

	Taxpayer	No. of Parcels	Land Use(s)	Assessed Value	% of Total
1	Calportland Co.	27	Industrial and Vacant Land	$ 314,423,575	51.26%
2	Dr. Prem Reddy Family Foundation	24	Vacant Land	5,699,011	0.93%
3	Cutting Edge Concrete SVCS, Inc.	2	Unsecured	5,030,616	0.82%
4	Arakelian Enterprises, Inc.	1	Unsecured	3,447,379	0.56%
5	Professional Equities International	16	Vacant Land	2,552,451	0.42%
6	Riverside Cement Co.	1	Unsecured	2,481,289	0.40%
7	Ross, Carl E. Living Trust 5/23/91	22	Vacant Land	2,178,800	0.36%
8	Seasons Land Corp	62	Single Family Residential and Vacant Land	1,872,495	0.31%
9	Sustainable Power Group	1	Industrial	1,852,435	0.30%
10	Dora Land, Inc.	17	Vacant Land	1,773,502	0.29%
Total		173		$ 341,311,553	55.64%
			Total Project Area Assessed Value	$ 613,416,401	

Source: San Bernardino County Assessor Secured and Unsecured Tax Rolls

Adelanto Area (IV, VIII)

In Adelanto, the top ten taxpayers provided $37.7 million of value, or 4.90% of the areas' total assessed value, shown in Exhibit 7I. Compared to FY 2015-16, the value held by the top ten taxpayers and the percentage of the Adelanto areas' total assessed value are higher. In the previous fiscal year, the top ten taxpayers' value was $29.9 million, or 4.22% of the Adelanto Area's total assessed value (shown in Exhibit 7I in the FY 2015-16 Continuing Disclosure Report).

2016-17 Top Ten Secured & Unsecured Taxpayers						Exhibit 7I
Victor Valley Redevelopment Agency - Adelanto Area (IV, VIII)						
	Taxpayer	No. of Parcels	Land Use(s)		Assessed Value	% of Total
1	Western Pacific Housing, Inc.	48	Single Family Residential and Vacant Land	$	6,354,247	0.82%
2	Niaz, LLC	1	Industrial		5,682,089	0.74%
3	Adelanto Plaza, LLC	2	Commercial		5,094,954	0.66%
4	Mojave and 395, LLC	1	Vacant Land		3,600,000	0.47%
5	Overhead Investment Company, LLC	26	Vacant Land		3,458,139	0.45%
6	Mountain Quail Properties, LLC	19	Single Family Residential		3,037,230	0.39%
7	Adelanto Solar, LLC	20	Industrial, Vacant Land, and Unsecured		2,903,253	0.38%
8	Mohrekesh, Ozzie Trust 2/21/06	5	Vacant Land		2,686,500	0.35%
9	Lewis Group	12	Vacant Land		2,679,000	0.35%
10	Gateway Plaza Group, LLC	3	Vacant Land		2,245,040	0.29%
Total		137		$	37,740,452	4.90%
			Total Project Area Assessed Value	$	770,542,533	
Source: San Bernardino County Assessor Secured and Unsecured Tax Rolls						

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. Exhibit 9 summarizes the Project Area's assessment appeal history for the previous five years, including the current year, as of December 1, 2016.

Assessment Appeal History						Exhibit 9
Southern California Logistics Airport Authority - VVEDA Project Area						
	2012-13	2013-14	2014-15	2015-16	2016-17*	5 Year Total
Project Area Total Assessed Value	$6,617,575,199	$6,781,064,361	$7,051,043,813	$7,501,256,354	$8,056,599,221	N/A
All Appeals						
Total Number of Appeals [1]	333	315	271	229	21	1,169
Total Requested Reduction of All Appeals	$205,101,786	$186,152,637	$259,000,856	$150,112,487	$28,834,221	$829,201,987
Number of Withdrawn / Denied Appeals	233	178	137	33	0	581
Number of Stipulated (Successful) Appeals	99	125	46	3	0	273
Total Number of Finalized Appeals	332	303	183	36	0	854
Rate of Successful Appeals [2]	29.8%	41.3%	25.1%	8.3%	N/A	32.0%
Number of Appeals Pending Decisions	1	12	88	193	21	315
Appeals With Stipulated (Successful) Decisions						
Requested Reduction Amount	$125,591,951	$48,956,845	$34,353,482	$2,424,589	$0	$211,326,867
Granted Reduction Amount	$59,855,572	$32,731,001	$12,925,267	$1,617,131	$0	$107,128,971
Total Granted Reduction Amount versus Requested Reduction Amount [3]	47.7%	66.9%	37.6%	66.7%	N/A	50.7%
Granted Reduction As % of Total Assessed Value [4]	0.9%	0.5%	0.2%	0.0%	0.0%	N/A
Appeals Pending Decision						
Total Assessed Value of Pending Appeals	$1,839,393	$21,308,307	$129,926,967	$245,040,234	$43,332,435	$441,447,336
Requested Reduction Amount	$1,729,030	$14,643,182	$54,338,509	$116,506,284	$28,834,221	$216,051,226
Requested Reduction As % of Project Area Assessed Value [5]	0.03%	0.2%	0.8%	1.6%	0.4%	N/A

* The number of appeals for 2016-17 may increase as the County Board of Appeals is still entering appeals into its database as of December 1, 2016.
[1] Total appeals filed from 2012 through 2016 - Appeals where the applicant requested a higher value than the current assessed value were excluded because of potential flaws in the data.
[2] The number of stipulated appeals versus the total number of finalized appeals.
[3] The total value of all granted reductions versus the total value of all requested reductions.
[4] The granted reduction amount versus the total project area assessed value.
[5] The pending requested reduction amount versus the total project area assessed value.
Source: San Bernardino County Assessor's Office and San Bernardino County Auditor-Controller

Over the past five years, 273 of the 854 (32.0%) appeals filed and completely adjudicated in the VVEDA Project Area were granted. There are 21 unresolved appeals in the Project Area for FY 2016-17[2], 193 unresolved appeals for FY 2015-16, and 88 unresolved appeals for FY 2014-15. It is important to note that a high number of pending appeals in the previous two fiscal years is the norm in other years and other counties. Typically, almost all appeals filed for a given fiscal year are resolved by the end of the third year thereafter. The Project Area has about as many pending appeals currently as last year and many fewer pending appeals than in previous years.

The unresolved appeals in FY 2016-17 create a potential loss of $28.8 million (0.4% of the Project Area Assessed Value). In FY 2015-16, the unresolved appeals could lead to a loss of $116.5 million (1.6% of the Project Area Assessed Value in that year). The pending appeals in FY 2014-15 could generate a loss of $54.3 million (0.8% of the Project Area Assessed Value in that year).

[2] The San Bernardino County Clerk of the Board had not completed entering in the information for all appeals filed for the 2016-17 year into its database by the time this report was prepared. It is expected that the number of pending appeals will be higher in 2016-17 than is noted in Exhibit 9.

It is important to note that in every year with a significant number of appeals completely adjudicated, the total granted reduction amount is less than 67% of the requested reduction amount. *Moreover, granted reductions have not exceeded 0.9% of total assessed value in any of the previous five years.* The effect of successful tax appeals has not been included in the tax increment projections presented in Exhibits 10A through 10O because the outcome cannot be accurately predicted, either in terms of the number of appeals granted or the actual reduction in value, and the impact of appeals is consistently less than 1%.

Proposition 8 Decline in Value Appeal and Recovery

Proposition 8 amended Article XIIIA allowing the Assessor to lower assessments of properties temporarily if there is a decline in value. Accordingly, Section 51(b) of the California Revenue and Taxation Code states that the Assessor may place a value on the tax roll lower than the compounded base assessment value, if the full cash value of real property has been reduced by damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a decline in the value. Reductions in value pursuant to Section 51(b), commonly referred to as Proposition 8 appeals, can be achieved either by formal appeal or administratively by Assessor staff appraising the property. A reduced full cash value placed on the tax roll does not change the base assessment value. The future impact of a parcel subject to a Proposition 8 appeal is dependent upon a change in the conditions that caused the drop in value.

Following the economic decline of the Great Recession, the County Assessor decided to automatically review the property values of any home or condominium acquired after June 2001 and in May of 2009 notified those property owners whose property values had declined below market value that their property values were being temporarily reduced. This led to a strong decline in total assessed value.

The number of appeals filed has continued to decline since peaking in FYs 2010-11 and 2011-12. During the recovery from the Great Recession as property market values rise, the County Assessor can return assessed values up to the maximum allowed according to Article XIIIA, which applies the appropriate annual inflation rates to the base assessment value. In effect, this allows property values to rise more quickly than 2% per year for a short period and likely accounts for some of the rapid value growth in recent years. Once property values are returned to their maximum allowed values, their further growth is limited by the Board of Equalization's inflation rates.

Top Ten Taxpayer Appeals

Victorville Area

In 2015, five of the current top ten taxpayers in the Victorville portion of the Project Area filed 7 of the unresolved appeals shown in Exhibit 9. These appeals included the following:

- NHP Sterling, LLC filed two appeals requesting a total reduction of $5.2 million;
- Wal-Mart Stores, Inc. filed two appeals requesting a reduction of $4.5 million;

- Victor Valley Hospital Real Estate, LLC filed one appeal to request a reduction of $3.0 million;
- Wilmington Victorville, LLC filed one appeal to request a reduction of $2.5 million; and
- Bear Valley Partners filed one appeal requesting a reduction of $1.3 million.

These amounts equal 0.11%, 0.09%, 0.06%, 0.05% and 0.03%, respectively, of the assessed value in the Victorville portion of the Project Area. Even if the full requested appeal amount were granted, Wal-Mart Stores, Inc.; Victor Valley Hospital Real Estate, LLC; Bear Valley Partners; and Wilmington Victorville, LLC would remain on the list of top ten taxpayers for FY 2015-16 (they ranked #1, #3, #4, and #6 last year, respectively). If granted, the appeals filed by NHP Sterling, LLC would remove it from last year's list as the taxpayer was #8 on the top ten list and requested a 29% reduction in its properties' assessed value.

County Area

The Dr. Prem Reddy Family Foundation filed 24 of the pending appeals for FY 2014-15 to request a $2.7 million assessed value reduction. Even if the appeals were granted, the foundation would remain in the list of top ten taxpayers.

Three of the top ten taxpayers in the San Bernardino County portion of the Project Area filed 26 of the unresolved appeals from FY 2015-16 shown in Exhibit 9.

- The Dr. Prem Reddy Family Foundation, the second largest taxpayer in the County portion, filed 24 of these appeals to request a reduction of $2.9 million, representing less than 0.5% of the total assessed value in the County's portion of the Project Area.
- Arakelian Enterprises, Inc. filed one appeal to request a $1.3 million reduction.
- The Carl E. Ross Living Trust filed one unresolved appeal in FY 2015-16 requesting a $132,000 reduction.

If the appeals for 2015 were granted, all three taxpayers would remain in the County portion's top ten taxpayer list.

Apple Valley Area

Three of the top ten taxpayers in the Apple Valley portion of the Project Area represent six of the unresolved appeals over three years shown in Exhibit 9.

- Target Corporation filed one appeal each in 2013, 2014, and 2015, requesting reductions of $2.2 million, $1.3 million, and $1.1 million, respectively.
- ABS CA-O, LLC filed one pending appeal in 2013 and one in 2015 to request $4.5 million and $3.0 million reductions.
- Wal-Mart Stores, Inc. filed a currently pending appeal in 2015 with a requested reduction of $296,880.

Aside from ABS CA-O, LLC's request for a $4.5 million reduction, none of these appeals would remove the appellants from the corresponding year's list of top ten taxpayers.

Adelanto Area

One of the top ten taxpayers in the Adelanto portion of the Project Area represents 26 of the unresolved appeals shown in Exhibit 9. Overhead Investment Company, LLC filed these appeals in 2015, requesting a total reduction of $1.1 million in assessed value, less than 0.2% of the total assessed value in the Adelanto portion of the Project Area. Even if granted, these appeals would not remove the taxpayer from the top ten list.

Hesperia Area

The only unresolved appeal filed within the Hesperia portion of the Project Area was filed by the Roger F. Graham Trust. This taxpayer filed one pending appeal in 2016 requesting a reduction of $1.3 million. This represents 0.5% of the total assessed value in the Hesperia portion and, if granted, would not drop this taxpayer from the list of top ten taxpayers.

SCLA Area

The three parcels owned by HDPT, the top taxpayer in the Project Area, are assessed by the SBE (rather than the County Assessor). The assessed value of these parcels is considered State-assessed unitary value. It is important to note that under the lease agreement with SCLA, if the property taxes paid by HDPT are lower than $2,000,000 per fiscal year, HDPT must pay the difference of $2,000,000 and the amount of property tax paid according to County records. This calculation is performed each year and the payment by HDPT is pledged toward debt service on the Bonds.

HDPT was granted an assessment reduction in FY 2014-15 by the SBE that resulted in a valuation of $179.9 million, a decline of $51.2 million from its FY 2013-14 valuation of $231.1 million. In FY 2015-16, the SBE granted a reduction for HDPT resulting in a valuation of $176.9 million. These reductions are not shown in Exhibit 9 as they are not County assessment appeals, but rather SBE assessment reductions.

The FY 2016-17 assessment of HDPT's properties did not include an assessment reduction. As a result, its current assessed value ($224.8 million) is closer to its FY 2013-14 assessed value ($231.1 million) than it has been the last two years.

In addition, three of the other top ten taxpayers in the SCLA Area filed appeals still unresolved.

- The American Bottling Company, the second largest taxpayer in the SCLA portion of the Project Area, filed one of the unresolved appeals in 2014, requesting a reduction of $15.2 million. The request represents 2.8% of the SCLA Area's assessed value.
- General Electric Co., the fourth largest taxpayer in the SCLA Area, filed one pending appeal in 2014, two appeals in 2015, and two appeals in 2016 for reductions of $6.4 million, $22.7 million, and $23.3 million, respectively. These requests represent 1.2%, 4.1%, and 4.2% of the SCLA Area's current assessed value.
- Finally, Leading Edge Aviation Services, Inc. filed one pending appeal in 2015 to request a reduction of $3.8 million, equal to 0.7% of the SCLA Area's current assessed

value. If granted, none of these appeals would remove any of the taxpayers from the list of top ten taxpayers for either fiscal year.

TAX INCREMENT REVENUE PROJECTIONS

Exhibits 10A though 10O present the tax increment revenue projections for the Project Area based upon the assumptions described in this Report.

As discussed earlier in this Report, the Low and Moderate Income Housing Set Aside requirements no longer exist and are made 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.

Exhibit 10A shows the debt coverage ratio related to the combined housing and non-housing bond debt service obligations. The tax increment revenue projections shown in Exhibit 10A also account for the ABx1 26 changes, showing both housing and non-housing bonds secured by a single stream of revenue. This change is only shown in Exhibit 10A.

As shown in prior years' continuing disclosure reports, Exhibits 10B and 10C reflect the debt service coverage ratios separately for the non-housing and housing pledge of tax increment revenue related to their respective bonds. In addition, Exhibits 10B through 10O reflect the Total Pledged Revenue as net of housing and pass through payments, the same methodology used in previously prepared continuing disclosure reports.

For the 2017-18 year, the State Board of Equalization established the inflationary growth rate to be 2.000%. Therefore, to estimate the revenue forecast conservatively, the following tables assume 2.000% growth for FY 2017-18, in accordance with the established growth rate, 1.75% in FYs 2018-19 and 2019-20, and a 2% annual increase thereafter.

These projections are conservative with regard to value growth, but assume that the revenues pledged for the Bonds are allowed to be used for that purpose.

The coverage ratio in the combined (housing and non-housing) projections is lowest in FY 2016-17 at 1.20 and increases after that. That same number is 1.09 for the non-housing bonds alone and 1.77 for the housing bonds alone. As mentioned previously, Dissolution Law allows all tax increment revenues generated within a redevelopment project area (housing and non-housing) to be used to satisfy bond debt obligations.

