

**OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE  
VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY  
REGULAR MEETING AGENDA**

City of Victorville  
14343 Civic Drive, Conference Room "D"  
Victorville, CA 92392

Thursday, May 24, 2012  
**3:30 P.M.**

**CALL TO ORDER**

ITEM 1 PUBLIC COMMENT

**BUSINESS ITEMS**

ITEM 2 APPROVE MINUTES FROM APRIL 12, 2012 INITIAL MEETING AND MAY 10,  
2012 REGULAR MEETING

**DISCUSSION AGENDA**

ITEM 3 UPDATE AND POSSIBLE ACTION - ROPS #1 (Jan-June 2012)

ITEM 4 UPDATE AND POSSIBLE ACTION - ROPS #2 (July-Dec 2012)

ITEM 5 NEXT REGULARLY SCHEDULED MEETING: JUNE 14, 2012

ITEM 6 COMMENTS FROM OVERSIGHT BOARD AND STAFF

ITEM 7 AJOURNMENT

**MINUTES OF THE  
REGULAR MEETING  
OF THE OVERSIGHT BOARD  
FOR SUCCESSOR AGENCY TO THE  
VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY  
April 12, 2012**

The meeting of the Oversight Board for the Successor Agency to the Victor Valley Economic Development Authority was called to order at 3:43 p.m. by Keith Metzler, Executive Director for the Victor Valley Economic Development Authority, in Conference Room "A," Victorville City Hall, 14343 Civic Drive, Victorville, California.

**ROLL CALL**

**PRESENT:** Board Members Mahany, Metzler, O'Toole and Robertson

**ABSENT:** None

Also present was Board Secretary Jennifer Thompson.

**PUBLIC COMMENT**

**PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC**

There was no public comment.

**INTRODUCTION OF OVERSIGHT BOARD MEMBERS AND STAFF**

The Oversight Board Members were introduced as follows:

Mary L. O'Toole, Appointee of the County Board of Supervisors  
Douglas B. Robertson, Appointee of the Largest City in the JPA  
Kevin Mahany, Public Appointee by the County Board of Supervisors  
Keith Metzler, Representative of the former RDA employees

Staff Members were introduced as follows:

Sophie Escobar, Assistant Director of Economic Development/SCLA, City of Victorville  
Jennifer Thompson, Successor Agency to the Victor Valley Economic Development Authority, Secretary  
Robbeyn Bird, Controller, Successor Agency to the Victor Valley Economic Development Authority  
Marc Puckett, Treasurer, Successor Agency to the Victor Valley Economic Development Authority

Board Member Robertson started by making the caveat that this is assuming that there is a Successor Agency to VVEDA, and that VVEDA doesn't continue to exist as it always has as VVEDA submitted a lawsuit indicating that the VVEDA Board does not believe that it is subject to ABx1 26. If that lawsuit is successful then there will be no Successor Agency and there will be no Oversight Board for VVEDA. Just about every meeting, every vote, discussion and every action taken by VVEDA is with the caveat that this is all assuming that VVEDA's protest fails.

## **BUSINESS ITEMS**

### OATH OF OFFICE/REQUEST FOR FPPC FORM 700

Victorville City Clerk, Carolee Bates administered the Oath of Office to the Oversight Board Members. It was noted that the Board Members would file an Assuming Office Statement Form 700.

### ELECTION OF CHAIR AND VICE-CHAIR

It was moved by Board Member Robertson to nominate Board Member Metzler as the Chair inasmuch as he is the person with the most knowledge and Victorville's staff will be preparing the agendas and notices of the meetings and the Chair would need to be available to approve and sign those. Mr. Robertson advised the Board Members of the prior meeting of the Victorville Redevelopment Agency Oversight Board whereby the Vice-Chair position remained open until the full seven member board is seated and consider it at that time.

Chairman Metzler called for the question and the motion carried with Board Member Metzler abstaining.

### DESIGNATION OF CONTACT PERSON FOR DEPARTMENT OF FINANCE

Chairman Metzler explained that the Board is required to designate an official as the contact person with the Department of Finance. The Chairman pointed out that the Department of Finance has three days in which to review any actions of the Oversight Board and contact the designated official with any questions or requests for information. Chairman Metzler recommended using Ms. Sophie Escobar in the capacity as staff to the executive office to not disrupt the flow that is currently established with the Department of Finance and to be as responsive as we can. Chairman Metzler discussed the difficulties of coordinating items being multijurisdictional.

It was moved by Board Member O'Toole, seconded by Board Member Mahany, to appoint Sophie Escobar as the designated contact person for the Department of Finance; motion carried unanimously.

Board Member O'Toole requested a list of acronyms for the Board Members.

### ADOPTION OF RESOLUTION NO. OB-VVEDA-12-001 – DESIGNATION OF REGULAR MEETING PLACE AND TIME

Chairman Metzler noted that staff believes it will be necessary for the Board to meet twice a month. The recommendation is that the meetings take place at 3:30 p.m. on the second and fourth Thursdays of each month in Conference Room "D," Victorville City Hall. All Board Members concurred with this recommendation.

