



November 14, 2013

Ms. Sophie Escobar, Assistant Director of Economic Development  
City of Victor Valley  
14343 Civic Drive  
Victorville, CA 92393

Dear Ms. Escobar:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Victor Valley Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on October 01, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 13-14B at this time. However, Finance notes that although the administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (d), the oversight board has approved an amount that appears excessive given the number and nature of the other obligations listed on the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the oversight board to apply adequate "oversight" when evaluating the administrative resources required to successfully wind-down the Agency.

Finance made adjustments to the Fund Balances form based upon information provided by the Agency during our review. Although these adjustments have no effect on the amount of RPTTF the Agency receives, they will affect the Agency's fund balances for the funds sources involved.

Based upon a review of the Fund Balances form, the following adjustment was made:

- Beginning Available Fund Balance (Actual, January 1, 2013), Due Diligence Review (DDR) balances retained for approved enforceable obligations should be \$695,587. In our DDR determination letter dated May 14, 2013, Finance permitted the Agency to retain \$802,098 for distribution to Victor Valley Economic Development Authority members. However, the Agency has self-reported \$106,511 expended for administrative costs for the January through June 2013 (ROPS III) period. Therefore, a reserve funding balance of \$695,587 was held on January 1, 2013. Pursuant to HSC Section 34177 (a) (3) which states that the Agency can only make payments listed on the ROPS from the funds listed and authorized by Finance, adjustments have also been made to the Retention of Available Fund Balance (Actual, June 30, 2013) and (Estimate, December 31, 2013), DDR balances retained for approved enforceable obligations in the amount of \$695,587 to reflect the retention of the reserve balance going forward.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 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 table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

The Agency's maximum approved RPTTF distribution for the reporting period is \$11,472,325 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
Total RPTTF requested for non-administrative obligations	11,196,321
Total RPTTF requested for administrative obligations	335,890
<b>Total Requested RPTTF</b>	<b>\$ 11,532,211</b>
Total RPTTF approved for non-administrative obligations	11,196,321
Total RPTTF approved for administrative obligations	335,890
<b>Total RPTTF approved for obligations</b>	<b>\$ 11,532,211</b>
ROPS III prior period adjustment - CAC	(59,886)
<b>Total RPTTF approved for distribution</b>	<b>\$ 11,472,325</b>

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

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only to items where funding was requested for the six month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 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 HSC section 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Howard', with a long horizontal stroke extending to the left.

JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Mr. Brian Moncrief, Senior Analyst, RSG Inc, City of Victor Valley  
Ms. Linda Santillano, Property Tax Manager, San Bernardino County  
California State Controller's Office