Combined Housing and Non-Housing Tax Increment Projections **Exhibit 10A**

Southern California Logistics Airport Authority - VVEDA Project Area (Including Amendment IV and VIII Areas)

Fiscal Year	Estimated Gross Tax Increment	Pass Through Payments	Net Revenue to Victorville[1]	Net Revenue to SCLA[1]	Net Revenue to Other Member Jurisdictions[1]	Total Pledge Revenue (Victorville + SCLA)[1]	Total Debt Service Obligations Non-Housing Bonds[2]	Total Debt Service Obligations Housing Bonds[2]	Coverage (using Total Pledge Revenue)	Remaining Revenue Net of Debt & Pass Thru Obligations
2016-17	42,575,761	(11,461,764)	12,004,533	13,824,889	5,284,575	25,829,421	17,981,682	3,519,126	1.20	4,328,613
2017-18*	44,191,305	(11,875,932)	12,479,723	14,301,410	5,534,240	26,781,133	17,975,837	3,521,824	1.25	5,283,472
2018-19	45,880,182	(12,391,010)	12,892,972	14,852,749	5,743,450	27,745,721	17,972,478	3,516,914	1.29	6,256,330
2019-20	47,282,399	(12,821,020)	13,272,375	15,232,584	5,956,421	28,504,958	17,961,065	3,519,266	1.33	7,024,627
2020-21	48,917,253	(13,322,193)	13,713,388	15,677,420	6,204,252	29,390,808	17,956,703	3,514,018	1.37	7,920,088
2021-22	50,584,805	(13,833,573)	14,162,978	16,131,061	6,457,193	30,294,039	17,946,988	3,516,116	1.41	8,830,934
2022-23	52,285,708	(14,355,269)	14,621,390	16,593,731	6,715,318	31,215,120	17,941,292	3,515,285	1.45	9,758,543
2023-24	54,020,628	(14,887,399)	15,088,866	17,065,654	6,978,709	32,154,520	17,929,891	3,510,968	1.50	10,713,661
2024-25	55,790,247	(15,430,782)	15,565,606	17,546,710	7,247,150	33,112,316	17,921,479	3,508,080	1.55	11,682,757
2025-26	57,595,259	(15,985,290)	16,051,807	18,037,259	7,520,903	34,089,066	17,915,858	3,506,953	1.59	12,666,256
2026-27	59,436,370	(16,550,889)	16,547,669	18,537,619	7,800,194	35,085,288	17,906,831	3,507,338	1.64	13,671,119
2027-28	61,314,304	(17,127,799)	17,053,395	19,047,985	8,085,125	36,101,380	17,893,539	3,504,100	1.69	14,703,742
2028-29	63,229,797	(17,716,248)	17,569,188	19,568,560	8,375,802	37,137,748	17,883,535	3,501,284	1.74	15,752,929
2029-30	65,183,600	(18,316,465)	18,095,256	20,099,545	8,672,333	38,194,802	17,875,410	3,498,596	1.79	16,820,795
2030-31	67,176,478	(18,928,687)	18,631,810	20,641,151	8,974,831	39,272,960	17,859,898	3,496,540	1.84	17,916,523
2031-32	69,209,214	(19,553,153)	19,179,062	21,193,588	9,283,411	40,372,650	17,836,344	3,499,725	1.89	19,036,581
2032-33	71,282,605	(20,190,109)	19,737,231	21,757,074	9,598,190	41,494,305	17,816,855	3,491,700	1.95	20,185,750
2033-34	73,397,464	(20,839,804)	20,306,538	22,331,830	9,919,291	42,638,368	17,797,313	3,487,264	2.00	21,353,792
2034-35	75,554,619	(21,502,493)	20,887,208	22,918,082	10,246,837	43,805,290	17,785,241	3,487,151	2.06	22,532,897
2035-36	77,754,918	(22,181,177)	21,479,352	23,514,687	10,579,703	44,994,039	17,763,843	3,485,960	2.12	23,744,237
2036-37	79,999,223	(22,873,434)	22,083,320	24,123,224	10,919,244	46,206,545	17,746,169	3,478,551	2.18	24,981,825
2037-38	82,288,414	(23,579,537)	22,699,351	24,743,933	11,265,593	47,443,284	17,724,790	3,474,648	2.24	26,243,846
2038-39	84,623,389	(24,379,906)	23,303,635	25,336,983	11,602,865	48,640,618	17,707,268	3,473,708	2.30	27,459,643
2039-40	87,005,063	(25,196,282)	23,919,992	25,941,895	11,946,895	49,861,887	17,681,444	3,465,468	2.36	28,714,975
2040-41	89,434,371	(26,028,986)	24,548,665	26,558,904	12,297,816	51,107,569	17,659,858	3,464,511	2.42	29,983,201
2041-42	91,912,265	(26,878,344)	25,189,901	27,188,254	12,655,766	52,378,155	17,634,709	3,460,298	2.48	31,283,149
2042-43	94,439,717	(27,744,689)	25,843,953	27,830,191	13,020,885	53,674,144	17,608,145	3,452,563	2.55	32,613,436
2043-44	97,017,718	(28,628,360)	26,511,076	28,484,966	13,393,314	54,996,043	17,582,060	3,450,765	2.61	33,963,218
2044-45	99,647,279	(29,529,706)	27,191,068	29,152,838	13,773,667	56,343,906	18,085,000	-	3.12	38,258,906
2045-46	102,329,431	(30,449,078)	27,884,091	29,834,066	14,162,196	57,718,157	18,085,000	-	3.19	39,633,157
2046-47	105,065,226	(31,386,838)	28,590,974	30,528,919	14,558,495	59,119,893	18,085,000	-	3.27	41,034,893
2047-48	107,855,737	(32,343,352)	29,311,995	31,237,669	14,962,720	60,549,664	18,085,000	-	3.35	42,464,664
2048-49	110,702,058	(33,318,998)	30,047,436	31,960,594	15,375,030	62,008,030	18,085,000	-	3.43	43,923,030
2049-50	113,605,306	(34,314,156)	30,797,586	32,697,978	15,795,586	63,495,564	18,085,000	-	3.51	45,410,564
2050-51	116,566,618	(35,329,217)	31,562,739	33,450,109	16,224,553	65,012,848	18,085,000	-	3.59	46,927,848

[1] Pursuant to ABx1 26, AB 1484, and SB 107, the Successor Agency is no longer required to set-aside tax increment for the low/mod housing fund therefore those monies, which are deposited into the Redevelopment Property Tax Trust Fund (RPTTF), are available and can be pledged to pay housing and non-housing bond debt service.

[2] Debt service payments are grouped by fiscal year and not bond year

* The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.

Non-Housing Tax Increment Projections — **Exhibit 10B**

Southern California Logistics Airport Authority - VVEDA Project Area (Including Amendment IV and VIII Areas)

Fiscal Year	Estimated Gross Tax Increment	Low & Moderate Income Housing Set-Aside 20%	Pass Through Payments	Non-Housing Revenue to Victorville[1]	Non-Housing Revenue to SCLA[1]	Non-Housing Revenue to Other Member Jurisdictions[1]	Total Non-Housing Pledge Revenue (Victorville + SCLA)	Total Debt Service Obligations by Fiscal Year[2]	Coverage (using Total Pledge Revenue)	Remaining Revenue After Debt Service
2016-17	42,575,761	(8,515,152)	(11,461,764)	6,838,751	12,744,403	3,015,690	19,583,154	17,981,682	1.09	1,601,472
2017-18*	44,191,305	(8,838,261)	(11,875,932)	7,111,925	13,204,928	3,160,259	20,316,853	17,975,837	1.13	2,341,016
2018-19	45,880,182	(9,176,036)	(12,391,010)	7,338,402	13,699,225	3,275,508	21,037,627	17,972,478	1.17	3,065,149
2019-20	47,282,399	(9,456,480)	(12,821,020)	7,547,540	14,064,533	3,392,826	21,612,073	17,961,065	1.20	3,651,008
2020-21	48,917,253	(9,783,451)	(13,322,193)	7,790,646	14,491,623	3,529,342	22,282,268	17,956,703	1.24	4,325,566
2021-22	50,584,805	(10,116,961)	(13,833,573)	8,038,443	14,927,162	3,668,667	22,965,604	17,946,988	1.28	5,018,616
2022-23	52,285,708	(10,457,142)	(14,355,269)	8,291,086	15,371,367	3,810,844	23,662,454	17,941,292	1.32	5,721,162
2023-24	54,020,628	(10,804,126)	(14,887,399)	8,548,729	15,824,457	3,955,917	24,373,186	17,929,891	1.36	6,443,295
2024-25	55,790,247	(11,158,049)	(15,430,782)	8,811,479	16,286,304	4,103,633	25,097,783	17,921,479	1.40	7,176,304
2025-26	57,595,259	(11,519,052)	(15,985,290)	9,079,447	16,757,258	4,254,212	25,836,705	17,915,858	1.44	7,920,848
2026-27	59,436,370	(11,887,274)	(16,550,889)	9,352,741	17,237,632	4,407,835	26,590,373	17,906,831	1.48	8,683,542
2027-28	61,314,304	(12,262,861)	(17,127,799)	9,631,474	17,727,613	4,564,558	27,359,087	17,893,539	1.53	9,465,548
2028-29	63,229,797	(12,645,959)	(17,716,248)	9,915,756	18,227,394	4,724,440	28,143,150	17,883,535	1.57	10,259,615
2029-30	65,183,600	(13,036,720)	(18,316,465)	10,205,703	18,737,170	4,887,541	28,942,873	17,875,410	1.62	11,067,463
2030-31	67,176,478	(13,435,296)	(18,928,687)	10,501,430	19,257,142	5,053,923	29,758,572	17,859,898	1.67	11,898,674
2031-32	69,209,214	(13,841,843)	(19,553,153)	10,803,055	19,787,513	5,223,650	30,590,568	17,836,344	1.72	12,754,224
2032-33	71,282,605	(14,256,521)	(20,190,109)	11,110,697	20,328,492	5,396,785	31,439,190	17,816,855	1.76	13,622,335
2033-34	73,397,464	(14,679,493)	(20,839,804)	11,424,480	20,880,290	5,573,397	32,304,770	17,797,313	1.82	14,507,458
2034-35	75,554,619	(15,110,924)	(21,502,493)	11,744,526	21,443,125	5,753,552	33,187,651	17,785,241	1.87	15,402,409
2035-36	77,754,918	(15,550,984)	(22,181,177)	12,070,843	22,015,845	5,936,070	34,086,688	17,763,843	1.92	16,322,846
2036-37	79,999,223	(15,999,845)	(22,873,434)	12,403,677	22,600,020	6,122,247	35,003,697	17,746,169	1.97	17,257,528
2037-38	82,288,414	(16,457,683)	(23,579,537)	12,743,159	23,195,878	6,312,157	35,939,037	17,724,790	2.03	18,214,247
2038-39	84,623,389	(16,924,678)	(24,379,906)	13,065,371	23,763,581	6,489,854	36,828,952	17,707,268	2.08	19,121,684
2039-40	87,005,063	(17,401,013)	(25,196,282)	13,394,021	24,342,638	6,671,109	37,736,659	17,681,444	2.13	20,055,216
2040-41	89,434,371	(17,886,874)	(26,028,986)	13,729,239	24,933,277	6,855,995	38,662,516	17,659,858	2.19	21,002,659
2041-42	91,912,265	(18,382,453)	(26,878,344)	14,071,157	25,535,728	7,044,583	39,606,885	17,634,709	2.25	21,972,177
2042-43	94,439,717	(18,887,943)	(27,744,689)	14,419,909	26,150,229	7,236,947	40,570,138	17,608,145	2.30	22,961,993
2043-44	97,017,718	(19,403,544)	(28,628,360)	14,775,633	26,777,019	7,433,162	41,552,651	17,582,060	2.36	23,970,591
2044-45	99,647,279	(19,929,456)	(29,529,706)	15,138,260	27,416,345	7,633,513	42,554,605	18,085,000	2.35	24,469,605
2045-46	102,329,431	(20,465,886)	(30,449,078)	15,507,886	28,068,458	7,838,123	43,576,344	18,085,000	2.41	25,491,344
2046-47	105,065,226	(21,013,045)	(31,386,838)	15,884,905	28,733,612	8,046,825	44,618,518	18,085,000	2.47	26,533,518
2047-48	107,855,737	(21,571,147)	(32,343,352)	16,269,465	29,412,070	8,259,702	45,681,535	18,085,000	2.53	27,596,535
2048-49	110,702,058	(22,140,412)	(33,318,998)	16,661,716	30,104,098	8,476,836	46,765,813	18,085,000	2.59	28,680,813
2049-50	113,605,306	(22,721,061)	(34,314,156)	17,061,811	30,809,965	8,698,312	47,871,777	18,085,000	2.65	29,786,777
2050-51	116,566,618	(23,313,324)	(35,329,217)	17,469,909	31,529,950	8,924,219	48,999,859	18,085,000	2.71	30,914,859

[1] Pursuant to ABx1 26, AB 1484, and SB 107, the Successor Agency is no longer required to set-aside tax increment for the low/mod housing fund therefore those monies, which are deposited into the Redevelopment Property Tax Trust Fund (RPTTF), are available and can be pledged to pay housing and non-housing bond debt service.

[2] Debt service payments are grouped by fiscal year and not bond year

* The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.

Housing Set-Aside Tax Increment Projections **Exhibit 10C**

Southern California Logistics Airport Authority - VVEDA Project Area (Including Amendment IV and VIII Areas)

Fiscal Year	Estimated Gross Tax Increment	Total Housing Set-Aside 20%	Housing Revenue to Victorville[1]	Housing Revenue to SCLA[1]	Housing Revenue to Other Member Jurisdictions[2]	Total Housing Pledge Revenue (Victorville + SCLA)	Total Debt Service Obligations by Fiscal Year[3]	Coverage (using Total Pledge Revenue)	Remaining Revenue After Debt Service
2016-17	42,575,761	(8,515,152)	5,165,781	1,080,486	2,268,885	6,246,267	3,519,126	1.77	2,727,141
2017-18*	44,191,305	(8,838,261)	5,367,799	1,096,482	2,373,981	6,464,281	3,521,824	1.84	2,942,456
2018-19	45,880,182	(9,176,036)	5,554,571	1,153,524	2,467,942	6,708,095	3,516,914	1.91	3,191,181
2019-20	47,282,399	(9,456,480)	5,724,835	1,168,050	2,563,595	6,892,885	3,519,266	1.96	3,373,619
2020-21	48,917,253	(9,783,451)	5,922,743	1,185,797	2,674,911	7,108,540	3,514,018	2.02	3,594,522
2021-22	50,584,805	(10,116,961)	6,124,535	1,203,899	2,788,527	7,328,434	3,516,116	2.08	3,812,318
2022-23	52,285,708	(10,457,142)	6,330,303	1,222,363	2,904,475	7,552,667	3,515,285	2.15	4,037,382
2023-24	54,020,628	(10,804,126)	6,540,137	1,241,196	3,022,792	7,781,334	3,510,968	2.22	4,270,366
2024-25	55,790,247	(11,158,049)	6,754,126	1,260,406	3,143,517	8,014,533	3,508,080	2.28	4,506,453
2025-26	57,595,259	(11,519,052)	6,972,360	1,280,001	3,266,691	8,252,360	3,506,953	2.35	4,745,408
2026-27	59,436,370	(11,887,274)	7,194,928	1,299,987	3,392,360	8,494,914	3,507,338	2.42	4,987,577
2027-28	61,314,304	(12,262,861)	7,421,921	1,320,372	3,520,567	8,742,294	3,504,100	2.49	5,238,194
2028-29	63,229,797	(12,645,959)	7,653,432	1,341,166	3,651,362	8,994,598	3,501,284	2.57	5,493,314
2029-30	65,183,600	(13,036,720)	7,889,553	1,362,375	3,784,791	9,251,928	3,498,596	2.64	5,753,332
2030-31	67,176,478	(13,435,296)	8,130,380	1,384,009	3,920,907	9,514,388	3,496,540	2.72	6,017,848
2031-32	69,209,214	(13,841,843)	8,376,007	1,406,075	4,059,761	9,782,082	3,499,725	2.80	6,282,357
2032-33	71,282,605	(14,256,521)	8,626,533	1,428,582	4,201,405	10,055,116	3,491,700	2.88	6,563,416
2033-34	73,397,464	(14,679,493)	8,882,058	1,451,540	4,345,895	10,333,598	3,487,264	2.96	6,846,334
2034-35	75,554,619	(15,110,924)	9,142,682	1,474,957	4,493,285	10,617,639	3,487,151	3.04	7,130,488
2035-36	77,754,918	(15,550,984)	9,408,509	1,498,842	4,643,633	10,907,351	3,485,960	3.13	7,421,391
2036-37	79,999,223	(15,999,845)	9,679,643	1,523,205	4,796,997	11,202,848	3,478,551	3.22	7,724,297
2037-38	82,288,414	(16,457,683)	9,956,192	1,548,055	4,953,436	11,504,247	3,474,648	3.31	8,029,599
2038-39	84,623,389	(16,924,678)	10,238,264	1,573,402	5,113,012	11,811,666	3,473,708	3.40	8,337,959
2039-40	87,005,063	(17,401,013)	10,525,971	1,599,256	5,275,785	12,125,227	3,465,468	3.50	8,659,760
2040-41	89,434,371	(17,886,874)	10,819,426	1,625,627	5,441,821	12,445,053	3,464,511	3.59	8,980,542
2041-42	91,912,265	(18,382,453)	11,118,744	1,652,526	5,611,183	12,771,270	3,460,298	3.69	9,310,973
2042-43	94,439,717	(18,887,943)	11,424,043	1,679,962	5,783,938	13,104,006	3,452,563	3.80	9,651,443
2043-44	97,017,718	(19,403,544)	11,735,444	1,707,948	5,960,152	13,443,391	3,450,765	3.90	9,992,626

[1] Pursuant to ABx1 26, AB 1484, and SB 107, the Successor Agency is no longer required to set-aside tax increment for the low/mod housing fund therefore those monies, which are deposited into the Redevelopment Property Tax Trust Fund (RPTTF), are available and can be pledged to pay housing and non-housing bond debt service.