It was moved by Chairman Metzler, seconded by Board Member O'Toole, to adopt Resolution No. OB-VVEDA-12-001 entitled:

### **RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY ESTABLISHING TIMES AND DATES FOR THE HOLDING OF REGULAR BOARD MEETINGS**

The motion carried unanimously.

Board Member O'Toole commented that once the initial meetings are concluded it is unlikely that two meetings a month will be needed.

## **DISCUSSION AGENDA**

PRESENTATION OF ROLES AND RESPONSIBILITIES

Ms. Escobar reviewed the roles and responsibilities of the Oversight Board and explained that one of the obligations of the Oversight Board is disposing of assets of the former Redevelopment Agency. But in the case of VVEDA, VVEDA does not hold title and doesn't have assets other than cash to deal with. In terms of actual property and the liquidation of property, it doesn't necessarily apply in this case.

Board Member O'Toole asked that a matrix of due dates and a schedule of actions be distributed to the Board.

OVERVIEW OF FORMER VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

Chairman Metzler introduced this item which was intended to provide background information as to the former Victor Valley Economic Development Authority. Chairman Metzler explained how VVEDA was formed and the recognition from the federal government as the Local Reuse Authority (LRA). Chairman Metzler explained the transfer of property from the government to VVEDA via Economic Development Conveyance (EDC) and Public Benefit Transfer (PBT).

Chairman Metzler explained the relationship between Southern California Logistics Airport Authority and the Victor Valley Economic Development Authority.

DISCUSSION AND ADOPTION OF RESOLUTION NO. OB-VVEDA-12-002 APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR FEBRUARY 1, 2012 THROUGH JUNE 30, 2012

Ms. Escobar advised the Board that although she prepared the staff report, the schedule was prepared by VVEDA's fiscal consultant, Rosenow Spevacek Group (RSG). Ms. Escobar explained RSG's role with VVEDA.

Ms. Escobar reviewed the Recognized Obligations Payment Schedule (ROPS) and identified items 2-8 of the ROPS deal with the obligations of the Joint Powers Authority (JPA).

Board Member O'Toole requested an explanation of the trust fund and how it works.

Chairman Metzler explained the payment of taxes, how the flow of funds works and where the funds are deposited. He also explained how the JPA works in regards to the distribution of funds pursuant to the JPA.

Chairman Metzler explained that due to the JPA and obligations of the member entities the ROPS may look inflated due to the obligations of the JPA being listed along with the obligations of each member entity.

Ms. Escobar explained that after line 8 of the ROPS, the items listed are more specific to the member entities. She identified that the source of funds listed differentiated what funds were used to pay for the obligations.

Ms. Escobar explained the dissolution process to date and identified that VVEDA initially prepared, for the time period of July 1, 2011 through December 2011 a schedule that was called Enforceable Obligation Payment Schedules (EOPS). The EOPS had to be submitted and updated in January to cover the time period specifically from January 2012 through April 2012 because the ROPS was not to come into effect until May 1, 2012. The EOPS covered different time periods for the same enforceable obligations.

Chairman Metzler explained that the ROPS goes through June 30, 2012 and that the next Board meeting would have a similarly natured ROPS that would be close to identical for the obligations that would occur for the next 6-months, July 1, 2012 through December 31, 2012. Chairman Metzler explained that due to the

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Department of Finance's (DOF) ability to request items be removed from the ROPS, it is likely that amendments might be necessary going forward.

Board Member O'Toole asked if there were any questions from DOF on the EOPS.

Chairman Metzler acknowledged that DOF asked eleven questions and they were seeking information more than anything. A lot of the questions and request for information was regarding items that come from the JPA. Of the eleven items noted, six were answered in the JPA. Of the remaining items they requested information on legal services and Hillcrest apartment complex.

Ms. Escobar identified that the Hillcrest apartment complex was not questioned on Victorville RDA's ROPS.

Board Member O'Toole requested a copy of the list and to have those items identified on the ROPS.

Ms. Thompson identified the items that were questioned on the EOPS and gave the corresponding item number for the ROPS. The following are the items in question:

<u>Item Number</u>	<u>Project Name/Debt Obligation</u>
2-7	Joint Powers Authority Agreement
10	Contract for Legal Services
Removed Item	Hillcrest Apartments
Removed Item	Caretaker Agreement United States Air Force
82	Street Improvement/Construction Project
97	Loan Agreement – AmCal

Ms. Escobar identified that some of the items that were questioned on the EOPS had been removed during the process of refining the documents requested by DOF.

Board Member O'Toole requested that any correspondence to and from the Department of Finance be distributed to the Board.

