

**TECHNICAL ADVISORY COMMITTEE TO THE
VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING AGENDA**

Southern California Logistics Airport
18374 Phantom Street, Theater Room
Victorville, CA 92394
Wednesday October 17, 2012

3:30 P.M.

CALL TO ORDER

ITEM 1 PUBLIC COMMENT

DISCUSSION AGENDA

- ITEM 2 APPROVE MINUTES OF THE VICTOR VALLEY ECONOMIC DEVELOPMENT
AUTHORITY OF SEPTEMBER 19, 2012 REGULAR MEETING
- ITEM 3 WORKSHOP REGARDING ROPS PREPARATION
- ITEM 4 BUSINESS AND COMMENTS
- ITEM 5 NEXT SCHEDULED MEETING: NOVEMBER 21, 2012 – REGULAR MEETING
- ITEM 6 ADJOURNMENT

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY
TECHNICAL ADVISORY COMMITTEE

REGULAR MEETING MINUTES

Southern California Logistics Airport
18374 Phantom Street, Theater Room
Victorville, CA 92394

Wednesday, September 19, 2012
3:30 P.M

PRESENT:

Sophie Escobar, City of Victorville
Marc Puckett, Town of Apple Valley
Jim Hart, City of Adelanto
Dena Fuentes, County of San Bernardino (3:46)

Keith Metzler, Executive Director
Andre de Bortnowsky, Legal Counsel
Jennifer Thompson, Secretary to the Commission

ABSENT:

Steve Lantsberger, City of Hesperia

OTHERS PRESENT:

Gary Hallen, County of San Bernardino (3:46)

Laurie Hunter, County of San Bernardino (4:13)

CALL TO ORDER

Executive Director Metzler called the meeting of the Victor Valley Economic Development Authority Technical Advisory Committee to order at 3:44 p.m.

PUBLIC COMMENT

None

DISCUSSION AGENDA

**APPROVE MINUTES OF THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY
TECHNICAL ADVISORY COMMITTEE OF JUNE 20, 2012 REGULAR MEETING**

Motion: That the Technical Advisory Committee approve the minutes as presented.

MOTION: HART SECOND: ESCOBAR
AYES: HART, PUCKETT, ESCOBAR
NOES: NONE
ABSENT: FUENTES, LANTSBERGER
ABSTAIN: NONE

TRANSMITTAL OF SCLAA 12/13 BUDGET

Keith Metzler indicated that this item is provided for information purposes only and does not require any action by TAC or the Board; it allows VVEDA to have an opportunity for non-binding recommendations. Mr. Metzler indicated that it is the operating budget for the airport and is very basically the operating revenues versus expenditures that happen on the airport.

Dena Fuentes commented that the Supervisor may ask question as it relates to debt service coverage for the SCLA authority and between the debt service and trust fund revenues if there is enough to cover debt service payments for the SCLAA.

Keith Metzler answered that the tax increment revenues are not adequate to service the debt service and that the fiscal consultant reports done as a part of the continuing disclosure reports has identified, for the past three years that debt service coverage is below 1. As it relates to this fiscal year and ROPS cycle, nothing has changed. Mr. Metzler went over the change to the budgeting process whereby the debt service is no longer listed in the SCLA budget as we know it today.

Discussion ensued between Keith Metzler, Sophie Escobar and Dena Fuentes in regards to the debt service. It was noted that there will be a shortfall for the December payment of \$3.3 million require relying on reserves with the trustee.

Mr. Metzler indicated that as it relates to this item in the Grand Jury report, it seems to comingle operating and organizational revenue and expenditure basically aggregating everything that the Airport Authority does.

DISCUSSION AND POSSIBLE DIRECTION REGARDING THE 2012 GRAND JURY REPORT

Keith Metzler indicated that this item was requested by the Chairman of the Board and is being presented by Legal Counsel. It was noted that there is some confusion as to whether or not VVEDA needs to respond, but to be cautious, VVEDA should respond in some fashion.

Andre de Bortnowsky advised that there is one recommendation requirement for VVEDA and VVEDA was not really a part of the process. He noted that looking at the Grand Jury report VVEDA is not indicated as one of the entities being investigated, but the report has one comment. Mr. de Bortnowsky went over issues with the Grand Jury report as it relates to this comment whereby they question the delegation that happened in 1997 in the formation of the airport authority. Mr. de Bortnowsky indicated that the Grand Jury questioned three or four transactions and whether or not the Airport Authority and Victorville had been doing them appropriately in accordance with the formation documents. He expressed frustration in the fact that the Grand Jury did not look at all the documents and they did not focus on the redevelopment plan, the report to council and past practices of the VVEDA Board and the philosophy of the Board to give autonomy to the various jurisdictions on how to do things in their jurisdiction. Mr. de Bortnowsky reviewed possible response to the Grand Jury report.