[2] Pursuant to ABx1 26, AB 1484, and SB 107, the Successor Agency cannot allocate property tax increment to member jurisdictions based on the Joint Powers Agreement alone. To receive tax increment, the member jurisdictions must have outstanding enforceable obligations, which is the case for Victorville/SCLA and the Town of Apple Valley only. Therefore, the "Housing Revenue to Other Member Jurisdictions" will actually be distributed to all taxing entities.

[3] Debt service payments are grouped by fiscal year and not bond year

* The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.

Tax Increment Projections **Exhibit 10D**

Southern California Logistics Airport Authority - Victorville Area

Fiscal Year	Secured Assessed Values	Unsecured Assessed Values	Increased Value Due to New Development	Total Assessed Value	Incremental Assessed Value	Estimated Gross Tax Increment 1%	Low & Moderate Income Housing Set-Aside 20%	Pass Through Payments 28.27%	Net Revenue to Member Jurisdiction 50%	Net Revenue to SCLA 50%
BY				**1,168,446,878**						
2016-17	3,236,980,688	132,761,208		3,369,741,896	2,201,295,018	22,012,950	(4,402,590)	(6,222,430)	5,693,965	5,693,965
2017-18*	3,301,720,302	132,761,208	7,482,262	3,441,963,772	2,273,516,894	22,735,169	(4,547,034)	(6,426,581)	5,880,777	5,880,777
2018-19	3,366,982,669	132,761,208		3,499,743,877	2,331,296,999	23,312,970	(4,662,594)	(6,589,909)	6,030,234	6,030,234
2019-20	3,425,904,866	132,761,208		3,558,666,074	2,390,219,196	23,902,192	(4,780,438)	(6,756,465)	6,182,644	6,182,644
2020-21	3,494,422,963	132,761,208		3,627,184,171	2,458,737,293	24,587,373	(4,917,475)	(6,950,146)	6,359,876	6,359,876
2021-22	3,564,311,422	132,761,208		3,697,072,630	2,528,625,752	25,286,258	(5,057,252)	(7,147,701)	6,540,653	6,540,653
2022-23	3,635,597,651	132,761,208		3,768,358,859	2,599,911,981	25,999,120	(5,199,824)	(7,349,206)	6,725,045	6,725,045
2023-24	3,708,309,604	132,761,208		3,841,070,812	2,672,623,934	26,726,239	(5,345,248)	(7,554,742)	6,913,125	6,913,125
2024-25	3,782,475,796	132,761,208		3,915,237,004	2,746,790,126	27,467,901	(5,493,580)	(7,764,389)	7,104,966	7,104,966
2025-26	3,858,125,312	132,761,208		3,990,886,520	2,822,439,642	28,224,396	(5,644,879)	(7,978,228)	7,300,644	7,300,644
2026-27	3,935,287,818	132,761,208		**4,068,049,026**	2,899,602,148	28,996,021	(5,799,204)	(8,196,345)	7,500,236	**7,500,236**
2027-28	4,013,993,574	132,761,208		4,146,754,782	2,978,307,904	29,783,079	(5,956,616)	(8,418,823)	7,703,820	7,703,820
2028-29	4,094,273,446	132,761,208		4,227,034,654	3,058,587,776	30,585,878	(6,117,176)	(8,645,751)	7,911,475	7,911,475
2029-30	4,176,158,915	132,761,208		4,308,920,123	3,140,473,245	31,404,732	(6,280,946)	(8,877,218)	8,123,284	8,123,284
2030-31	4,259,682,093	132,761,208		4,392,443,301	3,223,996,423	32,239,964	(6,447,993)	(9,113,314)	8,339,329	8,339,329
2031-32	4,344,875,735	132,761,208		4,477,636,943	3,309,190,065	33,091,901	(6,618,380)	(9,354,132)	8,559,694	8,559,694
2032-33	4,431,773,250	132,761,208		4,564,534,458	3,396,087,580	33,960,876	(6,792,175)	(9,599,767)	8,784,467	8,784,467
2033-34	4,520,408,715	132,761,208		4,653,169,923	3,484,723,045	34,847,230	(6,969,446)	(9,850,314)	9,013,735	9,013,735
2034-35	4,610,816,889	132,761,208		4,743,578,097	3,575,131,219	35,751,312	(7,150,262)	(10,105,872)	9,247,589	9,247,589
2035-36	4,703,033,227	132,761,208		4,835,794,435	3,667,347,557	36,673,476	(7,334,695)	(10,366,541)	9,486,120	9,486,120
2036-37	4,797,093,891	132,761,208		4,929,855,099	3,761,408,221	37,614,082	(7,522,816)	(10,632,423)	9,729,421	9,729,421
2037-38	4,893,035,769	132,761,208		5,025,796,977	3,857,350,099	38,573,501	(7,714,700)	(10,903,624)	9,977,589	9,977,589
2038-39	4,990,896,484	132,761,208		5,123,657,692	3,955,210,814	39,552,108	(7,910,422)	(11,180,248)	10,230,719	10,230,719
2039-40	5,090,714,414	132,761,208		5,223,475,622	4,055,028,744	40,550,287	(8,110,057)	(11,462,405)	10,488,913	10,488,913
2040-41	5,192,528,702	132,761,208		5,325,289,910	4,156,843,032	41,568,430	(8,313,686)	(11,750,204)	10,752,270	10,752,270
2041-42	5,296,379,276	132,761,208		5,429,140,484	4,260,693,606	42,606,936	(8,521,387)	(12,043,760)	11,020,894	11,020,894
2042-43	5,402,306,862	132,761,208		5,535,068,070	4,366,621,192	43,666,212	(8,733,242)	(12,343,187)	11,294,891	11,294,891
2043-44	5,510,352,999	132,761,208		5,643,114,207	4,474,667,329	44,746,673	(8,949,335)	(12,648,603)	11,574,368	11,574,368
2044-45	5,620,560,059	132,761,208		5,753,321,267	4,584,874,389	45,848,744	(9,169,749)	(12,960,126)	11,859,434	11,859,434
2045-46	5,732,971,260	132,761,208		5,865,732,468	4,697,285,590	46,972,856	(9,394,571)	(13,277,881)	12,150,202	12,150,202
2046-47	5,847,630,686	132,761,208		5,980,391,894	4,811,945,016	48,119,450	(9,623,890)	(13,601,990)	12,446,785	12,446,785
2047-48	5,964,583,299	132,761,208		6,097,344,507	4,928,897,629	49,288,976	(9,857,795)	(13,932,582)	12,749,300	12,749,300
2048-49	6,083,874,965	132,761,208		6,216,636,173	5,048,189,295	50,481,893	(10,096,379)	(14,269,785)	13,057,865	13,057,865
2049-50	6,205,552,465	132,761,208		6,338,313,673	5,169,866,795	51,698,668	(10,339,734)	(14,613,732)	13,372,601	13,372,601
2050-51	6,329,663,514	132,761,208		6,462,424,722	5,293,977,844	52,939,778	(10,587,956)	(14,964,559)	13,693,632	13,693,632
2051-52	6,456,256,784	132,761,208		6,589,017,992	5,420,571,114	54,205,711	(10,841,142)	(15,322,402)	14,021,084	14,021,084

* The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.

Tax Increment Projections — **Exhibit 10E**

Southern California Logistics Airport Authority - SCLA Area

Fiscal Year	Secured Assessed Values	Unsecured Assessed Values	Increased Value Due to New Development	Total Assessed Value	Incremental Assessed Value	Estimated Gross Tax Increment 1%	Low & Moderate Income Housing Set-Aside 20%	Pass Through Payments 26.51%	Net Revenue to SCLA 100%
BY				**7,854,350**					
2016-17	399,893,453	148,203,911		548,097,364	540,243,014	5,402,430	(1,080,486)	(1,431,983)	2,889,961
2017-18*	407,891,322	148,203,911		556,095,233	548,240,883	5,482,409	(1,096,482)	(1,453,182)	2,932,745
2018-19	415,029,420	148,203,911	21,383,099	584,616,430	576,762,080	5,767,621	(1,153,524)	(1,528,782)	3,085,315
2019-20	443,675,534	148,203,911		591,879,445	584,025,095	5,840,251	(1,168,050)	(1,548,033)	3,124,168
2020-21	452,549,045	148,203,911		600,752,956	592,898,606	5,928,986	(1,185,797)	(1,571,553)	3,171,635
2021-22	461,600,026	148,203,911		609,803,937	601,949,587	6,019,496	(1,203,899)	(1,595,544)	3,220,052
2022-23	470,832,026	148,203,911		619,035,937	611,181,587	6,111,816	(1,222,363)	(1,620,015)	3,269,438
2023-24	480,248,667	148,203,911		628,452,578	620,598,228	6,205,982	(1,241,196)	(1,644,975)	3,319,811
2024-25	489,853,640	148,203,911		638,057,551	630,203,201	6,302,032	(1,260,406)	(1,670,434)	3,371,192
2025-26	499,650,713	148,203,911		647,854,624	640,000,274	6,400,003	(1,280,001)	(1,696,402)	3,423,600
2026-27	509,643,727	148,203,911		657,847,638	649,993,288	6,499,933	(1,299,987)	(1,722,890)	3,477,056
2027-28	519,836,602	148,203,911		668,040,513	660,186,163	6,601,862	(1,320,372)	(1,749,908)	3,531,582
2028-29	530,233,334	148,203,911		678,437,245	670,582,895	6,705,829	(1,341,166)	(1,777,466)	3,587,198
2029-30	540,838,000	148,203,911		689,041,911	681,187,561	6,811,876	(1,362,375)	(1,805,575)	3,643,926
2030-31	551,654,760	148,203,911		699,858,671	692,004,321	6,920,043	(1,384,009)	(1,834,246)	3,701,789
2031-32	562,687,856	148,203,911		710,891,767	703,037,417	7,030,374	(1,406,075)	(1,863,490)	3,760,809
2032-33	573,941,613	148,203,911		722,145,524	714,291,174	7,142,912	(1,428,582)	(1,893,320)	3,821,009
2033-34	585,420,445	148,203,911		733,624,356	725,770,006	7,257,700	(1,451,540)	(1,923,746)	3,882,414
2034-35	597,128,854	148,203,911		745,332,765	737,478,415	7,374,784	(1,474,957)	(1,954,781)	3,945,047
2035-36	609,071,431	148,203,911		757,275,342	749,420,992	7,494,210	(1,498,842)	(1,986,436)	4,008,932
2036-37	621,252,859	148,203,911		769,456,770	761,602,420	7,616,024	(1,523,205)	(2,018,724)	4,074,095
2037-38	633,677,917	148,203,911		781,881,828	774,027,478	7,740,275	(1,548,055)	(2,051,659)	4,140,561
2038-39	646,351,475	148,203,911		794,555,386	786,701,036	7,867,010	(1,573,402)	(2,085,252)	4,208,357
2039-40	659,278,504	148,203,911		807,482,415	799,628,065	7,996,281	(1,599,256)	(2,119,516)	4,277,508
2040-41	672,464,075	148,203,911		820,667,986	812,813,636	8,128,136	(1,625,627)	(2,154,466)	4,348,043
2041-42	685,913,356	148,203,911		834,117,267	826,262,917	8,262,629	(1,652,526)	(2,190,115)	4,419,988
2042-43	699,631,623	148,203,911		847,835,534	839,981,184	8,399,812	(1,679,962)	(2,226,477)	4,493,372
2043-44	713,624,256	148,203,911		861,828,167	853,973,817	8,539,738	(1,707,948)	(2,263,567)	4,568,224
2044-45	727,896,741	148,203,911		876,100,652	868,246,302	8,682,463	(1,736,493)	(2,301,398)	4,644,573
2045-46	742,454,676	148,203,911		890,658,587	882,804,237	8,828,042	(1,765,608)	(2,339,985)	4,722,449
2046-47	757,303,769	148,203,911		905,507,680	897,653,330	8,976,533	(1,795,307)	(2,379,345)	4,801,882
2047-48	772,449,844	148,203,911		920,653,755	912,799,405	9,127,994	(1,825,599)	(2,419,491)	4,882,904
2048-49	787,898,841	148,203,911		936,102,752	928,248,402	9,282,484	(1,856,497)	(2,460,441)	4,965,546
2049-50	803,656,818	148,203,911		951,860,729	944,006,379	9,440,064	(1,888,013)	(2,502,209)	5,049,842
2050-51	819,729,955	148,203,911		967,933,866	960,079,516	9,600,795	(1,920,159)	(2,544,813)	5,135,823
2051-52	836,124,554	148,203,911		984,328,465	976,474,115	9,764,741	(1,952,948)	(2,588,269)	5,223,524

* The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.