Chairman Metzler identified that the item is for the period of January 1, 2012 through June 30, 2012 and identified a fiscal impact of \$40,069,929 and it is not expected but that is the amount that would be generated by the project area. Effectively there is a number of obligations, at some point in time that the successor agency will have to recommend and advise the Board of what is collected and what is senior or subordinate in terms of financial obligations.

Board Member O'Toole requested that ROPS 2 be prepared in the new standard format.

It was moved by Board Member O'Toole, seconded by Board Member Robertson, that the Board adopt the ROPS as set forth in Resolution No. OB-VVEDA-12-0012 entitled:

RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 FOR THE PERIOD COMMENCING ON JANUARY 1, 2012 AND ENDING ON JUNE 30, 2012

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The motion was made with the caveat that there were no dates listed on the ROPS and that there are several items that are still being questioned by the Department of Finance and that the Board did not receive back-up until today and there was no pre-review that could be done.

DISCUSSION AND ADOPTION OF RESOLUTION NO. OB-VVEDA-12-003 APPROVING THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET

Mr. Puckett explained that the budget had been approved by the Successor Agency Board and effectively intended to establish a budget for Successor Agency administrative costs for the period of February 1, 2012 through June 30, 2012, proposed sources of payment for those administrative costs and a proposal for arrangements for administrative and operational services provided to VVEDA. Mr. Puckett reviewed how the administrative cost allowance was calculated, the potential for the reduction of this item, and the additional items included in the budget.

Board Member O'Toole requested that the mandated date for the audit be included in the statement of activities that will be provided to the Board.

Chairman Metzler briefed the Board on the discussion at the VVEDA meeting whereby the member jurisdiction were given the message to not take the budget believing that there will be a pass-through of revenues that can help offset the administrative expenses at the member jurisdiction level. This is likely an exercise because of the legal requirement to prepare a budget but because of its subordinate nature and the fact that the obligations shown on the payment schedules are so substantial, greater than revenues and is likely that this would be the first thing to fall off. Chairman Metzler advised that the question be raised to DOF on the expectation to do the work without getting paid for it.

Board Member O'Toole identified that the Oversight Board is in a precarious spot being that it is mandated to adopt a budget that it knows there is no money to fund.

It was moved by Board Member O'Toole, seconded by Board Member Mahany, to adopt the ROPS 1 budget with the question posed to the Department of Finance as to what to do since there will not be sufficient revenue to pay the budget and to adopt Resolution No. OB-VVEDA-12-003 entitled:

RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY APPROVING THE ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177

The motion carried with the caveat that ROPS 2 will be in the new format to tie back the administrative budget to the actual total line item calling out tax increment; motion carried unanimously.

COMMENTS FROM OVERSIGHT BOARD AND STAFF

Board Members O'Toole expressed appreciation to Ms. Escobar and staff for the manner in which they presented the information to the Board and accommodated their requests. She also requested that she be noticed on any VVEDA meetings.

ADJOURNMENT

It was moved by Board Member Robertson, seconded by Board Member O'Toole, to adjourn the meeting at 4:45 p.m.

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CHAIRMAN OF THE BOARD OF DIRECTORS

ATTEST:

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SECRETARY TO THE BOARD OF DIRECTORS

**MINUTES OF THE  
REGULAR MEETING  
OF THE OVERSIGHT BOARD  
FOR SUCCESSOR AGENCY TO THE  
VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY  
May 10, 2012**

The meeting of the Oversight Board for the Successor Agency to the Victor Valley Economic Development Authority was called to order at 3:34 p.m. by Keith Metzler, Chairman to the Oversight Board for the Victor Valley Economic Development Authority, in Conference Room "E," Victorville City Hall, 14343 Civic Drive, Victorville, California.

**ROLL CALL**

**PRESENT:** Board Members Hoegerman, Lamoreaux, Metzler, O'Toole and Robertson  
Board Member Johnson was present via conference call from Sands of Kahana Resort, 4299 Lower Honoapi'ilani Road – Unit 216, Lahaina, HI 96761

**ABSENT:** None

Also present was Board Secretary Jennifer Thompson, VVEDA Treasurer, Marc Puckett and VVEDA Controller, Robbeyn Bird

**PUBLIC COMMENT**

**PUBLIC COMMENT ON ITEMS OF INTEREST TO THE PUBLIC**

There was no public comment.

**BUSINESS ITEMS**

**OATH OF OFFICE/REQUEST FOR FPPC FORM 700**

Victorville Deputy City Clerk, Marcie Wolters administered the Oath of Office to Oversight Board Members Hoegerman and Lamoreaux. It was noted that the Board Members would file an Assuming Office Statement Form 700.