Keith Metzler identified that Section 5 of the Grand Jury report is the pertinent section for VVEDA to review and is similar to issues that were raised by the VVEDA Board in early January 2011 where there were questions and concerns raised by a couple of jurisdictions as it related to tax increment expenditures at SCLA. Mr. Metzler noted that for several months there was correspondence between the member jurisdictions as it relates to tax increment expenditures at SCLA and whether it was consistent with the JPA. It was noted that this information has been

provided to the member jurisdictions and that VVEDA did not make any formal conclusion but was an exercise that VVEDA went through and very similarly the Grand Jury is suggesting that VVEDA go through that exercise. Mr. Metzler indicated that in the Victorville Grand Jury response in noted the exercise taken by VVEDA and that nothing had come of it. Mr. Metzler indicated that it is at the discretion of the Board on how they would like to respond.

Dena Fuentes indicated that the discussion that the Supervisor will have with fellow Board members is in alignment with the Grand Jury report as it relates to the ongoing operations and management of VVEDA and the SCLA component under the auspices of Victorville. It will obviously be up to the Board to decide in that perspective. Ms. Fuentes noted that the Supervisor will be asking the Board to submit a formal response to the Grand Jury on behalf of the VVEDA Board and discussion on who should prepare that as it places staff to VVEDA, as they are staff to Victorville, in an awkward situation. Ms. Fuentes indicated that they had reviewed this item with County counsel and that County counsel indicated that since VVEDA was not being investigated as an entity that it did not require a formal response from VVEDA. She advised that she believed the Supervisor would ask VVEDA to formally respond.

Andre de Bortnowsky indicated that some form of a response is advisable.

Discussion ensued between the TAC members as it relates to Harvey Rose, the consultant for the Grand Jury report and issues with Harvey Rose.

BUSINESS AND COMMENT

Dena Fuentes asked question as it relates to the ROPS process and a summary of the dialogue between VVEDA and the DOF as it relates to DOF's view of the funds from VVEDA to the member jurisdictions. Particularly if the member jurisdictions do not have enforceable obligations for those funds. Ms. Fuentes wanted to know if they will treat the JPA as an enforceable obligation or will they look deeper as she is concerned with the sweeping of funds if no enforceable obligations are present.

Ms. Escobar indicated that there is no clear answer for VVEDA because there are some members of VVEDA that are receiving VVEDA funds per the JPA and may not have enforceable obligations. Ms. Escobar noted that the discussion with DOF was that they would accept the JPA as the one enforceable obligation of VVEDA and that the discussion with DOF did not go into that level of detail.

Discussion ensued between TAC members as it relates to the ROPS and the reconciliation process on the ROPS form. It was noted that each member jurisdiction is preparing the ROPS differently and therefore a workshop should be conducted so that all VVEDA members are preparing the ROPS in the same fashion.

It was noted that the next regularly scheduled TAC meeting of October 17, 2012 would be an appropriate time for the ROPS workshop.

CLOSED SESSION

Conference with legal counsel regarding existing litigation pursuant to Government Code Section 54956.9(a): Victor Valley Economic Development Authority v. State of California, et al., Sacramento Superior Court Case No. 34-2012-80001113

Closed Session Called at 4:28 p.m.
Closed Session Adjourned at 4:40 p.m.

There was no reportable action.

ADJOURNMENT

Executive Director Metzler adjourned the regular meeting of the Victor Valley Economic Development Authority Technical Advisory Committee at 4:40 p.m.

MOTION: FUENTES SECOND: HART
AYES: HART, FUENTES, ESCOBAR, PUCKTT
NOES: NONE
ABSENT: LANTSBERGER
ABSTAIN: NONE

STATE OF CALIFORNIA
COUNTY OF SAN BERNARDINO

I, Jennifer Thompson, Secretary to the Commission of the Victor Valley Economic Development Authority, and the Successor Agency to the Victor Valley Economic Development Authority hereby certify the foregoing to be a full, true, and correct copy of the record of the action taken by said Committees by vote of the members present, as the same appears in the Official Minutes of the Victor Valley Economic Development Authority at its regular meeting of September 19, 2012.

(SEAL)

Jennifer Thompson
Secretary to the Commission