



October 13, 2012

Mr. Orlando Acevedo, Economic Development Manager
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Dear Mr. Acevedo:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Town of Apple Valley Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Pursuant to the Victor Valley Economic Development Authority Joint Exercise Powers Agreement (VVEDA JPA), the Agency receives its share of tax revenue allocations from VVEDA to pay the bond obligations. Therefore, the following items are not eligible for Redevelopment Property Tax Trust (RPTTF) funding on Apple Valley's ROPS.
 - Item No. 1 – 2005 Tax Allocation Bonds in the amount of \$7.03 million.
 - Item No. 2 – 2007 Tax Allocation Bonds in the amount of \$8.26 million.
- Item Nos. 3 and 13 – Loan Agreement/DDA in the amount of \$6,743,730 funded by bond proceeds. These line items are for construction contracts and it is our understanding that contracts are not in place for this project. Pursuant to HSC section 34191.4 (c), this shall remain the case until and unless a Finding of Completion is issued by Finance, at which time this item may be considered an enforceable obligation.
- Item Nos. 6 and 14 – Loan to 80 percent for Educational Revenue Augmentation Fund (ERAF) in the total amount of \$777,273 funded by RPTTF. HSC section 34191.4(b)(2)(A) prohibits the Agency from making loan repayments prior to 2013-14 fiscal year.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$2,216,155 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 3,567,628
Less: Six-month total for items denied	
Item 1	348,607
Item 2	352,092
Item 6	401,767
Item 14	375,506
Total approved RPTTF for enforceable obligations	\$ 2,089,656
Plus: Allowable RPTTF distribution for administrative cost for ROPS III*	126,499
Total RPTTF approved:	\$ 2,216,155

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the 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.

Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,


STEVE SZALAY
Local Government Consultant

cc: Mr. Marc Puckett, Finance Director, Town of Apple Valley
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County Auditor-Controller