



April 14, 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

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 13-14A) to the California Department of Finance (Finance) on February 28, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, 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 obligation(s):

- Items 5 and 15 – AMCAL Multi-Housing Loan Agreements totaling \$4,473,730, payable from bond proceeds. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Because the loan agreement with AMCAL Multi-Housing, Inc. was entered into on June 28, 2011, after June 27, 2011, these line items are not enforceable obligations. Pursuant to HSC section 34191.4 (c), your request to use bond proceeds for this obligation may be allowable once the Agency receives a Finding of Completion from Finance and if the bond proceeds requested for use were derived from bonds issued prior to January 1, 2011.
- Item No 9 – Yucca Loma Bride Corridor in the amount of \$1,000,000; payable from bond proceeds. It is our understanding that a contract for this line 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), your request to use bond proceeds for this obligation may be allowable once the Agency receives a Finding of Completion from Finance and if the bond proceeds requested for use were derived from bonds issued prior to January 1, 2011.
- Item Nos. 10 and 11 – Yucca Loma Bridge Corridor costs totaling \$873,000. It is our understanding that contracts for this line 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. Therefore, this item is not an enforceable obligation and not eligible for funding on the ROPS.

- Item Nos. 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. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance’s website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

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 or reclassified as administrative cost	
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/).

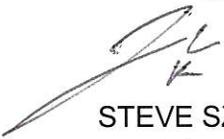
This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are 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 Nichelle Thomas, Supervisor or Susana Medina-Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

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