**UPDATE REGARDING DEPARTMENT OF FINANCE COMMUNICATIONS**

Chairman Metzler started by prefacing the meeting with the awareness that VVEDA as an organization has filed a lawsuit in Superior Court for the State of California challenging the applicability of ABx1 26 to VVEDA as a redevelopment agency. VVEDA is contending that it is not a redevelopment agency and is contending that it is a Joint Powers Authority formed pursuant to Government Code as opposed to Health & Safety. VVEDA has also made a number of argument including federal preemption rights basically suggesting that due to federal preemption, under the federal BRAC program which was the program that administered the closure of the base, that for that reason as well ABx1 26 should not be applicable to VVEDA. Notwithstanding VVEDA as an organization has chosen, under protest, to continue to follow the dissolution process and with that it has nominated itself to become the Successor Agency and has been acting as the Successor Agency. It has delegated its staff to assist in administering the process and to work with this body as the Oversight Board to carry out those responsibilities.

Ms. Escobar updated the Board as it relates to correspondence received from the Department of Finance (DOF) for the ROPS dealing with the time period of January through June 2012. It was noted that the DOF recently requested information of VVEDA, ROPS items 16 & 17, and requested that those items be removed and the ROPS be resubmitted. Ms. Escobar noted that there is an issue with the VVEDA ROPS in that direction needs to be received in how items are listed as VVEDA is a JPA and the JPA should be the enforceable obligation and the individual items should be listed under that entities ROPS schedule. To try to



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settle the issue at a much larger level, VVEDA have requested information from the DOF and the Auditor/Controller on what information they want to see and on which entities schedule it should be listed.

Chairman Metzler indicated that he wanted to speak with the DOF to get concurrence with them that the JPA is the enforceable obligation.

**DISCUSSION AGENDA**

DISCUSSION AND ADOPTION OF RESOLUTION OB-VVEDA-12-004 APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) AND ADMINISTRATIVE BUDGET FOR JULY 1, 2012 THROUGH DECEMBER 31, 2012

Ms. Escobar identified that this item was prepared by VVEDA's fiscal consultant. She identified that line item 1, the Successor Agency admin costs that were provided by the Treasurer and put into form C, looks to be a carry over from ROPS 1.

Mr. Puckett reviewed the administrative budget with the Board and discussed the error on the ROPS schedule.

Chairman Metzler discussed the need to approve the item and he did not believe that the issue should hold up this item as it could merely be subject to the correction of that item.

Ms. Escobar reviewed the ROPS with the Board and identified items listed on ROPS 2 that have been questioned on ROPS 1 by the Department of Finance. It was noted that the items in question by the Department of Finance have not been deemed unenforceable obligations as VVEDA has not received a final determination as it relates to VVEDA.

Chairman Metzler reviewed the changes in the ROPS schedule from the version that was transmitted with the agenda to the version distributed at the meeting. It was noted that the items were from the City of Adelanto and the City of Hesperia and were carry over items from ROPS 1.

Board Member O'Toole asked if anyone knew if Hesperia had listed the items that were covered on the VVEDA ROPS on their redevelopment agency ROPS as well. It was noted that no one knew if that was done for Hesperia, but Apple Valley and Victorville listed the items as well.

**RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 FOR THE PERIOD COMMENCING ON JULY 1, 2012 AND ENDING ON DECEMBER 31, 2012**

It was moved by Board Member Robertson with the caveat that it would include fixing line item 1, seconded by Board Member O'Toole. Motion carried unanimously.

**NEXT REGULARLY SCHEDULED MEETING**

Chairman Metzler identified that the next regularly scheduled meeting is May 24, 2012 at 3:30.

Board Member O'Toole advised the Board that they might want to be prepared for at least one meeting, possibly two before the next regularly scheduled meeting pending the outcome of the Department of Finance's review.

COMMENTS FROM OVERSIGHT BOARD AND STAFF

Board Member Lamoreaux asked who to direct questions to should any questions arise while reviewing the information provided.

Chairman Metzler advised that Ms. Escobar would be the contact as she is largely responsible for the preparation of the ROPS and overseeing the consultants work.

ADJOURNMENT

It was moved by Board Member O'Toole, seconded by Board Member Hoegerman, to adjourn the meeting at 4:10 p.m.

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CHAIRMAN OF THE BOARD OF DIRECTORS

ATTEST:

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SECRETARY TO THE BOARD OF DIRECTORS

AGENDA ITEM #3

OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE  
VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY  
MEETING OF: MAY 24, 2012

SUBJECT: Update and Possible Action- ROPS#1 (Jan-June 2012)

RECOMMENDATION: To be determined

FISCAL IMPACT: To be determined

DISCUSSION: At the May 10, 2012 Oversight Board meeting, staff provided an update regarding communications from the Department of Finance regarding VVEDA's ROPS#1. The attached letter was sent to DOF on May 14, 2012 and no response has been received as of the date of this agenda item. Staff has also been in contact with the San Bernardino County Auditor Controller's office and a meeting to discuss the VVEDA ROPS issues is scheduled for Wednesday, May 23. This item is being agendaized in the event the DOF responds prior to the meeting date, and any possible action required by DOF's response or the meeting with the County staff will be determined at that time.

Staff remains available for any questions or comments you might have.

