

May 31, 2012

Sophie L. Escobar, Assistant Director of Economic Development
City of Victorville
14343 Civic Drive
Victorville, CA 92392

Dear Ms. Escobar:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Victorville Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 12, 2012 for the period January to June 2012 and on May 24, 2012 for the period July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

Except for items disallowed in whole or in part as enforceable obligations in Finance's letter dated April 26, 2012 and below, Finance is approving the remaining items listed in your ROPS for both periods.

July to December 2012 ROPS:

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

- Page 1, line items 14 and 21 in the amount of \$1.8 million. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for these line items have not yet been awarded or were awarded after June 27, 2011.
- Page 1, line item 20 in the amount of \$150,000. The contract is between the City of Victorville and a third party.
- Page 2, line item 27 in the \$13.3 million. This is a duplicative amount for bond payments listed on Page 2, line items 6 through 9.

This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an

enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware, the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

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