Tax Increment Projections **Exhibit 10F**

Southern California Logistics Airport Authority - San Bernardino County Area

Fiscal Year	Secured Assessed Values	Unsecured Assessed Values	Total Assessed Value	Incremental Assessed Value	Estimated Gross Tax Increment 1%	Low & Moderate Income Housing Set-Aside 20%	Pass Through Payments 26.28%	Net Revenue to Member Jurisdiction 50%	Net Revenue to SCLA 50%
BY			**49,387,466**						
2016-17	343,180,421	10,181,836	353,362,257	303,974,791	3,039,748	(607,950)	(798,782)	816,508	816,508
2017-18*	350,044,029	10,181,836	360,225,865	310,838,399	3,108,384	(621,677)	(816,819)	834,944	834,944
2018-19	356,169,800	10,181,836	366,351,636	316,964,170	3,169,642	(633,928)	(832,916)	851,399	851,399
2019-20	362,402,771	10,181,836	372,584,607	323,197,141	3,231,971	(646,394)	(849,295)	868,141	868,141
2020-21	369,650,827	10,181,836	379,832,663	330,445,197	3,304,452	(660,890)	(868,341)	887,610	887,610
2021-22	377,043,843	10,181,836	387,225,679	337,838,213	3,378,382	(675,676)	(887,768)	907,469	907,469
2022-23	384,584,720	10,181,836	394,766,556	345,379,090	3,453,791	(690,758)	(907,584)	927,724	927,724
2023-24	392,276,415	10,181,836	402,458,251	353,070,785	3,530,708	(706,142)	(927,796)	948,385	948,385
2024-25	400,121,943	10,181,836	410,303,779	360,916,313	3,609,163	(721,833)	(948,413)	969,459	969,459
2025-26	408,124,382	10,181,836	418,306,218	368,918,752	3,689,188	(737,838)	(969,442)	990,954	990,954
2026-27	416,286,869	10,181,836	426,468,705	377,081,239	3,770,812	(754,162)	(990,891)	1,012,879	1,012,879
2027-28	424,612,607	10,181,836	434,794,443	385,406,977	3,854,070	(770,814)	(1,012,769)	1,035,243	1,035,243
2028-29	433,104,859	10,181,836	443,286,695	393,899,229	3,938,992	(787,798)	(1,035,085)	1,058,054	1,058,054
2029-30	441,766,956	10,181,836	451,948,792	402,561,326	4,025,613	(805,123)	(1,057,847)	1,081,322	1,081,322
2030-31	450,602,295	10,181,836	460,784,131	411,396,665	4,113,967	(822,793)	(1,081,065)	1,105,054	1,105,054
2031-32	459,614,341	10,181,836	469,796,177	420,408,711	4,204,087	(840,817)	(1,104,747)	1,129,262	1,129,262
2032-33	468,806,628	10,181,836	478,988,464	429,600,998	4,296,010	(859,202)	(1,128,902)	1,153,953	1,153,953
2033-34	478,182,761	10,181,836	488,364,597	438,977,131	4,389,771	(877,954)	(1,153,540)	1,179,138	1,179,138
2034-35	487,746,416	10,181,836	497,928,252	448,540,786	4,485,408	(897,082)	(1,178,672)	1,204,827	1,204,827
2035-36	497,501,344	10,181,836	507,683,180	458,295,714	4,582,957	(916,591)	(1,204,306)	1,231,030	1,231,030
2036-37	507,451,371	10,181,836	517,633,207	468,245,741	4,682,457	(936,491)	(1,230,452)	1,257,757	1,257,757
2037-38	517,600,398	10,181,836	527,782,234	478,394,768	4,783,948	(956,790)	(1,257,122)	1,285,018	1,285,018
2038-39	527,952,406	10,181,836	538,134,242	488,746,776	4,887,468	(977,494)	(1,284,325)	1,312,825	1,312,825
2039-40	538,511,455	10,181,836	548,693,291	499,305,825	4,993,058	(998,612)	(1,312,072)	1,341,187	1,341,187
2040-41	549,281,684	10,181,836	559,463,520	510,076,054	5,100,761	(1,020,152)	(1,340,374)	1,370,117	1,370,117
2041-42	560,267,317	10,181,836	570,449,153	521,061,687	5,210,617	(1,042,123)	(1,369,242)	1,399,626	1,399,626
2042-43	571,472,664	10,181,836	581,654,500	532,267,034	5,322,670	(1,064,534)	(1,398,687)	1,429,725	1,429,725
2043-44	582,902,117	10,181,836	593,083,953	543,696,487	5,436,965	(1,087,393)	(1,428,721)	1,460,425	1,460,425
2044-45	594,560,159	10,181,836	604,741,995	555,354,529	5,553,545	(1,110,709)	(1,459,356)	1,491,740	1,491,740
2045-46	606,451,362	10,181,836	616,633,198	567,245,732	5,672,457	(1,134,491)	(1,490,604)	1,523,681	1,523,681
2046-47	618,580,390	10,181,836	628,762,226	579,374,760	5,793,748	(1,158,750)	(1,522,476)	1,556,261	1,556,261
2047-48	630,951,997	10,181,836	641,133,833	591,746,367	5,917,464	(1,183,493)	(1,554,986)	1,589,492	1,589,492
2048-49	643,571,037	10,181,836	653,752,873	604,365,407	6,043,654	(1,208,731)	(1,588,146)	1,623,388	1,623,388
2049-50	656,442,458	10,181,836	666,624,294	617,236,828	6,172,368	(1,234,474)	(1,621,970)	1,657,962	1,657,962
2050-51	669,571,307	10,181,836	679,753,143	630,365,677	6,303,657	(1,260,731)	(1,656,470)	1,693,228	1,693,228
2051-52	682,962,733	10,181,836	693,144,569	643,757,103	6,437,571	(1,287,514)	(1,691,660)	1,729,199	1,729,199

*** The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.**

Tax Increment Projections — **Exhibit 10G**

Southern California Logistics Airport Authority - Apple Valley Area

Fiscal Year	Secured Assessed Values	Unsecured Assessed Values	Total Assessed Value	Incremental Assessed Value	Estimated Gross Tax Increment 1%	Low & Moderate Income Housing Set-Aside 20%	Pass Through Payments 27.24%	Net Revenue to Member Jurisdiction 50%	Net Revenue to SCLA 50%
BY			**436,031,342**						
2016-17	1,019,140,311	28,705,853	1,047,846,164	611,814,822	6,118,148	(1,223,630)	(1,666,509)	1,614,005	1,614,005
2017-18*	1,039,523,117	28,705,853	1,068,228,970	632,197,628	6,321,976	(1,264,395)	(1,722,030)	1,667,776	1,667,776
2018-19	1,057,714,772	28,705,853	1,086,420,625	650,389,283	6,503,893	(1,300,779)	(1,771,581)	1,715,766	1,715,766
2019-20	1,076,224,780	28,705,853	1,104,930,633	668,899,291	6,688,993	(1,337,799)	(1,822,000)	1,764,597	1,764,597
2020-21	1,097,749,276	28,705,853	1,126,455,129	690,423,787	6,904,238	(1,380,848)	(1,880,631)	1,821,380	1,821,380
2021-22	1,119,704,261	28,705,853	1,148,410,114	712,378,772	7,123,788	(1,424,758)	(1,940,433)	1,879,298	1,879,298
2022-23	1,142,098,347	28,705,853	1,170,804,200	734,772,858	7,347,729	(1,469,546)	(2,001,432)	1,938,375	1,938,375
2023-24	1,164,940,314	28,705,853	1,193,646,167	757,614,825	7,576,148	(1,515,230)	(2,063,651)	1,998,634	1,998,634
2024-25	1,188,239,120	28,705,853	1,216,944,973	780,913,631	7,809,136	(1,561,827)	(2,127,114)	2,060,098	2,060,098
2025-26	1,212,003,902	28,705,853	1,240,709,755	804,678,413	8,046,784	(1,609,357)	(2,191,846)	2,122,790	2,122,790
2026-27	**1,236,243,980**	**28,705,853**	**1,264,949,833**	828,918,491	8,289,185	(1,657,837)	(2,257,873)	2,186,737	**2,186,737**
2027-28	1,260,968,860	28,705,853	1,289,674,713	853,643,371	8,536,434	(1,707,287)	(2,325,221)	2,251,963	2,251,963
2028-29	1,286,188,237	28,705,853	1,314,894,090	878,862,748	8,788,627	(1,757,725)	(2,393,915)	2,318,493	2,318,493
2029-30	1,311,912,002	28,705,853	1,340,617,855	904,586,513	9,045,865	(1,809,173)	(2,463,984)	2,386,354	2,386,354
2030-31	1,338,150,242	28,705,853	1,366,856,095	930,824,753	9,308,248	(1,861,650)	(2,535,454)	2,455,572	2,455,572
2031-32	1,364,913,247	28,705,853	1,393,619,100	957,587,758	9,575,878	(1,915,176)	(2,608,353)	2,526,175	2,526,175
2032-33	1,392,211,512	28,705,853	1,420,917,365	984,886,023	9,848,860	(1,969,772)	(2,682,710)	2,598,189	2,598,189
2033-34	1,420,055,742	28,705,853	1,448,761,595	1,012,730,253	10,127,303	(2,025,461)	(2,758,554)	2,671,644	2,671,644
2034-35	1,448,456,857	28,705,853	1,477,162,710	1,041,131,368	10,411,314	(2,082,263)	(2,835,915)	2,746,568	2,746,568
2035-36	1,477,425,994	28,705,853	1,506,131,847	1,070,100,505	10,701,005	(2,140,201)	(2,914,824)	2,822,990	2,822,990
2036-37	1,506,974,514	28,705,853	1,535,680,367	1,099,649,025	10,996,490	(2,199,298)	(2,995,310)	2,900,941	2,900,941
2037-38	1,537,114,004	28,705,853	1,565,819,857	1,129,788,515	11,297,885	(2,259,577)	(3,077,407)	2,980,451	2,980,451
2038-39	1,567,856,284	28,705,853	1,596,562,137	1,160,530,795	11,605,308	(2,321,062)	(3,161,145)	3,061,551	3,061,551
2039-40	1,599,213,410	28,705,853	1,627,919,263	1,191,887,921	11,918,879	(2,383,776)	(3,246,558)	3,144,273	3,144,273
2040-41	1,631,197,678	28,705,853	1,659,903,531	1,223,872,189	12,238,722	(2,447,744)	(3,333,679)	3,228,649	3,228,649
2041-42	1,663,821,631	28,705,853	1,692,527,484	1,256,496,142	12,564,961	(2,512,992)	(3,422,543)	3,314,713	3,314,713
2042-43	1,697,098,064	28,705,853	1,725,803,917	1,289,772,575	12,897,726	(2,579,545)	(3,513,184)	3,402,498	3,402,498
2043-44	1,731,040,025	28,705,853	1,759,745,878	1,323,714,536	13,237,145	(2,647,429)	(3,605,638)	3,492,039	3,492,039
2044-45	1,765,660,826	28,705,853	1,794,366,679	1,358,335,337	13,583,353	(2,716,671)	(3,699,941)	3,583,371	3,583,371
2045-46	1,800,974,042	28,705,853	1,829,679,895	1,393,648,553	13,936,486	(2,787,297)	(3,796,129)	3,676,529	3,676,529
2046-47	1,836,993,523	28,705,853	1,865,699,376	1,429,668,034	14,296,680	(2,859,336)	(3,894,242)	3,771,551	3,771,551
2047-48	1,873,733,394	28,705,853	1,902,439,247	1,466,407,905	14,664,079	(2,932,816)	(3,994,317)	3,868,473	3,868,473
2048-49	1,911,208,062	28,705,853	1,939,913,915	1,503,882,573	15,038,826	(3,007,765)	(4,096,394)	3,967,334	3,967,334
2049-50	1,949,432,223	28,705,853	1,978,138,076	1,542,106,734	15,421,067	(3,084,213)	(4,200,512)	4,068,171	4,068,171
2050-51	1,988,420,867	28,705,853	2,017,126,720	1,581,095,378	15,810,954	(3,162,191)	(4,306,712)	4,171,026	4,171,026
2051-52	2,028,189,285	28,705,853	2,056,895,138	1,620,863,796	16,208,638	(3,241,728)	(4,415,036)	4,275,937	4,275,937

* The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.

Tax Increment Projections — **Exhibit 10H**

Southern California Logistics Airport Authority - Hesperia Area

Fiscal Year	Secured Assessed Values	Unsecured Assessed Values	Total Assessed Value	Incremental Assessed Value	Estimated Gross Tax Increment 1%	Low & Moderate Income Housing Set-Aside 20%	Pass Through Payments 30.16%	Net Revenue to Member Jurisdiction 50%	Net Revenue to SCLA 50%
BY			**122,113,885**						
2016-17	255,734,332	961,581	256,695,913	134,582,028	1,345,820	(269,164)	(405,933)	335,362	335,362
2017-18*	260,849,019	961,581	261,810,600	139,696,715	1,396,967	(279,393)	(421,360)	348,107	348,107
2018-19	265,413,876	961,581	266,375,457	144,261,572	1,442,616	(288,523)	(435,129)	359,482	359,482
2019-20	270,058,619	961,581	271,020,200	148,906,315	1,489,063	(297,813)	(449,139)	371,056	371,056
2020-21	275,459,792	961,581	276,421,373	154,307,488	1,543,075	(308,615)	(465,430)	384,515	384,515
2021-22	280,968,988	961,581	281,930,569	159,816,684	1,598,167	(319,633)	(482,047)	398,243	398,243
2022-23	286,588,367	961,581	287,549,948	165,436,063	1,654,361	(330,872)	(498,996)	412,246	412,246
2023-24	292,320,135	961,581	293,281,716	171,167,831	1,711,678	(342,336)	(516,285)	426,529	426,529
2024-25	298,166,537	961,581	299,128,118	177,014,233	1,770,142	(354,028)	(533,919)	441,097	441,097
2025-26	304,129,868	961,581	305,091,449	182,977,564	1,829,776	(365,955)	(551,906)	455,957	455,957
2026-27	310,212,465	961,581	311,174,046	189,060,161	1,890,602	(378,120)	(570,253)	471,114	471,114
2027-28	316,416,715	961,581	317,378,296	195,264,411	1,952,644	(390,529)	(588,966)	486,575	486,575
2028-29	322,745,049	961,581	323,706,630	201,592,745	2,015,927	(403,185)	(608,054)	502,344	502,344
2029-30	329,199,950	961,581	330,161,531	208,047,646	2,080,476	(416,095)	(627,524)	518,429	518,429
2030-31	335,783,949	961,581	336,745,530	214,631,645	2,146,316	(429,263)	(647,383)	534,835	534,835
2031-32	342,499,628	961,581	343,461,209	221,347,324	2,213,473	(442,695)	(667,639)	551,570	551,570
2032-33	349,349,621	961,581	350,311,202	228,197,317	2,281,973	(456,395)	(688,300)	568,639	568,639
2033-34	356,336,613	961,581	357,298,194	235,184,309	2,351,843	(470,369)	(709,375)	586,050	586,050
2034-35	363,463,345	961,581	364,424,926	242,311,041	2,423,110	(484,622)	(730,871)	603,809	603,809
2035-36	370,732,612	961,581	371,694,193	249,580,308	2,495,803	(499,161)	(752,797)	621,923	621,923
2036-37	378,147,264	961,581	379,108,845	256,994,960	2,569,950	(513,990)	(775,161)	640,399	640,399
2037-38	385,710,210	961,581	386,671,791	264,557,906	2,645,579	(529,116)	(797,973)	659,245	659,245
2038-39	393,424,414	961,581	394,385,995	272,272,110	2,722,721	(544,544)	(821,241)	678,468	678,468
2039-40	401,292,902	961,581	402,254,483	280,140,598	2,801,406	(560,281)	(844,974)	698,075	698,075
2040-41	409,318,760	961,581	410,280,341	288,166,456	2,881,665	(576,333)	(869,182)	718,075	718,075
2041-42	417,505,135	961,581	418,466,716	296,352,831	2,963,528	(592,706)	(893,874)	738,474	738,474
2042-43	425,855,238	961,581	426,816,819	304,702,934	3,047,029	(609,406)	(919,060)	759,282	759,282
2043-44	434,372,343	961,581	435,333,924	313,220,039	3,132,200	(626,440)	(944,750)	780,505	780,505
2044-45	443,059,790	961,581	444,021,371	321,907,486	3,219,075	(643,815)	(970,953)	802,153	802,153
2045-46	451,920,985	961,581	452,882,566	330,768,681	3,307,687	(661,537)	(997,681)	824,234	824,234
2046-47	460,959,405	961,581	461,920,986	339,807,101	3,398,071	(679,614)	(1,024,943)	846,757	846,757
2047-48	470,178,593	961,581	471,140,174	349,026,289	3,490,263	(698,053)	(1,052,750)	869,730	869,730
2048-49	479,582,165	961,581	480,543,746	358,429,861	3,584,299	(716,860)	(1,081,114)	893,162	893,162
2049-50	489,173,808	961,581	490,135,389	368,021,504	3,680,215	(736,043)	(1,110,045)	917,064	917,064
2050-51	498,957,285	961,581	499,918,866	377,804,981	3,778,050	(755,610)	(1,139,554)	941,443	941,443
2051-52	508,936,430	961,581	509,898,011	387,784,126	3,877,841	(775,568)	(1,169,654)	966,310	966,310