Submitted by: Keith Metzler/VVEDA Executive Director

Attachments: May 14, 2012 Correspondence to DOF

May 14, 2012

Mark Hill, Program Budget Manager  
Department of Finance  
915 L Street  
Sacramento, CA 95814

**RE: Victor Valley Economic Development Authority (VVEDA) Joint Powers Agreement –  
Enforceable Obligation**

Dear Mr. Hill:

In response to your letter dated May 4, 2012 (attached) we respectfully request clarification on the submitted ROPS format to best respond to your letter. First, as you may know by now, VVEDA has filed a complaint in Sacramento Superior Court seeking an answer to the question of whether ABx1 26 is applicable to VVEDA (IVDA has filed a similar lawsuit). Unfortunately, our question to the court will not be answered immediately and, therefore, under protest, VVEDA has proceeded in following the dissolution provisions of ABx1 26. For the purpose of working cooperatively in this regard, I am sharing with you information that might be helpful to your office in determining the enforceable obligations of VVEDA.

As background, on September 11, 1989, VVEDA adopted a Joint Powers Agreement (“JPA”) which has been identified on the VVEDA ROPS schedule submitted to the California Department of Finance as an enforceable obligation. It has been included as an enforceable obligation as it more particularly defines the distribution method among the VVEDA member jurisdictions. On December 28, 1993, VVEDA adopted a redevelopment plan, subsequently amended eight times, which among other things, defined tax increment available to VVEDA to effectuate the goals associated with the redevelopment within a redevelopment project area surrounding the former George Air Force Base, now the Southern California Logistics Airport (“SCLA”).

In general, VVEDA pledges “Participating Jurisdiction Tax Increment Revenue” for distribution to and use by its member jurisdictions. Sections 31, 34 and 38 of the JPA (attached hereto for reference) more particularly define the obligation for “Participating Jurisdiction Tax Increment Revenue” and defines the ability of its member jurisdictions to lever or encumber said funds. Section 51, also attached hereto for reference, identifies that the JPA assigns the rights to receive, expend, and encumber “Participating Jurisdiction Tax Increment Revenue” and George Air Force Base Tax Increment Revenues to each of the member jurisdictions respective Redevelopment Agencies.

I am bringing this to your attention as I believe there might be an easier way to review and approve VVEDA's ROPS. It is VVEDA's position that its JPA is a formal agreement that meets the definition of an enforceable obligation and therefore should be treated as such. Relating this position to ROPS #1 and ROPS #2, you will find the JPA obligations labeled as Items 2-7 on Page 1 and Items 1-6 of Page 1, respectively. Both ROPS schedules include additional items that we believe more appropriately should be identified on those same schedules of the respective member jurisdictions redevelopment agency, wherein the Victor Valley project area would be noted. Accordingly, VVEDA would remain the recipient of funds from the Auditor/Controller's Office and distribute said funds to the respective member jurisdiction's Successor Agency as the case may be.

With your concurrence, VVEDA believes that this will eliminate a duplication of entries.

I will remain available for any questions or comments you might have.

Sincerely,

Handwritten signature of Keith C. Metzler in black ink, followed by the initials "KCM/jrt".

Keith C. Metzler  
Executive Director

KCM/jrt

cc: VVEDA Board of Commissioners  
VVEDA Oversight Board  
VVEDA Technical Advisory Committee  
Marc Puckett, VVEDA Treasurer  
Robbeyn Bird, VVEDA Controller  
Sophie Escobar, Assistant Director of Redevelopment/SCLA  
Andre de Bortnowsky, VVEDA Legal Counsel  
Chikako Takagi-Galamba, Supervisor, Department of Finance  
Cindie Lor, Lead Analyst, Department of Finance

Attachments: VVEDA JPA Section 31, 34, 38 & 51



**DEPARTMENT OF  
FINANCE**

**EDMUND G. BROWN JR. • GOVERNOR**

915 L STREET ■ SACRAMENTO CA ■ 95814-2706 ■ WWW.DOF.CA.GOV

May 4, 2012

Sophie Escobar, Assistant Director  
City of Victorville  
14343 Civic Drive  
Victorville, CA 92392

Dear Ms. Escobar:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Victor Valley Economic Development Authority (Authority) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 24, 2012 for the period January through June 2012. Finance staff contacted you for clarification of items listed in the ROPS.

The ROPS submitted to Finance does not identify obligations for the Authority separately from its Joint Authority Member (JPA) jurisdictions, and therefore is not approved for making payments as follows:

It is our understanding that the Authority passes the tax increment to its JPA member jurisdictions. Line items 1 through 8 on page 1 of the ROPS represent 100 percent of the tax increment generated from the Victor Valley Project Area passed to the JPA jurisdictions. Line items 9 through 106 are the contractual obligations derived from the Victor Valley Project Area that is jointly managed by the JPA members. The following duplicate ROPS items were found:

- Items 16 and 17 on page 1 in the amount of \$7.6 million reported on the Authority's ROPS were identical to items 5 and 19, on page 1 of the City of Victorville RDA's ROPS submitted to Finance for the same period.

