



May 17, 2013

Mr. Marc Puckett, Finance Director  
Town of Apple Valley Successor Agency  
14975 Dale Evans Parkway  
Apple Valley, CA 92307

Dear Mr. Puckett:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 14, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the Town of Apple Valley Successor Agency (Agency) submitted a ROPS 13-14A to Finance on February 28, 2013 for the period of July through December 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on May 1, 2013.

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

- Item Nos. 5 and 15 – AMCAL Multi-Housing Loan Agreements totaling \$4,473,730, payable from bond proceeds. Finance continues to deny these items. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. The loan agreement with AMCAL Multi-Housing, Inc. was entered into on June 28, 2011. These items are not eligible for bond funding at this time. Pursuant to HSC section 34191.4 (c), the Agency's request to use bond funds for these obligations may be allowable once the Agency receives a Finding of Completion (FOC) from Finance. Upon receiving a FOC, the Agency may be allowed to request funding beginning on ROPS 13-14B.
- Item No. 9 – Yucca Loma Bride Corridor in the amount of \$1,000,000, payable from bond proceeds. Finance continues to deny this item. It is our understanding that a contract for this item has not yet been awarded. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Pursuant to HSC section 34191.4 (c), the Agency's request to use bond funds for this obligation may be allowable once the Agency receives a FOC from Finance. Upon receiving a FOC, the Agency may be allowed to request funding beginning on ROPS 13-14B.
- Item Nos. 10 and 11 – Yucca Loma Bridge Corridor Costs totaling \$873,000. Finance continues to deny these items. These were originally denied as contracts that have not

yet been awarded. During the Meet and Confer process, the Agency provided the contracts; however, the contracts were entered into by the Town of Apple Valley. The former redevelopment agency (RDA) is neither a party to the contracts nor responsible for payment of the contracts. Therefore, these items are not enforceable obligations and are not eligible for funding on the ROPS.

In addition, per Finance's ROPS letter dated April 14, 2013, the following items continue to be denied and were not contested by the Agency:

- Items No. 27 and 28 – Supplemental Educational Revenue Augmentation Fund (SERAF) Loans totaling \$777,273 are not enforceable obligations at this time. Pursuant to HSC 34191.4 (b) (2) (A), the maximum repayment amount authorized in each fiscal year, combined with the repayment of recognized sponsoring entity loans, shall be equal to one-half of the increase between the amount distributed to the taxing entity as residual in that fiscal year, and the amount distributed to the taxing entity as residual in the 2012-13 base year. Therefore, the Agency will need to obtain the 2013-14 residual amounts in order to compute the repayment amounts. As required by HSC section 34191.4 (b) (2) (A), the 2013-14 residual amounts should be based on the actual amount, not on an estimated amount. Therefore, the 2013-14 amounts will be based on the ROPS 13-14A and ROPS 13-14B actual distributions. Consequently, the Agency may be able to request funding for the SERAF loans beginning with ROPS 14-15A.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for July through December 2013. Finance's determination is effective for this time period only and should not be conclusively relied on for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$916,547 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of July through December 2013</b>	
Total RPTTF funding requested for obligations	\$ 1,793,423
Minus: Six-month total for items denied	
Item 10	100,000
Item 11	100,000
Item 27	388,636
Item 28	388,637
Total approved RPTTF for enforceable obligations	\$ 816,150
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	100,397
Minus: ROPS II prior period adjustment	-
<b>Total RPTTF approved for distribution:</b>	<b>\$ 916,547</b>

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies

that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14A_Forms_by_Successor_Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

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

Please direct inquiries to Wendy Griffe, Supervisor or Medy Lamorena, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Mr. Orlando Acevedo, Economic Development Manager, Town of Apple Valley  
Ms. Vanessa Doyle, Auditor Controller Manager, County of San Bernardino  
California State Controller's Office