*** The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.**

Tax Increment Projections — **Exhibit 10I**

Southern California Logistics Airport Authority - Adelanto Amendment IV Area

Fiscal Year	Secured Assessed Values	Unsecured Assessed Values	Total Assessed Value	Incremental Assessed Value	Estimated Gross Tax Increment 1%	Low & Moderate Income Housing Set-Aside 20%	Statutory Pass Through Payments	Net Revenue To VVEDA Reimbursement 25%	Net Revenue to Member Jurisdiction 25%	Net Revenue to SCLA 50%
BY			**14,452,309**							
2016-17	56,176,919	795,000	56,971,919	42,519,610	425,196	(85,039)	(89,832)	62,581	62,581	125,162
2017-18*	57,300,457	795,000	58,095,457	43,643,148	436,431	(87,286)	(93,967)	63,795	63,795	127,589
2018-19	58,303,215	795,000	59,098,215	44,645,906	446,459	(89,292)	(97,657)	64,878	64,878	129,755
2019-20	59,323,522	795,000	60,118,522	45,666,213	456,662	(91,332)	(101,412)	65,979	65,979	131,959
2020-21	60,509,992	795,000	61,304,992	46,852,683	468,527	(93,705)	(105,778)	67,261	67,261	134,522
2021-22	61,720,192	795,000	62,515,192	48,062,883	480,629	(96,126)	(110,231)	68,568	68,568	137,136
2022-23	62,954,596	795,000	63,749,596	49,297,287	492,973	(98,595)	(114,774)	69,901	69,901	139,802
2023-24	64,213,688	795,000	65,008,688	50,556,379	505,564	(101,113)	(119,408)	71,261	71,261	142,522
2024-25	65,497,961	795,000	66,292,961	51,840,652	518,407	(103,681)	(124,134)	72,648	72,648	145,296
2025-26	66,807,921	795,000	67,602,921	53,150,612	531,506	(106,301)	(128,954)	74,063	74,063	148,125
2026-27	68,144,079	795,000	68,939,079	54,486,770	544,868	(108,974)	(133,871)	75,506	75,506	151,011
2027-28	69,506,961	795,000	70,301,961	55,849,652	558,497	(111,699)	(138,887)	76,978	76,978	153,955
2028-29	70,897,100	795,000	71,692,100	57,239,791	572,398	(114,480)	(144,002)	78,479	78,479	156,958
2029-30	72,315,042	795,000	73,110,042	58,657,733	586,577	(117,315)	(149,221)	80,010	80,010	160,021
2030-31	73,761,343	795,000	74,556,343	60,104,034	601,040	(120,208)	(154,543)	81,572	81,572	163,145
2031-32	75,236,570	795,000	76,031,570	61,579,261	615,793	(123,159)	(159,972)	83,166	83,166	166,331
2032-33	76,741,301	795,000	77,536,301	63,083,992	630,840	(126,168)	(165,509)	84,791	84,791	169,581
2033-34	78,276,127	795,000	79,071,127	64,618,818	646,188	(129,238)	(171,157)	86,448	86,448	172,897
2034-35	79,841,650	795,000	80,636,650	66,184,341	661,843	(132,369)	(176,918)	88,139	88,139	176,278
2035-36	81,438,483	795,000	82,233,483	67,781,174	677,812	(135,562)	(184,583)	89,417	89,417	178,833
2036-37	83,067,252	795,000	83,862,252	69,409,943	694,099	(138,820)	(192,401)	90,720	90,720	181,439
2037-38	84,728,597	795,000	85,523,597	71,071,288	710,713	(142,143)	(200,376)	92,049	92,049	184,097
2038-39	86,423,169	795,000	87,218,169	72,765,860	727,659	(145,532)	(208,510)	93,404	93,404	186,809
2039-40	88,151,633	795,000	88,946,633	74,494,324	744,943	(148,989)	(216,806)	94,787	94,787	189,574
2040-41	89,914,665	795,000	90,709,665	76,257,356	762,574	(152,515)	(225,269)	96,197	96,197	192,395
2041-42	91,712,958	795,000	92,507,958	78,055,649	780,556	(156,111)	(233,901)	97,636	97,636	195,272
2042-43	93,547,218	795,000	94,342,218	79,889,909	798,899	(159,780)	(242,705)	99,104	99,104	198,207
2043-44	95,418,162	795,000	96,213,162	81,760,853	817,609	(163,522)	(251,686)	100,600	100,600	201,201
2044-45	97,326,525	795,000	98,121,525	83,669,216	836,692	(167,338)	(260,846)	102,127	102,127	204,254
2045-46	99,273,056	795,000	100,068,056	85,615,747	856,157	(171,231)	(270,189)	103,684	103,684	207,368
2046-47	101,258,517	795,000	102,053,517	87,601,208	876,012	(175,202)	(279,719)	105,273	105,273	210,545
2047-48	103,283,687	795,000	104,078,687	89,626,378	896,264	(179,253)	(289,440)	106,893	106,893	213,785
2048-49	105,349,361	795,000	106,144,361	91,692,052	916,921	(183,384)	(299,355)	108,545	108,545	217,090
2049-50	107,456,348	795,000	108,251,348	93,799,039	937,990	(187,598)	(309,469)	110,231	110,231	220,462
2050-51	109,605,475	795,000	110,400,475	95,948,166	959,482	(191,896)	(319,785)	111,950	111,950	223,900
2051-52	111,797,585	795,000	112,592,585	98,140,276	981,403	(196,281)	(330,307)	113,704	113,704	227,408

*** The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.**

Tax Increment Projections **Exhibit 10J**

Southern California Logistics Airport Authority - San Bernardino County Amendment IV Area

Fiscal Year	Secured Assessed Values	Unsecured Assessed Values	Total Assessed Value	Incremental Assessed Value	Estimated Gross Tax Increment 1%	Low & Moderate Income Housing Set-Aside 20%	Statutory Pass Through Payments	Net Revenue to Member Jurisdiction 50%	Net Revenue to SCLA 50%
BY			**9,132,464**						
2016-17	22,462,442	0	22,462,442	13,329,978	133,300	(26,660)	(26,660)	39,990	39,990
2017-18*	22,911,691	0	22,911,691	13,779,227	137,792	(27,558)	(27,558)	41,338	41,338
2018-19	23,312,645	0	23,312,645	14,180,181	141,802	(28,360)	(28,360)	42,541	42,541
2019-20	23,720,617	0	23,720,617	14,588,153	145,882	(29,176)	(29,176)	43,764	43,764
2020-21	24,195,029	0	24,195,029	15,062,565	150,626	(30,125)	(30,125)	45,188	45,188
2021-22	24,678,930	0	24,678,930	15,546,466	155,465	(31,093)	(31,093)	46,639	46,639
2022-23	25,172,508	0	25,172,508	16,040,044	160,400	(32,080)	(32,080)	48,120	48,120
2023-24	25,675,958	0	25,675,958	16,543,494	165,435	(33,087)	(33,087)	49,630	49,630
2024-25	26,189,478	0	26,189,478	17,057,014	170,570	(34,114)	(34,724)	50,866	50,866
2025-26	26,713,267	0	26,713,267	17,580,803	175,808	(35,162)	(36,651)	51,998	51,998
2026-27	27,247,532	0	27,247,532	18,115,068	181,151	(36,230)	(38,617)	53,152	53,152
2027-28	27,792,483	0	27,792,483	18,660,019	186,600	(37,320)	(40,623)	54,329	54,329
2028-29	28,348,333	0	28,348,333	19,215,869	192,159	(38,432)	(42,668)	55,529	55,529
2029-30	28,915,299	0	28,915,299	19,782,835	197,828	(39,566)	(44,755)	56,754	56,754
2030-31	29,493,605	0	29,493,605	20,361,141	203,611	(40,722)	(46,883)	58,003	58,003
2031-32	30,083,478	0	30,083,478	20,951,014	209,510	(41,902)	(49,054)	59,277	59,277
2032-33	30,685,147	0	30,685,147	21,552,683	215,527	(43,105)	(51,268)	60,577	60,577
2033-34	31,298,850	0	31,298,850	22,166,386	221,664	(44,333)	(53,526)	61,902	61,902
2034-35	31,924,827	0	31,924,827	22,792,363	227,924	(45,585)	(55,830)	63,255	63,255
2035-36	32,563,324	0	32,563,324	23,430,860	234,309	(46,862)	(58,895)	64,276	64,276
2036-37	33,214,590	0	33,214,590	24,082,126	240,821	(48,164)	(62,021)	65,318	65,318
2037-38	33,878,882	0	33,878,882	24,746,418	247,464	(49,493)	(65,209)	66,381	66,381
2038-39	34,556,459	0	34,556,459	25,423,995	254,240	(50,848)	(68,462)	67,465	67,465
2039-40	35,247,589	0	35,247,589	26,115,125	261,151	(52,230)	(71,779)	68,571	68,571
2040-41	35,952,540	0	35,952,540	26,820,076	268,201	(53,640)	(75,163)	69,699	69,699
2041-42	36,671,591	0	36,671,591	27,539,127	275,391	(55,078)	(78,614)	70,849	70,849
2042-43	37,405,023	0	37,405,023	28,272,559	282,726	(56,545)	(82,135)	72,023	72,023
2043-44	38,153,124	0	38,153,124	29,020,660	290,207	(58,041)	(85,726)	73,220	73,220
2044-45	38,916,186	0	38,916,186	29,783,722	297,837	(59,567)	(89,388)	74,441	74,441
2045-46	39,694,510	0	39,694,510	30,562,046	305,620	(61,124)	(93,124)	75,686	75,686
2046-47	40,488,400	0	40,488,400	31,355,936	313,559	(62,712)	(96,935)	76,956	76,956
2047-48	41,298,168	0	41,298,168	32,165,704	321,657	(64,331)	(100,822)	78,252	78,252
2048-49	42,124,131	0	42,124,131	32,991,667	329,917	(65,983)	(104,787)	79,573	79,573
2049-50	42,966,614	0	42,966,614	33,834,150	338,341	(67,668)	(108,830)	80,921	80,921
2050-51	43,825,946	0	43,825,946	34,693,482	346,935	(69,387)	(112,955)	82,296	82,296
2051-52	44,702,465	0	44,702,465	35,570,001	355,700	(71,140)	(117,163)	83,699	83,699

* The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.

Tax Increment Projections — **Exhibit 10K**

Southern California Logistics Airport Authority - Victorville Amendment IV Area

Fiscal Year	Secured Assessed Values	Unsecured Assessed Values	Total Assessed Value	Incremental Assessed Value	Estimated Gross Tax Increment 1%	Low & Moderate Income Housing Set-Aside 20%	Statutory Pass Through Payments	Net Revenue to Member Jurisdiction 50%	Net Revenue to SCLA 50%
BY			1,372,041						
2016-17	7,471,116	0	7,471,116	6,099,075	60,991	(12,198)	(12,198)	18,297	18,297
2017-18*	7,620,538	0	7,620,538	6,248,497	62,485	(12,497)	(12,497)	18,745	18,745
2018-19	7,753,898	0	7,753,898	6,381,857	63,819	(12,764)	(12,764)	19,146	19,146
2019-20	7,889,591	0	7,889,591	6,517,550	65,175	(13,035)	(13,035)	19,553	19,553
2020-21	8,047,383	0	8,047,383	6,675,342	66,753	(13,351)	(13,351)	20,026	20,026
2021-22	8,208,330	0	8,208,330	6,836,289	68,363	(13,673)	(13,856)	20,417	20,417
2022-23	8,372,497	0	8,372,497	7,000,456	70,005	(14,001)	(14,460)	20,772	20,772
2023-24	8,539,947	0	8,539,947	7,167,906	71,679	(14,336)	(15,076)	21,134	21,134
2024-25	8,710,746	0	8,710,746	7,338,705	73,387	(14,677)	(15,705)	21,503	21,503
2025-26	8,884,961	0	8,884,961	7,512,920	75,129	(15,026)	(16,346)	21,879	21,879
2026-27	9,062,660	0	9,062,660	7,690,619	76,906	(15,381)	(17,000)	22,263	22,263
2027-28	9,243,913	0	9,243,913	7,871,872	78,719	(15,744)	(17,667)	22,654	22,654
2028-29	9,428,792	0	9,428,792	8,056,751	80,568	(16,114)	(18,347)	23,054	23,054
2029-30	9,617,367	0	9,617,367	8,245,326	82,453	(16,491)	(19,041)	23,461	23,461
2030-31	9,809,715	0	9,809,715	8,437,674	84,377	(16,875)	(19,749)	23,876	23,876
2031-32	10,005,909	0	10,005,909	8,633,868	86,339	(17,268)	(20,471)	24,300	24,300
2032-33	10,206,027	0	10,206,027	8,833,986	88,340	(17,668)	(21,207)	24,732	24,732
2033-34	10,410,148	0	10,410,148	9,038,107	90,381	(18,076)	(21,958)	25,173	25,173
2034-35	10,618,351	0	10,618,351	9,246,310	92,463	(18,493)	(22,725)	25,623	25,623
2035-36	10,830,718	0	10,830,718	9,458,677	94,587	(18,917)	(23,744)	25,963	25,963
2036-37	11,047,332	0	11,047,332	9,675,291	96,753	(19,351)	(24,784)	26,309	26,309
2037-38	11,268,279	0	11,268,279	9,896,238	98,962	(19,792)	(25,844)	26,663	26,663
2038-39	11,493,644	0	11,493,644	10,121,603	101,216	(20,243)	(26,926)	27,023	27,023
2039-40	11,723,517	0	11,723,517	10,351,476	103,515	(20,703)	(28,029)	27,391	27,391
2040-41	11,957,987	0	11,957,987	10,585,946	105,859	(21,172)	(29,155)	27,766	27,766
2041-42	12,197,147	0	12,197,147	10,825,106	108,251	(21,650)	(30,303)	28,149	28,149
2042-43	12,441,090	0	12,441,090	11,069,049	110,690	(22,138)	(31,474)	28,539	28,539
2043-44	12,689,912	0	12,689,912	11,317,871	113,179	(22,636)	(32,668)	28,937	28,937
2044-45	12,943,710	0	12,943,710	11,571,669	115,717	(23,143)	(33,886)	29,344	29,344
2045-46	13,202,584	0	13,202,584	11,830,543	118,305	(23,661)	(35,129)	29,758	29,758
2046-47	13,466,636	0	13,466,636	12,094,595	120,946	(24,189)	(36,396)	30,180	30,180
2047-48	13,735,969	0	13,735,969	12,363,928	123,639	(24,728)	(37,689)	30,611	30,611
2048-49	14,010,688	0	14,010,688	12,638,647	126,386	(25,277)	(39,008)	31,051	31,051
2049-50	14,290,902	0	14,290,902	12,918,861	129,189	(25,838)	(40,353)	31,499	31,499
2050-51	14,576,720	0	14,576,720	13,204,679	132,047	(26,409)	(41,725)	31,956	31,956
2051-52	14,868,254	0	14,868,254	13,496,213	134,962	(26,992)	(43,124)	32,423	32,423

* The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.