Please revise the ROPS to separately identify the Authority's obligations and submit a revised board-approved ROPS to the following email address:

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

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the ROPS to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

Department of Finance may continue to review items on the ROPS in addition to those mentioned above and identify additional issues. We will provide separate notice if we are requesting further modifications to the ROPS. It is our intent to provide an approval notice with regard to each ROPS prior to the June 1 property tax distribution date.

Ms. Sophie Escobar  
May 3, 2012  
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Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL  
Program Budget Manager

cc: Mr. Larry Walker, Auditor Controller, San Bernardino County Auditor-Controller/  
Treasurer/ Tax Collector  
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County Auditor-Controller/  
Treasurer/ Tax Collector  
Ms. Linda Santillano, Supervising Accountant, San Bernardino County Auditor-  
Controller/ Treasurer/ Tax Collector  
Mr. Franz Zyss, Accountant III, San Bernardino County Auditor-Controller/ Treasurer/  
Tax Collector

shall be made on the authorization of the Executive Director of the Authority or his or her designee.

F. SOURCES OF AUTHORITY FUNDS

31. Sources of Funds. The anticipated sources of funds available to the Authority shall be derived solely from the properties and activities in the Project Area exclusive of the GAFB Parcels, which are as follows:

- (a) Grants and loans received by the Authority;
- (b) tax increment revenues;
- (c) Funds obtained by issuing bonds, notes, warrants and other evidences of indebtedness payable from tax increment revenues and/or other Authority revenues to finance costs and expenses incidental to the Authority projects;
- (d) Profits, income, sales proceeds, interest earnings from leases and land sales, tax increment revenues and funds from any other source derived.



The Authority shall arrange for its receipt of such funds from the above sources as are available to it and are necessary for the conduct of current Authority affairs. All funds available to the Authority shall be utilized for Authority projects and purposes in accordance with the terms of this Agreement.

To the extent permitted by law and in accordance with the delegation of authority as provided in Section 8 hereof, the Authority shall use best efforts to pursue and obtain any and all grant funds or loan funds which may be available in connection with the reuse and development of the GAFB Parcels and shall allocate such funds for use by Victorville or the Southern California Logistics Airport Authority, provided, however, that all obligations with respect thereto, shall be assumed by the City of Victorville in accordance with Section 8 hereof.

The primary source of Authority funds is anticipated to be tax increment revenues attributable to the Project Area, exclusive of the GAFB Parcels, in accordance with Health and Safety Code Section 33670(b) and received by the Authority pursuant to this Agreement and the Redevelopment Plan (the "Participating Jurisdictions Tax Increment Revenues"). The parties agree that the allocation and distribution of Participating Jurisdictions Tax Increment Revenues attributable to the Project Area exclusive of

the GAFB Parcels is specifically addressed and incorporated as part of the Redevelopment Plan adopted for the Project Area and Participating Jurisdictions Tax Increment Revenues can only be used in a manner consistent with California Community Redevelopment Law. Moreover, the tax increment revenues attributable solely to the GAFB Parcels (the "GAFB Tax Increment Revenues") are addressed and incorporated as part of the Redevelopment Plan and may only be used in a manner consistent with the Redevelopment Plan and for the benefit of the acquisition, reuse and development of the GAFB Parcels.

The Members agree that all GAFB Tax Increment Revenues, sales tax revenues and other revenues generated from activities on GAFB shall be used solely for the purposes of the reuse, operation, provision of services and development of GAFB.

32. Authority Costs. With respect to the funding of any items contained within an approved Authority Budget which require revenues other than those generated as Participating Jurisdictions Tax Increment Revenues, GAFB Tax Increment Revenues or revenues generated by or attributable solely to the Authority, the Members agree that the cost of funding any such items shall be borne by the Members of the Authority in the percentages indicated provided, however, that each Member's governing board has approved

33. Unexpended Funds. Any assets and any unexpended funds on deposit with the Authority and any direct or indirect moneys received or earned by the Authority shall, upon termination of this Agreement or upon the dissolution of the Authority, be distributed to the respective Members in proportion to outstanding balance of the amount that each Member's Contribution and/or Prior Contribution bears to the total allocation of revenues to the Authority up to the time of such termination or dissolution.

34. Tax Increment Agreement/Member Reimbursements. The Members hereby agree that the Authority shall not receive or use any property tax moneys, other than tax increment revenues as described in the Community Redevelopment Law and as provided in the Redevelopment Plan, which would have been received by any Member had the Redevelopment Plan not been adopted.

The Members further agree that for fiscal year 1997-98 and fiscal year 1998-99 all Participating Jurisdictions Tax Increment Revenues and GAFB Tax Increment Revenues received during such period, shall be allocated solely for use on property comprising the GAFB Parcels. Of said amount, twenty percent shall be set aside for low and moderate income housing purposes in accordance with the California Redevelopment Law. Thereafter, all GAFB Tax Increment Revenues will continue to be allocated for use

on GAFB with the understanding that Victorville shall set aside twenty percent thereof for low and moderate income housing purposes.

Commencing with the 1999-2000 fiscal year, the Participating Jurisdictions Tax Increment Revenues will be divided and allocated as follows: First, twenty percent (20%) of the Participating Jurisdictions Tax Increment Revenues shall be set aside for low and moderate income housing purposes and will be allocated to each Member for use by each Member in its own portion of the Project Area.

The remaining balance of Participating Jurisdictions Tax Increment Revenues, after the twenty percent set aside amounts, shall hereinafter be referred to as the "Net Revenues".

With respect to the Original Members, forty percent (40%) of the Net Revenues attributable to any Original Member's Territory, exclusive of the GAFB Parcels, shall be allocated for use in such Original Member's Territory and forty percent (40%) attributable to such Original Member's Territory shall be allocated solely for use on the GAFB Parcels.

The remaining balance equal to twenty percent (20%) of the Net Revenues attributable to each Original Member's portion of the Project Area, exclusive of the GAFB Parcel's, shall be placed into a separate reimbursement fund of the Authority and shall be paid out annually at the commencement of each fiscal year for eligible reimbursements to each Member in proportion to the outstanding balance of any Prior Contributions. After such reimbursements are made, such moneys may be used to reimburse Member Contributions.

Upon full reimbursement to each Original Member of their Prior Contributions and Original Member Contributions, the twenty percent (20%) portion of tax increment otherwise allocated for reimbursement shall be split such that fifty percent (50%) thereof shall be allocated for use in each Members territory with the remaining fifty percent (50%) to be allocated solely for use on GAFB.

With respect to the portion of the Project Area that lies within the boundaries of Adelanto, the Parties agree that (i) fifty per cent (50%) of the Net Revenues attributable to such area shall be allocated for use solely on GAFB, (ii) twenty-five percent (25%) of such Net Revenues shall be allocated for use in Adelanto's territory, and (iii) twenty-five percent (25%) shall be allocated

to reimburse the Authority for the administrative and start-up expenses and costs associated with the establishment of the Authority and the original Project Area as shown on Exhibit "B" attached hereto and incorporated herein by this reference until such time as said amount is paid in full, at which time said twenty-five percent (25%) portion shall thereafter be allocated for use by Adelanto in its portion of the Project Area.

Said reimbursement obligations of the Authority may, by a unanimous vote of all Commissioners, be subordinated to any bond financing or similar indebtedness as agreed to by the Authority.

The Parties further agree that there shall be no amendment of the Redevelopment Plan which would alter the allocation of tax increment revenues as provided in this Section 34 without the prior formal approval of each Member of the Authority.

#### G. ACCOUNTING AND AUDITS

35. Fiscal Year. The fiscal year of the Authority shall be from July 1, to and including June 30, following.

36. Accounting Procedures. Full books and accounts shall be maintained for the Authority in accordance with generally

accepted accounting practices established by or consistent with those utilized by the Controller designated by the Authority. In particular, the Controller and Treasurer of the Authority shall comply strictly with the requirements of the statutes governing joint powers agencies, Chapter 5, Division 7, Title 1, of the Government Code, commencing with Section 6500.

37. Audit. The records and accounts of the Authority shall be audited annually by an independent certified public accountant and copies of such audit report shall be filed with the County Auditor, State Controller, and each Member of the Authority no later than fifteen (15) days after receipt of said audit by the Commission.

#### H. FINANCING

38. Financing. The Authority shall have the power and authority to issue bonds and/or notes or similar forms of indebtedness in accordance with the procedures and requirements specified as follows:

- (a) Article 2, Chapter 5, Title 1, Division 7, of the Government Code commencing with Section 6540;

(b) Chapter 6, Title 5, Division 2, of the Government Code commencing with Section 54300;

(c) Health and Safety Code Section 33640;

(d) Any other provision of law, now in existence or hereafter enacted, applicable to the Authority.

The foregoing bonds may be issued for any purpose specified in paragraph 3 herein.

The Authority shall also have the power to utilize any other financing mechanism which is legally authorized for any Members of the Authority, or for a redevelopment agency.

In connection with the issuance of any bonds or similar forms of indebtedness which are to be secured by a pledge of lease revenues or sales tax revenues attributable solely to activities on or at GAFB, any such issuance may be undertaken and authorized solely by Victorville or the Southern California Logistics Airport Authority without the consent of the other Members; provided, however, that the proceeds of any such debt issuance shall be used



to cause the development and redevelopment of GAFB and shall not be used for activities outside of the boundaries of GAFB.