Tax Increment Projections — **Exhibit 10L**

Southern California Logistics Airport Authority - Adelanto Amendment VIII Area

Fiscal Year	Secured Assessed Values	Unsecured Assessed Values	Total Assessed Value	Incremental Assessed Value	Estimated Gross Tax Increment[1] 1%	Low & Moderate Income Housing Set-Aside 20%	Statutory Pass Through Payments	Net Revenue To VVEDA Reimbursement 25%	Net Revenue to Member Jurisdiction 25%	Net Revenue to SCLA 50%
BY			687,084,691							
2016-17	711,691,742	1,878,872	713,570,614	26,485,923	259,076	(51,815)	(51,815)	38,861	38,861	77,723
2017-18*	725,925,577	1,878,872	727,804,449	40,719,758	399,438	(79,888)	(79,888)	59,916	59,916	119,832
2018-19	738,629,274	1,878,872	740,508,146	53,423,455	525,322	(105,064)	(126,213)	73,511	73,511	147,022
2019-20	751,555,287	1,878,872	753,434,159	66,349,468	653,555	(130,711)	(173,402)	87,360	87,360	174,721
2020-21	766,586,392	1,878,872	768,465,264	81,380,573	802,977	(160,595)	(228,390)	103,498	103,498	206,996
2021-22	781,918,120	1,878,872	783,796,992	96,712,301	955,652	(191,130)	(284,574)	119,987	119,987	239,974
2022-23	797,556,483	1,878,872	799,435,355	112,350,664	1,111,597	(222,319)	(341,962)	136,829	136,829	273,658
2023-24	813,507,612	1,878,872	815,386,484	128,301,793	1,270,839	(254,168)	(400,563)	154,027	154,027	308,054
2024-25	829,777,765	1,878,872	831,656,637	144,571,946	1,433,416	(286,683)	(460,392)	171,585	171,585	343,171
2025-26	846,373,320	1,878,872	848,252,192	161,167,501	1,599,372	(319,874)	(521,463)	189,509	189,509	379,017
2026-27	863,300,786	1,878,872	865,179,658	178,094,967	1,768,754	(353,751)	(583,796)	207,802	207,802	415,604
2027-28	880,566,802	1,878,872	882,445,674	195,360,983	1,941,618	(388,324)	(647,410)	226,471	226,471	452,942
2028-29	898,178,138	1,878,872	900,057,010	212,972,319	2,118,021	(423,604)	(712,326)	245,523	245,523	491,045
2029-30	916,141,701	1,878,872	918,020,573	230,935,882	2,298,022	(459,604)	(778,566)	264,963	264,963	529,926
2030-31	934,464,535	1,878,872	936,343,407	249,258,716	2,481,686	(496,337)	(846,155)	284,798	284,798	569,597
2031-32	953,153,826	1,878,872	955,032,698	267,948,007	2,669,078	(533,816)	(915,115)	305,037	305,037	610,074
2032-33	972,216,902	1,878,872	974,095,774	287,011,083	2,860,268	(572,054)	(985,473)	325,685	325,685	651,371
2033-34	991,661,240	1,878,872	993,540,112	306,455,421	3,055,325	(611,065)	(1,057,254)	346,752	346,752	693,503
2034-35	1,011,494,465	1,878,872	1,013,373,337	326,288,646	3,254,323	(650,865)	(1,130,485)	368,243	368,243	736,487
2035-36	1,031,724,354	1,878,872	1,033,603,226	346,518,535	3,457,337	(691,467)	(1,205,194)	390,169	390,169	780,338
2036-37	1,052,358,841	1,878,872	1,054,237,713	367,153,022	3,664,443	(732,889)	(1,281,409)	412,536	412,536	825,073
2037-38	1,073,406,018	1,878,872	1,075,284,890	388,200,199	3,875,721	(775,144)	(1,359,160)	435,354	435,354	870,709
2038-39	1,094,874,138	1,878,872	1,096,753,010	409,668,319	4,091,251	(818,250)	(1,462,614)	452,597	452,597	905,193
2039-40	1,116,771,621	1,878,872	1,118,650,493	431,565,802	4,311,116	(862,223)	(1,568,149)	470,186	470,186	940,372
2040-41	1,139,107,054	1,878,872	1,140,985,926	453,901,235	4,535,401	(907,080)	(1,675,806)	488,129	488,129	976,257
2041-42	1,161,889,195	1,878,872	1,163,768,067	476,683,376	4,764,192	(952,838)	(1,785,626)	506,432	506,432	1,012,864
2042-43	1,185,126,979	1,878,872	1,187,005,851	499,921,160	4,997,578	(999,516)	(1,897,651)	525,103	525,103	1,050,206
2043-44	1,208,829,518	1,878,872	1,210,708,390	523,623,699	5,235,650	(1,047,130)	(2,011,925)	544,149	544,149	1,088,297
2044-45	1,233,006,109	1,878,872	1,234,884,981	547,800,290	5,478,003	(1,095,601)	(2,128,255)	563,537	563,537	1,127,074
2045-46	1,257,666,231	1,878,872	1,259,545,103	572,460,412	5,724,604	(1,144,921)	(2,246,624)	583,265	583,265	1,166,530
2046-47	1,282,819,555	1,878,872	1,284,698,427	597,613,736	5,976,137	(1,195,227)	(2,367,360)	603,388	603,388	1,206,775
2047-48	1,308,475,946	1,878,872	1,310,354,818	623,270,127	6,232,701	(1,246,540)	(2,490,510)	623,913	623,913	1,247,825
2048-49	1,334,645,465	1,878,872	1,336,524,337	649,439,646	6,494,396	(1,298,879)	(2,616,124)	644,848	644,848	1,289,697
2049-50	1,361,338,375	1,878,872	1,363,217,247	676,132,556	6,761,326	(1,352,265)	(2,744,250)	666,203	666,203	1,332,405
2050-51	1,388,565,142	1,878,872	1,390,444,014	703,359,323	7,033,593	(1,406,719)	(2,874,938)	687,984	687,984	1,375,968
2051-52	1,416,336,445	1,878,872	1,418,215,317	731,130,626	7,311,306	(1,462,261)	(3,008,241)	710,201	710,201	1,420,402

[1] Receivable revenues are reduced in years in which other jurisdictions within Amendment Area VIII have negative incremental value. Therefore, each positively earning jurisdiction can receive only its proportionate share of receivable revenue, which means it will receive less than it would under normal circumstances where all jurisdictions have positive value over their respective base year values.

* The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.

Tax Increment Projections — **Exhibit 10M**

Southern California Logistics Airport Authority - Apple Valley Amendment VIII Area

Fiscal Year	Secured Assessed Values	Unsecured Assessed Values	Total Assessed Value	Incremental Assessed Value	Estimated Gross Tax Increment[1 & 2] 1%	Low & Moderate Income Housing Set-Aside 20%	Statutory Pass Through Payments	Net Revenue to Member Jurisdiction 50%	Net Revenue to SCLA 50%
BY			21,579,852						
2016-17	12,568,268	0	12,568,268	(9,011,584)	0	0	0	0	0
2017-18*	12,819,633	0	12,819,633	(8,760,219)	0	0	0	0	0
2018-19	13,043,977	0	13,043,977	(8,535,875)	0	0	0	0	0
2019-20	13,272,247	0	13,272,247	(8,307,605)	0	0	0	0	0
2020-21	13,537,691	0	13,537,691	(8,042,161)	0	0	0	0	0
2021-22	13,808,445	0	13,808,445	(7,771,407)	0	0	0	0	0
2022-23	14,084,614	0	14,084,614	(7,495,238)	0	0	0	0	0
2023-24	14,366,306	0	14,366,306	(7,213,546)	0	0	0	0	0
2024-25	14,653,633	0	14,653,633	(6,926,219)	0	0	0	0	0
2025-26	14,946,705	0	14,946,705	(6,633,147)	0	0	0	0	0
2026-27	15,245,639	0	15,245,639	(6,334,213)	0	0	0	0	0
2027-28	15,550,552	0	15,550,552	(6,029,300)	0	0	0	0	0
2028-29	15,861,563	0	15,861,563	(5,718,289)	0	0	0	0	0
2029-30	16,178,794	0	16,178,794	(5,401,058)	0	0	0	0	0
2030-31	16,502,370	0	16,502,370	(5,077,482)	0	0	0	0	0
2031-32	16,832,418	0	16,832,418	(4,747,434)	0	0	0	0	0
2032-33	17,169,066	0	17,169,066	(4,410,786)	0	0	0	0	0
2033-34	17,512,447	0	17,512,447	(4,067,405)	0	0	0	0	0
2034-35	17,862,696	0	17,862,696	(3,717,156)	0	0	0	0	0
2035-36	18,219,950	0	18,219,950	(3,359,902)	0	0	0	0	0
2036-37	18,584,349	0	18,584,349	(2,995,503)	0	0	0	0	0
2037-38	18,956,036	0	18,956,036	(2,623,816)	0	0	0	0	0
2038-39	19,335,157	0	19,335,157	(2,244,695)	0	0	0	0	0
2039-40	19,721,860	0	19,721,860	(1,857,992)	0	0	0	0	0
2040-41	20,116,297	0	20,116,297	(1,463,555)	0	0	0	0	0
2041-42	20,518,623	0	20,518,623	(1,061,229)	0	0	0	0	0
2042-43	20,928,996	0	20,928,996	(650,856)	0	0	0	0	0
2043-44	21,347,576	0	21,347,576	(232,276)	0	0	0	0	0
2044-45	21,774,527	0	21,774,527	194,675	1,947	(389)	(934)	311	311
2045-46	22,210,018	0	22,210,018	630,166	6,302	(1,260)	(3,025)	1,008	1,008
2046-47	22,654,218	0	22,654,218	1,074,366	10,744	(2,149)	(5,157)	1,719	1,719
2047-48	23,107,302	0	23,107,302	1,527,450	15,275	(3,055)	(7,332)	2,444	2,444
2048-49	23,569,449	0	23,569,449	1,989,597	19,896	(3,979)	(9,550)	3,183	3,183
2049-50	24,040,838	0	24,040,838	2,460,986	24,610	(4,922)	(11,813)	3,938	3,938
2050-51	24,521,654	0	24,521,654	2,941,802	29,418	(5,884)	(14,121)	4,707	4,707
2051-52	25,012,087	0	25,012,087	3,432,235	34,322	(6,864)	(16,475)	5,492	5,492

[1] Negative increment values are assumed not to incur pass through obligations

[2] Receivable revenues are reduced in years in which other jurisdictions within Amendment Area VIII have negative incremental value. Therefore, each positively earning jurisdiction can receive only its proportionate share of receivable revenue, which means it will receive less than it would under normal circumstances where all jurisdictions have positive value over their respective base year values.

* The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.

Tax Increment Projections — **Exhibit 10N**

Southern California Logistics Airport Authority - San Bernardino County Amendment VIII Area

Fiscal Year	Secured Assessed Values	Unsecured Assessed Values	Total Assessed Value	Incremental Assessed Value	Estimated Gross Tax Increment[1] 1%	Low & Moderate Income Housing Set-Aside 20%	Statutory Pass Through Payments	Net Revenue to Member Jurisdiction 50%	Net Revenue to SCLA 50%
BY			**235,229,749**						
2016-17	232,991,814	4,603,270	237,595,084	2,365,335	23,137	(4,627)	(4,627)	6,941	6,941
2017-18*	237,651,650	4,603,270	242,254,920	7,025,171	68,913	(13,783)	(13,783)	20,674	20,674
2018-19	241,810,554	4,603,270	246,413,824	11,184,075	109,975	(21,995)	(28,893)	29,543	29,543
2019-20	246,042,239	4,603,270	250,645,509	15,415,760	151,848	(30,370)	(44,303)	38,588	38,588
2020-21	250,963,084	4,603,270	255,566,354	20,336,605	200,660	(40,132)	(62,265)	49,131	49,131
2021-22	255,982,345	4,603,270	260,585,615	25,355,866	250,551	(50,110)	(80,625)	59,908	59,908
2022-23	261,101,992	4,603,270	265,705,262	30,475,513	301,524	(60,305)	(99,384)	70,918	70,918
2023-24	266,324,032	4,603,270	270,927,302	35,697,553	353,587	(70,717)	(118,543)	82,163	82,163
2024-25	271,650,513	4,603,270	276,253,783	41,024,034	406,749	(81,350)	(138,106)	93,647	93,647
2025-26	277,083,523	4,603,270	281,686,793	46,457,044	461,024	(92,205)	(158,079)	105,370	105,370
2026-27	282,625,193	4,603,270	**287,228,463**	51,998,714	516,426	(103,285)	(178,468)	117,337	**117,337**
2027-28	288,277,697	4,603,270	292,880,967	57,651,218	572,973	(114,595)	(199,277)	129,551	129,551
2028-29	294,043,251	4,603,270	298,646,521	63,416,772	630,683	(126,137)	(220,514)	142,016	142,016
2029-30	299,924,116	4,603,270	304,527,386	69,297,637	689,574	(137,915)	(242,186)	154,737	154,737
2030-31	305,922,599	4,603,270	310,525,869	75,296,120	749,668	(149,934)	(264,300)	167,717	167,717
2031-32	312,041,051	4,603,270	316,644,321	81,414,572	810,985	(162,197)	(286,865)	180,961	180,961
2032-33	318,281,872	4,603,270	322,885,142	87,655,393	873,548	(174,710)	(309,888)	194,475	194,475
2033-34	324,647,509	4,603,270	329,250,779	94,021,030	937,379	(187,476)	(333,378)	208,263	208,263
2034-35	331,140,459	4,603,270	335,743,729	100,513,980	1,002,502	(200,500)	(357,343)	222,329	222,329
2035-36	337,763,268	4,603,270	342,366,538	107,136,789	1,068,941	(213,788)	(381,793)	236,680	236,680
2036-37	344,518,534	4,603,270	349,121,804	113,892,055	1,136,722	(227,344)	(406,736)	251,321	251,321
2037-38	351,408,904	4,603,270	356,012,174	120,782,425	1,205,870	(241,174)	(432,183)	266,257	266,257
2038-39	358,437,082	4,603,270	363,040,352	127,810,603	1,276,411	(255,282)	(466,043)	277,543	277,543
2039-40	365,605,824	4,603,270	370,209,094	134,979,345	1,348,373	(269,675)	(500,584)	289,057	289,057
2040-41	372,917,941	4,603,270	377,521,211	142,291,462	1,421,782	(284,356)	(535,821)	300,803	300,803
2041-42	380,376,299	4,603,270	384,979,569	149,749,820	1,496,668	(299,334)	(571,766)	312,784	312,784
2042-43	387,983,825	4,603,270	392,587,095	157,357,346	1,573,059	(314,612)	(608,434)	325,007	325,007
2043-44	395,743,502	4,603,270	400,346,772	165,117,023	1,650,985	(330,197)	(645,838)	337,475	337,475
2044-45	403,658,372	4,603,270	408,261,642	173,031,893	1,730,319	(346,064)	(683,918)	350,168	350,168
2045-46	411,731,539	4,603,270	416,334,809	181,105,060	1,811,051	(362,210)	(722,669)	363,086	363,086
2046-47	419,966,170	4,603,270	424,569,440	189,339,691	1,893,397	(378,679)	(762,196)	376,261	376,261
2047-48	428,365,494	4,603,270	432,968,764	197,739,015	1,977,390	(395,478)	(802,512)	389,700	389,700
2048-49	436,932,803	4,603,270	441,536,073	206,306,324	2,063,063	(412,613)	(843,636)	403,408	403,408
2049-50	445,671,460	4,603,270	450,274,730	215,044,981	2,150,450	(430,090)	(885,581)	417,389	417,389
2050-51	454,584,889	4,603,270	459,188,159	223,958,410	2,239,584	(447,917)	(928,366)	431,651	431,651
2051-52	463,676,586	4,603,270	468,279,856	233,050,107	2,330,501	(466,100)	(972,006)	446,198	446,198

[1] Receivable revenues are reduced in years in which other jurisdictions within Amendment Area VIII have negative incremental value. Therefore, each positively earning jurisdiction can receive only its proportionate share of receivable revenue, which means it will receive less than it would under normal circumstances where all jurisdictions have positive value over their respective base year values.

* The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.

Tax Increment Projections — **Exhibit 10O**

Southern California Logistics Airport Authority - Victorville Amendment VIII Area

Fiscal Year	Secured Assessed Values	Unsecured Assessed Values	Increased Value Due to New Development	Total Assessed Value	Incremental Assessed Value	Estimated Gross Tax Increment[1] 1%	Low & Moderate Income Housing Set-Aside 20%	Statutory Pass Through Payments	Net Revenue to Member Jurisdiction 50%	Net Revenue to SCLA 50%
BY				1,046,338,087						
2016-17	1,405,317,239	24,898,945		1,430,216,184	383,878,097	3,754,965	(750,993)	(750,993)	1,126,489	1,126,489
2017-18*	1,433,423,584	24,898,945	9,995,138	1,458,322,529	411,984,442	4,041,340	(808,268)	(808,268)	1,212,402	1,212,402
2018-19	1,468,503,634	24,898,945		1,493,402,579	447,064,492	4,396,064	(879,213)	(938,806)	1,289,022	1,289,022
2019-20	1,494,202,448	24,898,945		1,519,101,393	472,763,306	4,656,807	(931,361)	(1,034,760)	1,345,343	1,345,343
2020-21	1,524,086,497	24,898,945		1,548,985,442	502,647,355	4,959,587	(991,917)	(1,146,183)	1,410,743	1,410,743
2021-22	1,554,568,227	24,898,945		1,579,467,172	533,129,085	5,268,055	(1,053,611)	(1,259,699)	1,477,373	1,477,373
2022-23	1,585,659,592	24,898,945		1,610,558,537	564,220,450	5,582,393	(1,116,479)	(1,375,375)	1,545,269	1,545,269
2023-24	1,617,372,783	24,898,945		1,642,271,728	595,933,641	5,902,768	(1,180,554)	(1,493,274)	1,614,471	1,614,471
2024-25	1,649,720,239	24,898,945		1,674,619,184	628,281,097	6,229,343	(1,245,869)	(1,613,453)	1,685,011	1,685,011
2025-26	1,682,714,644	24,898,945		1,707,613,589	661,275,502	6,562,274	(1,312,455)	(1,735,972)	1,756,924	1,756,924
2026-27	1,716,368,937	24,898,945		1,741,267,882	694,929,795	6,901,712	(1,380,342)	(1,860,885)	1,830,242	1,830,242
2027-28	1,750,696,315	24,898,945		1,775,595,260	729,257,173	7,247,809	(1,449,562)	(1,988,249)	1,904,999	1,904,999
2028-29	1,785,710,242	24,898,945		1,810,609,187	764,271,100	7,600,715	(1,520,143)	(2,118,118)	1,981,227	1,981,227
2029-30	1,821,424,447	24,898,945		1,846,323,392	799,985,305	7,960,581	(1,592,116)	(2,250,549)	2,058,958	2,058,958
2030-31	1,857,852,936	24,898,945		1,882,751,881	836,413,794	8,327,557	(1,665,511)	(2,385,596)	2,138,225	2,138,225
2031-32	1,895,009,994	24,898,945		1,919,908,939	873,570,852	8,701,796	(1,740,359)	(2,523,316)	2,219,061	2,219,061
2032-33	1,932,910,194	24,898,945		1,957,809,139	911,471,052	9,083,452	(1,816,690)	(2,663,765)	2,301,498	2,301,498
2033-34	1,971,568,398	24,898,945		1,996,467,343	950,129,256	9,472,679	(1,894,536)	(2,807,001)	2,385,571	2,385,571
2034-35	2,010,999,766	24,898,945		2,035,898,711	989,560,624	9,869,636	(1,973,927)	(2,953,081)	2,471,314	2,471,314
2035-36	2,051,219,761	24,898,945		2,076,118,706	1,029,780,619	10,274,482	(2,054,896)	(3,102,064)	2,558,761	2,558,761
2036-37	2,092,244,156	24,898,945		2,117,143,101	1,070,805,014	10,687,381	(2,137,476)	(3,254,011)	2,647,947	2,647,947
2037-38	2,134,089,040	24,898,945		2,158,987,985	1,112,649,898	11,108,496	(2,221,699)	(3,408,981)	2,738,908	2,738,908
2038-39	2,176,770,820	24,898,945		2,201,669,765	1,155,331,678	11,537,997	(2,307,599)	(3,615,142)	2,807,628	2,807,628
2039-40	2,220,306,237	24,898,945		2,245,205,182	1,198,867,095	11,976,054	(2,395,211)	(3,825,409)	2,877,717	2,877,717
2040-41	2,264,712,362	24,898,945		2,289,611,307	1,243,273,220	12,422,840	(2,484,568)	(4,039,867)	2,949,203	2,949,203
2041-42	2,310,006,609	24,898,945		2,334,905,554	1,288,567,467	12,878,534	(2,575,707)	(4,258,600)	3,022,114	3,022,114
2042-43	2,356,206,741	24,898,945		2,381,105,686	1,334,767,599	13,343,315	(2,668,663)	(4,481,694)	3,096,479	3,096,479
2043-44	2,403,330,876	24,898,945		2,428,229,821	1,381,891,734	13,817,367	(2,763,473)	(4,709,240)	3,172,327	3,172,327
2044-45	2,451,397,493	24,898,945		2,476,296,438	1,429,958,351	14,299,584	(2,859,917)	(4,940,703)	3,249,482	3,249,482
2045-46	2,500,425,443	24,898,945		2,525,324,388	1,478,986,301	14,789,863	(2,957,973)	(5,176,038)	3,327,926	3,327,926
2046-47	2,550,433,952	24,898,945		2,575,332,897	1,528,994,810	15,289,948	(3,057,990)	(5,416,078)	3,407,940	3,407,940
2047-48	2,601,442,631	24,898,945		2,626,341,576	1,580,003,489	15,800,035	(3,160,007)	(5,660,920)	3,489,554	3,489,554
2048-49	2,653,471,484	24,898,945		2,678,370,429	1,632,032,342	16,320,323	(3,264,065)	(5,910,659)	3,572,800	3,572,800
2049-50	2,706,540,913	24,898,945		2,731,439,858	1,685,101,771	16,851,018	(3,370,204)	(6,165,392)	3,657,711	3,657,711
2050-51	2,760,671,732	24,898,945		2,785,570,677	1,739,232,590	17,392,326	(3,478,465)	(6,425,220)	3,744,320	3,744,320
2051-52	2,815,885,166	24,898,945		2,840,784,111	1,794,446,024	17,944,460	(3,588,892)	(6,690,244)	3,832,662	3,832,662

[1] Receivable revenues are reduced in years in which other jurisdictions within Amendment Area VIII have negative incremental value. Therefore, each positively earning jurisdiction can receive only its proportionate share of receivable revenue, which means it will receive less than it would under normal circumstances where all jurisdictions have positive value over their respective base year values.

* The State Board of Equalization has declared a 2.000% inflationary growth for the 2017-18 fiscal year.

Appendix 1

April 13, 2016

Mr. Keith C. Metzler, Executive Director
Victor Valley Economic Development Authority
14343 Civic Drive
Victorville, CA 92392

Dear Mr. Metzler:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177(o) (1), the Victor Valley Economic Development Authority (VVEDA) Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 28, 2016. Finance has completed its review of the ROPS 16-17.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 19 – VVEDA Joint Powers Authority (JPA) Agreement, Pass-Through Distributions to the City of Victorville (Victorville) in the amount of $7,628,176. It is our understanding funds, in the amount of $940,316, from the High Desert Power Trust (HDPT) are available for the payment of debt service related to various bonds issued by the Southern California Logistics Airport Authority (SCLAA). This payment source is referred to as the Ground Lease Guaranty in the official statements to the various bonds. Therefore, these funds must be used prior to Redevelopment Property Tax Trust Funds (RPTTF) pursuant to HSC section 34177 (l). As a result, the amount of RPTTF requested is being reduced by $940,316 from $7,628,176 to $6,687,860.

  In addition, Finance is reclassifying $7,975 to Other Funds. This item is an enforceable obligation for the ROPS 16-17 period. However, the obligation does not require payment from property tax revenues and the Agency has $7,975 in available Other Funds. Therefore, Finance is approving $6,679,885 in RPTTF and $7,975 in Other Funds, totaling $6,687,860 for the ROPS 16-17 period.

- Item No. 20 – JPA Agreement, Pass-Through Distributions to Victorville in the total outstanding obligation amount of $13,999,789 is not allowed. Finance continues to deny this item. The Agency claims this item represents accumulated operational shortfalls due to Victorville pursuant to the JPA Agreement. However, the JPA Agreement does not obligate the Agency to reimburse Victorville for these types of costs. Therefore, this item is not an enforceable obligation and the requested amount of $13,999,789 is not eligible for RPTTF funding.

- Item No. 21 – JPA Agreement Pass-Through Distributions to Victorville in the total outstanding obligation amount of $21,120,815. Finance continues to deny this item. The Agency claims this item represents accumulated capital improvement expenditures due to Victorville pursuant to the JPA Agreement. However, the Agreement does not obligate the Agency to reimburse Victorville for expenses Victorville incurred. In addition, the Agreement does not specify the terms of repayment for expenses incurred by Victorville. Therefore, this item is not an enforceable obligation and the requested amount of $21,120,815 for the ROPS 16-17 period is not eligible for RPTTF funding.

- Item No. 22 – JPA Agreement in the total outstanding obligation amount of $673,067. Finance continues to deny this item. It is our understanding this item represents amounts due to VVEDA from the City of Adelanto (Adelanto) for its proportional share of start-up costs pursuant to the JPA Agreement. According to the JPA Agreement, VVEDA was to use a portion of its tax increment it received to off-set its own start-up costs. However, this item is an internal accounting issue for VVEDA. Therefore, this item is not an enforceable obligation and the requested amount of $673,067 is not eligible for RPTTF funding.

- Item No. 23 – Cooperative Agreement for Street Improvements in the total outstanding obligation amount of $1,555,298 is not allowed. Finance continues to deny this item. It is our understanding this agreement entered into on April 23, 2003, is between Victorville and Adelanto; the former redevelopment agency is not a party to the contract. Therefore, this line item is not an enforceable obligation and the requested amount of $1,555,298 is not eligible for RPTTF funding.

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Therefore, the funding source for Item No. 19 has been reclassified to Other Funds and in the amount as specified above.

Except for the items denied in whole or in part or the items that have been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance's previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is $39,239,694 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

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

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. 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.

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

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Marc Puckett, Treasurer, City of Victor Valley
Ms. Linda Santillano, Property Tax Manager, San Bernardino County

Attachment

Approved RPTTF Distribution For the period of July 2016 through June 2017						
		ROPS A Period		ROPS B Period		Total
Requested RPTTF (excluding administrative obligations)	$	38,822,764	$	38,214,190	$	77,036,954
Requested Administrative RPTTF		250,000		250,000	$	500,000
Total requested RPTTF on ROPS 16-17	$	39,072,764	$	38,464,190	$	77,536,954
Denied Items						
Item No. 20		(6,999,895)		(6,999,894)		(13,999,789)
Item No. 21		(10,560,408)		(10,560,407)		(21,120,815)
Item No. 22		(336,534)		(336,533)		(673,067)
Item No. 23		(777,649)		(777,649)		(1,555,298)
		(18,674,486)		(18,674,483)		(37,348,969)
Reclassified Item						
Item No. 19		(948,291)		0		(948,291)
Total RPTTF authorized		19,199,987		19,539,707	$	38,739,694
Total Administrative RPTTF authorized		250,000		250,000	$	500,000
Total RPTTF approved for distribution		19,449,987		19,789,707	$	39,239,694

Appendix 2

Recognized Obligation Payment Schedule (ROPS) Redevelopment Property Tax Trust Fund (RPTTF) Distributions

(to be completed by County Auditor-Controllers (CACs) - all values should be reported in whole dollars)

Allocation Period: July 2016 - December 2016

ROPS Redevelopment Property Tax Trust Fund (RPTTF) Allocation Cycle: 16-17A

County : San Bernardino

Line #		RS24
	Title of Former Redevelopment Agency:	**VVEDA**
1	**RPTTF Deposits -** Entering the deposits by source is optional.	
2	Secured & Unsecured Property Tax Increment (TI)	16,977,940
3	Supplemental & Unitary Property TI	789,370
4	Interest Earnings/Other	-
5	Penalty Assessments	
6	**Total RPTTF Deposits (sum of lines 2 - 5)**	**17,767,310**
7	**Total RPTTF Balance Available to Fund CAC Administrative Costs and Passthroughs**	**17,767,310**
8	**RPTTF Distributions -** Include all payments made pursuant to Health and Safety Code (H&S) Section 34183. Note that the following distributions are not necessary listed in the priority order required by H&S 34183.	
9	**Administrative Distributions-**	
10	Administrative Fees to CAC	90,138
11	SB 2557 Administration Fees	284,541
12	this purpose when there is sufficient RPTTF to fully fund the approved enforceable obligations as shown on line 35.	-
13	Total Administrative Distributions (sum of lines 10 - 12)	374,679
14	**Passthrough Distributions-**	
15	City Passthrough Payments	1,492,864.73
16	County Passthrough Payments	132,803.00
17	Special District Passthrough Payments	663,619.23
18	K-12 School Passthrough Payments - Tax Portion	53,220.73
19	K-12 School Passthrough Payments - Facilities Portion	1,870,667.02
20	Community College Passthrough Payments - Tax Portion	10,878.76
21	Community College Passthrough Payments - Facilities Portion	344,288.28
22	County Office of Education - Tax Portion	659.14
23	County Office of Education - Facilities Portion	157,673.02
24	Education Revenue Augmentation Fund (ERAF)	77,163.05
25	Total Passthrough Distributions (sum of lines 15 - 24)	4,803,837
26	Total Administrative and Passthrough Distributions (sum of lines 13 and 25)	5,178,516
27	**Total RPTTF Balance Available to Fund Successor Agency (SA) Enforceable Obligations (EOs) (line 6 - 26)**	**12,588,794**
28	**Finance Approved RPTTF for Distribution -** Include the total RPTTF approved for SA non-admin and admin costs. Should the RPTTF be insufficient to fund all approved amounts during the "A" period of the annual ROPS, the "A" period shortfall amount will be funded during the "B" period if sufficient RPTTF is available.	
29	Non-Admin EOs	19,207,962
30	Admin EOs	242,025
31	Total Finance Approved RPTTF for Distribution (sum of lines 29 plus 30)	19,449,987
32	**CAC Distributed ROPS RPTTF-**	
33	Non-Admin EOs	12,588,794
34	Admin EOs	-
35	Insufficient RPTTF available to fund Finance Approved items in "A" ROPS (line 31 minus 36)	6,861,193
36	**Total CAC Distributed RPTTF for SA EOs (sum of lines 33 plus 34)**	**12,588,794**
38	**Total ROPS Only RPTTF Balance Available for Distribution to ATEs (line 27 minus 36 minus 37) -**	**(0.00)**

Recognized Obligation Payment Schedule (ROPS) Redevelopment Property Tax Trust Fund (RPTTF) Distributions

(to be completed by County Auditor-Controllers (CACs) - all values should be reported in whole dollars)

Allocation Period: July 2016 - December 2016

ROPS Redevelopment Property Tax Trust Fund (RPTTF) Allocation Cycle: 16-17A

County : San Bernardino

39	**RPTTF Distributions to ATEs**	
40	Cities	-
41	Counties	-
42	Special Districts	-
43	K-12 Schools	-
44	Community Colleges	-
45	County Office of Education	-
46	Total ERAF - Please break out the ERAF amounts into the following categories if possible. (sum of lines 47 - 49)	-
47	ERAF - K-12	-
48	ERAF - Community Colleges	-
49	ERAF - County Offices of Education	-
50	**Total RPTTF Distributions to ATEs (sum of lines 40 - 46)** - Total residual distributions must equal the total residual balance as shown on line 38	-
51	Total Residual Distributions to K-14 Schools (sum of lines 43 - 46):	-
52	Percentage of Residual Distributions to K-14 Schools	#DIV/0!
53	Comments:	