In connection with the issuance of any bonds or similar forms of indebtedness to be issued by the Authority which are to be secured by a pledge of Participating Jurisdictions Tax Increment Revenues, the Members agree that the Authority shall only issue such bonds or indebtedness to the extent the Authority receives the consent of all Members and the pledge by all Members of that portion of each Participating Member's Tax Increment Revenues which would otherwise be allocated for use by such Member in its own territory pursuant to Section 34 hereof.

Notwithstanding the foregoing, each of the Members or their respective Redevelopment Agencies may, individually or jointly with other Members or their respective Redevelopment Agencies, undertake the issuance of tax increment bonds or similar forms of indebtedness secured by tax increment revenues by pledging that portion of the Participating Members' Tax Increment Revenues which is attributable to such Participating Member's jurisdiction and which would otherwise be allocated for use by such Member(s) pursuant to Section 34 hereof and which is not otherwise earmarked for use in connection with the development and redevelopment of

GAFB. Any such issuance shall not require the official authorization of the Authority.

The Members further agree that Victorville, the Victorville Redevelopment Agency or the Southern California Logistics Airport Authority may pledge that portion of Participating Member's Tax Increment Revenues which, pursuant to Section 34 of this Agreement, is to be allocated to GAFB, along with any GAFB Tax Increment Revenues, to secure the issuance of tax increment bonds or similar indebtedness, provided, however, that the proceeds of any such debt issuance shall only be used for the purposes of causing the redevelopment and development of GAFB. Any such issuance by Victorville, the Victorville Redevelopment Agency or the Southern California Logistics Airport Authority shall not require the official authorization of the Authority.

39. Fiscal Review. The Authority in accordance with Health and Safety Code Section 33492.40 previously caused the formation of a fiscal advisory committee (the "Fiscal Advisory Committee") for the purpose of advising the Authority of the fiscal impacts suffered, or to be suffered, by any taxing agencies with territory located within the Project Area which fiscal impacts are caused by, or attributable to, the adoption of the Redevelopment Plan, or an amendment thereto. Each Member shall, during any

49. Amendment. This Agreement shall contain all of the terms and conditions made between the parties hereto and shall not be amended except by an agreement in writing signed by all parties.

50. Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto.

51. Assignment. The parties hereto shall not assign any rights or obligations under this Agreement without the written consent of all other parties. Notwithstanding the foregoing, the Members hereby assign their respective rights to receive, expend and encumber Participating Jurisdiction Tax Increment Revenues and GAFB Tax Increment Revenues under this Agreement, to their respective redevelopment agencies which have been formed in accordance with the California Community Redevelopment Law. Each Member's redevelopment agency hereby accepts such assignment through its execution of this Agreement.

52. Additional Documents. The parties hereto agree upon request to execute, acknowledge and deliver all additional papers and documents necessary or desirable to carry out the intent of this Agreement.

AGENDA ITEM #4

OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE  
VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY  
MEETING OF: MAY 24, 2012

SUBJECT: Update and Possible Action- ROPS#2 (July-Dec 2012)

RECOMMENDATION: To be determined

FISCAL IMPACT: To be determined

DISCUSSION: On May 10, 2012, the Oversight Board approved ROPS#2 and it was transmitted to the Department of Finance the same day. On May 15, 2012, DOF provided the attached notice that it intends to request additional information regarding this submittal. This item is being agendaized in the event the DOF responds prior to the meeting date, and any possible action required by DOF's response will be determined at the meeting.

Staff remains available for any questions or comments you might have.

Submitted by: Keith Metzler/Executive Director

Attachments: May 15, 2012 Correspondence from DOF

## Jennifer Thompson

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**From:** Mendez, Rosalie [Rosalie.Mendez@dof.ca.gov]  
**Sent:** Tuesday, May 15, 2012 8:21 AM  
**To:** Jennifer Thompson  
**Cc:** Lor, Cindie; Franciliza.Zyss@atc.sbcounty.gov; Vanessa.doyle@atc.sbcounty.gov; linda.santillano@atc.sbcounty.gov; Larry.Walker@atc.sbcounty.gov; Sophie Escobar  
**Subject:** Final ROPS Review for Jul - Dec for Victor Valley

Dear Jennifer Thompson,

On May 10, 2012, we received the Recognized Obligation Payment Schedule (ROPS) that was approved by your Oversight Board for the Victor Valley Project. Health and Safety Code section 34179 (h) allows the California Department of Finance (Finance) three business days to request a review of an Oversight Board action.

This email serves as notice that we are requesting a review of one or more Enforceable Obligations contained in your ROPS. Pending the resolution of the questions we have on these Enforceable Obligations, your ROPS shall not be effective.

Since Finance is statutorily obliged to operate within a 10-day review period, we will be contacting you shortly to obtain further clarification and supporting documentation for the Enforceable Obligations in question. We hope to work expeditiously with you to resolve these questions within the specified time frame.

Thank you,

*Rosalie Mendez, Analyst*

*Department of Finance*

*915 L Street*

*Sacramento, CA 95814*

*916-322-2985 x3178*

*Fax (916) 322-4738*