Recognized Obligation Payment Schedule (ROPS) Redevelopment Property Tax Trust Fund (RPTTF) Distributions

(to be completed by County Auditor-Controllers (CACs) - all values should be reported in whole dollars)

Allocation Period: January 2017 - June 2017

ROPS Redevelopment Property Tax Trust Fund (RPTTF) Allocation Cycle: 16-17 B

County : San Bernardino

Line #		RS24
	Title of Former Redevelopment Agency:	**VVEDA**
1	**RPTTF Deposits -** Entering the deposits by source is optional.	
2	Secured & Unsecured Property Tax Increment (TI)	22,070,192
3	Supplemental & Unitary Property TI	1,148,179
4	Interest Earnings/Other	-
5	Penalty Assessments	
6	**Total RPTTF Deposits (sum of lines 2 - 5)**	**23,218,371**
7	**Total RPTTF Balance Available to Fund CAC Administrative Costs and Passthroughs**	**23,218,371**
8	**RPTTF Distributions -** Include all payments made pursuant to Health and Safety Code (H&S) Section 34183. Note that the following distributions are not necessary listed in the priority order required by H&S 34183.	
9	**Administrative Distributions-**	
10	Administrative Fees to CAC	88,817
11	SB 2557 Administration Fees	-
12	there is sufficient RPTTF to fully fund the approved enforceable obligations as shown on line 31.	-
13	Total Administrative Distributions (sum of lines 10 - 12)	88,817
14	**Passthrough Distributions-**	
15	City Passthrough Payments	2,012,582
16	County Passthrough Payments	87,660
17	Special District Passthrough Payments	881,604
18	K-12 School Passthrough Payments - Tax Portion	86,399
19	K-12 School Passthrough Payments - Facilities Portion	2,399,140
20	Community College Passthrough Payments - Tax Portion	17,581
21	Community College Passthrough Payments - Facilities Portion	441,064
22	County Office of Education - Tax Portion	1,065
23	County Office of Education - Facilities Portion	201,058
24	Education Revenue Augmentation Fund (ERAF)	124,705
25	Total Passthrough Distributions (sum of lines 15 - 24)	6,252,858
26	Total Administrative and Passthrough Distributions (sum of lines 13 and 25)	6,341,675
27	**Total RPTTF Balance Available to Fund Successor Agency (SA) Enforceable Obligations (EOs) (line 6 - 26)**	**16,876,696**
28	**Finance Approved RPTTF for Distribution -** Include the total RPTTF approved for SA non-admin and admin costs. Should the RPTTF be insufficient to fund all approved amounts during the "A" period of the annual ROPS, the "A" period shortfall amount will be funded during the "B" period if sufficient RPTTF is available.	
29	Non-Admin EOs	19,539,707
30	Admin EOs	250,000
31	Total Finance Approved RPTTF for Distribution (sum of lines 29 plus 30)	19,789,707
32	**CAC Distributed ROPS RPTTF-**	
33	Non-Admin EOs	16,876,696
34	Admin EOs	-
35	Insufficient RPTTF in "A" Period for Finance Approved RPTTF Funded in "B" Period *(See line 35 in "A" ROPS)*	-
36	**Total CAC Distributed RPTTF for SA EOs (sum of lines 33, 34, and 35)**	**16,876,696**
37	**Pension Override/State Water Project Override Revenues** pursuant to HSC 34183 (a) (1) (B)	-
38	**Total ROPS Only RPTTF Balance Available for Distribution to ATEs (line 27 minus 36 minus 37) -**	-

Recognized Obligation Payment Schedule (ROPS) Redevelopment Property Tax Trust Fund (RPTTF) Distributions

(to be completed by County Auditor-Controllers (CACs) - all values should be reported in whole dollars)

Allocation Period: January 2017 - June 2017

ROPS Redevelopment Property Tax Trust Fund (RPTTF) Allocation Cycle: 16-17 B

County : San Bernardino

39	**RPTTF Distributions to ATEs**	
40	Cities	-
41	Counties	-
42	Special Districts	-
43	K-12 Schools	-
44	Community Colleges	-
45	County Office of Education	-
46	Total ERAF - Please break out the ERAF amounts into the following categories if possible. (sum of lines 47 - 49)	-
47	ERAF - K-12	-
48	ERAF - Community Colleges	-
49	ERAF - County Offices of Education	-
50	**Total RPTTF Distributions to ATEs (sum of lines 40 - 46)** - Total residual distributions must equal the total residual balance as shown on line 38	-
51	Total Residual Distributions to K-14 Schools (sum of lines 43 - 46):	-
52	Percentage of Residual Distributions to K-14 Schools	0.0%
53	Comments:	

Appendix 3

Victor Valley
CALIFORNIA

August 9, 2016

Via Electronic Mail

Linda Santillano, Property Tax Manager
San Bernardino County Auditor-Controller/Treasurer/Tax Collector
222 W. Hospitality Lane
San Bernardino, CA 92415

SUBJECT: VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY RESIDUAL RPTTF DISTRIBUTION

Dear Ms. Santillano:

The Victor Valley Economic Development Authority ("VVEDA") and RSG staff met with San Bernardino County ("County") Auditor-Controller/Treasurer/Tax Collector ("Auditor-Controller") staff on March 25, 2016 to discuss a potential alternative Redevelopment Property Tax Trust Fund ("RPTTF") distribution methodology to ensure that the legal requirements pertaining to bond issues prior to redevelopment dissolution are met and that affected taxing entities could also receive the residual due to these entities on a more timely basis. Auditor-Controller staff expressed concerns about the County's liability in using a modified RPTTF distribution methodology, receiving questions from bondholders, and making an exception for VVEDA. VVEDA staff requested that Auditor-Controller staff confer with the County's legal counsel about the proposed alternative distribution methodology and followed up by e-mail on April 18, 2016, as well as by phone. We haven't received a response to date.

As quite a bit of time has gone by since our meeting, we wanted to memorialize, in detail, the chronology of VVEDA's efforts to adjust the distribution methodology in a way that would avoid VVEDA receiving funds it cannot spend and to benefit taxing entities by approximately $1.5 million every six months. In fact, right now VVEDA is holding $2,885,191.90 that is for the affected taxing entities from the previous two ROPS periods. Under the current method of distribution, we believe this amount won't be sent to the taxing entities until the next prior period adjustment is applied in approximately 34 months.

VVEDA staff requested the meeting referenced above after the California Department of Finance ("DOF") denied the distribution of RPTTF revenue to VVEDA member jurisdictions without outstanding debt service. VVEDA then met with DOF through the Meet and Confer appeals process and communicated to DOF that if it could not receive all of the VVEDA tax increment to distribute to all member jurisdictions, then it would prefer to receive just the tax increment pledged to the Southern California Logistics Airport Authority ("SCLA") bonds, the Town of Apple Valley ("Apple Valley") bonds, and amounts needed for VVEDA administrative funding and for enforceable obligations approved in the future. This represents an alternative distribution methodology from the one currently in place. DOF directed VVEDA to discuss whether this preferred distribution could be applied with the Auditor-Controller.

Summary

VVEDA is legally bound by a joint powers agreement ("JPA Agreement") and also limited by DOF determinations regarding that JPA Agreement. Bonds were issued by SCLA prior to redevelopment dissolution that are secured by the City of Victorville ("Victorville") and SCLA portion of VVEDA's tax increment revenues. Some of these bonds are in default and in order to comply with the terms of the bond indenture, VVEDA was required to request the outstanding amount of default payments and reserve requirements on the Recognized Obligation Payment Schedule ("ROPS"), even though this amount exceeds the portion of tax increment that is legally pledged for the SCLA bonds. In response to this request, DOF authorized that all of VVEDA tax increment (not just the Victorville/SCLA share) be distributed to VVEDA, leaving no residual payments to the taxing entities. Table 1 identifies the amounts of the Victorville/SCLA share and the total VVEDA tax increment during the current and previous ROPS periods.

Table 1. VVEDA tax increment net of pass through payments

ROPS period	14-15B	15-16A
VVEDA tax increment pledged to SCLA bonds (a.k.a., Victorville/SCLA share)	13,230,890	10,622,431
VVEDA tax increment not pledged to SCLA bonds	2,469,443	1,966,363
Total VVEDA tax increment	15,700,333	12,588,794

The amounts of extra tax increment being held by VVEDA totals almost $1.5 million from each biannual tax increment distribution. Given the current law, this amount will not be distributed to the taxing entities until the prior period adjustments have been complete, up to 3 years later. It is important to emphasize that the held funds are <u>not</u> pledged to the SCLA bonds.

VVEDA would like to have an alternative RPTTF distribution methodology applied. In the alternative methodology, there would be a distribution for the SCLA bonds that equals only the Victorville and SCLA share of the amount of taxes actually collected, as well as for Apple Valley's bonds from its share of the amount of taxes collected and amounts needed for VVEDA administrative funding and for enforceable obligations approved in the future. The held funds would be distributed to taxing entities immediately rather than being held for 3 years by VVEDA.

VVEDA staff has met with and attempted to coordinate with the Auditor-Controller to apply the alternative distribution methodology. However, to date VVEDA has not received a definitive response from the Auditor-Controller about whether the alternative distribution methodology could be applied.

The Joint Powers Agreement Distribution Methodology

Victorville, the City of Adelanto ("Adelanto"), Apple Valley, the City of Hesperia ("Hesperia"), the County, and SCLA entered into a JPA Agreement to form VVEDA. The JPA Agreement, as amended, specifies the distribution of tax increment revenue among its member jurisdictions. Initially, each member jurisdiction was entitled to the tax increment revenue attributed to their portion of the VVEDA Redevelopment Project Area.

The member jurisdictions pledged the following portions of their tax increment revenue, net of their 20% affordable housing set-aside, to pay the SCLA bonds' debt service:

- Victorville, 100%[1],
- Adelanto, 50%,
- Apple Valley, 50%,
- Hesperia, 50%, and
- County, 50%.

Under the JPA Agreement, the member jurisdictions, aside from Victorville, receive the remaining 50% of their shares of tax increment revenue, as well as their 20% affordable housing set-aside. In addition to SCLA's bonds, Apple Valley issued bonds secured by their 50% tax increment revenue portion. The remaining member jurisdictions used their shares of tax increment revenue to support local economic development without issuing bonds. This tax increment revenue distribution was followed until the dissolution of redevelopment agencies with the Governor's approval of Assembly Bill x1 26 on June 28, 2011 and the California Supreme Court's upholding thereof on December 29, 2011.

Redevelopment Dissolution Changes

Following redevelopment dissolution, VVEDA is required to submit a ROPS identifying the distribution of tax increment (now known as "RPTTF") revenues for each six-month period. The ROPS is reviewed by an oversight board and DOF. Initially, DOF approved the JPA Agreement distribution on each ROPS. However, starting with the January to June 2015 ("14-15B") ROPS, DOF began to deny the requested RPTTF distribution to member jurisdictions aside from funds encumbered for the payment of bond debt service (and VVEDA's administrative funding), explaining that the distribution of unencumbered tax increment revenues under the JPA Agreement does not qualify as an enforceable obligation.

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[1] SCLA is located within Victorville. The tax increment revenue associated with SCLA's area is included in this pledge of tax increment, which is sometimes referred to as the Victorville/SCLA share.

Because the amount of RPTTF to be distributed is not known when each ROPS is prepared, VVEDA requests (and DOF approves) the total amount needed for the Apple Valley and SCLA bonds, including current debt service, defaulted past years' debt service, and required reserve replenishment. The latter two are only needed for certain SCLA bonds as Apple Valley bonds are not in default and have their reserve requirement satisfied. Because of the defaults and reserve replenishment, the total approved RPTTF exceeds available RPTTF each ROPS period. The Auditor-Controller, tasked with distributing RPTTF following redevelopment dissolution, provides the lesser of available and approved RPTTF.

Although the RPTTF needed for the bonds exceeds the available RPTTF, VVEDA is not able to distribute all of the RPTTF received to Apple Valley and SCLA due to the JPA Agreement's distribution restrictions. The combination of DOF's denial of the complete JPA Agreement distribution and VVEDA's obligation to follow the JPA Agreement distribution results in remaining RPTTF that cannot be distributed to any of the member jurisdictions ("Residual RPTTF").

The Prior Period Adjustment

Until the July 2016 to June 2017 ("16-17") ROPS, each ROPS included a reconciliation between estimated obligations and actual payments for those obligations ("Prior Period Adjustment" or "PPA") for the ROPS period one year earlier. (For example, the January to June 2016 ("15-16B") ROPS included the PPA for the 14-15B period.) The PPA leads to a reduction in the following RPTTF distribution, essentially causing a return of approved and unspent funds to county auditor-controllers, who distribute the funds to taxing entities. Following the Governor's approval of Senate Bill 107 on September 22, 2015, the law changed such that the next PPA form will be submitted to county auditor-controller's commencing on October 1, 2018 and forwarded to DOF by February 1, 2019.

Although the law does not specify, it is likely that this PPA will be reduced from the following RPTTF distribution on June 1, 2019 and that the PPA for following years will continue to be processed on a 3-year delay. It appears that Residual RPTTF generated from the July 2015 to June 2016 period will be held by VVEDA until June 1, 2019, Residual RPTTF generated in the 16-17 period will be held by VVEDA until June 1, 2020, and so on.

Given that certain SCLA bonds are in default, the RPTTF distributions are closely watched by SCLA bondholders. Though the Residual RPTTF is not pledged to the SCLA bonds, VVEDA would prefer not to hold Residual RPTTF for 3 years while the SCLA bonds are in default to avoid attracting questions from bondholders. Instead, VVEDA would prefer to coordinate with the Auditor-Controller at the time of each RPTTF distribution so that VVEDA only receives RPTTF funds that can be distributed to Victorville/SCLA, to Apple Valley, for VVEDA's administrative funding, and for enforceable obligations approved in the future. The Residual RPTTF would then be distributed to taxing entities immediately.

In addition to preventing VVEDA from holding funds while the SCLA bonds are in default, this modified approach would allow taxing entities to receive their share of Residual RPTTF three years sooner than if the PPA process were applied. In 15-16B, the Residual RPTTF equaled $1,495,107. In the July to December 2016 period, the Residual RPTTF equaled $1,390,085 (See Attachment 1 for both distribution tables.). VVEDA projects that the Residual RPTTF will continue at approximately $3 million per year. If the Residual RPTTF is not distributed to taxing entities until June 1, 2019, VVEDA will be holding approximately $10.5 million of RPTTF Residual at that time.

VVEDA's Attempt to Adjust the RPTTF Distribution Methodology

VVEDA staff contacted the Auditor-Controller staff about modifying the Residual RPTTF distribution timing in March of 2016. VVEDA staff and Auditor-Controller staff met on March 25, 2016 to discuss VVEDA's preferred alternative distribution. Auditor-Controller staff expressed concerns about the County's liability in using a modified RPTTF distribution methodology, receiving questions from bondholders themselves, and making an exception to the prescribed PPA process for VVEDA.

VVEDA staff requested that Auditor-Controller staff confer with the County's legal counsel about VVEDA's proposed modified distribution methodology and followed up by e-mail on April 18, 2016, as well as by phone, without response. If VVEDA is unable to secure approval for the modified RPTTF distribution methodology, it has no option other than to hold Residual RPTTF until the PPA process allows their distribution to taxing entities.

In advance, I want to thank you for your continued consideration of this matter and I will look forward to your response. In the meantime, I can be reached at 760-955-5032.

Sincerely,

Keith C. Metzler
Executive Director

cc: Marc Puckett, VVEDA Treasurer
Kofi Antobam, VVEDA Controller
Hitta Mosesman, RSG, 309 West 4th Street, Santa Ana, CA 92701
Dima Galkin, RSG, 309 West 4th Street, Santa Ana, CA 92701