



Transmitted via e-mail

April 13, 2022

Keith C. Metzler, Executive Director
City of Victor Valley
14343 Civic Drive
Victorville, CA 92392

2022-23 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Victor Valley Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to the California Department of Finance (Finance) on January 28, 2022. Finance has completed its review of the ROPS 22-23.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 24 and 25 – Low and Moderate Income Housing Fund (LMIHF) Loan repayments to the Victorville Housing Successor Agency totaling \$12,621,875 (\$6,987,500 + \$5,634,375) are not allowed.

Pursuant to HSC section 34171 (d) (1) (G), a deferral or loan from a former redevelopment agency's LMIHF can qualify as an enforceable obligation of the successor agency to such former Redevelopment Agency (RDA). However, Finance previously denied Oversight Board (OB) actions related to these items for the following reasons:

- Item No. 24 – Supplemental Educational Revenue Augmentation Fund (SERAF) Loan for fiscal year 2009-10 in the total outstanding amount of \$6,987,500 is not allowed. OB Resolution No. 2022-13, making a finding that the former RDA of the Victor Valley Economic Development Authority's (VVEDA) SERAF Loan was for legitimate redevelopment purposes and taking certain related actions, was denied in our letter dated March 11, 2022.
- Item No. 25 – LMIHF Loan in the total outstanding amount of \$5,634,375 is not allowed. OB Resolution No. 2022-14, approving a finding that the former RDA of VVEDA's Property Acquisition Loan was for legitimate redevelopment purposes and taking certain related actions, was denied in our letter dated March 11, 2022.

The Agency is requesting repayment for a loan from Victorville RDA's LMIHF for payment of Victorville RDA's SERAF payment and redevelopment activities. While the use of Victorville's LMIHF to pay the amounts may be enforceable obligations for the Victorville Successor Agency, these are not enforceable obligations of the Agency. Therefore, the requested amounts of \$6,987,500 and \$5,634,375, respectively, are not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

- Item No. 33 – Bear Valley Loan in the total outstanding amount of \$14,125,000 is not allowed. Pursuant to HSC section 34191.4 (b), loan agreements between the former RDA and sponsoring entity may be placed on the ROPS if the following requirements are met: (1) the Agency has received a Finding of Completion; and (2) the Agency's OB approves the loan as an enforceable obligation by finding the loan was for legitimate redevelopment purposes.

The Agency received a Finding of Completion on May 15, 2013. However, OB Resolution No. 2022-15, approving a finding that VVEDA's Bear Valley loan was for legitimate redevelopment purposes and taking certain related actions, was denied in our letter dated March 11, 2022. While the Joint Exercise of Powers Agreement (JPA Agreement) may allow JPA member agencies to incur debts on behalf of the Agency, no JPA member signed the loan, and the responsible party is not a member of the JPA. In addition, in both the loan and the promissory note, there is no indication that any entity other than Southern California Logistics Airport Authority is obliged to repay the loan; and the loan did not specify Agency funds as the funding source for the loan repayment. Therefore, the Bear Valley Loan is not the responsibility of the Agency, and the requested amount of \$14,125,000 is not eligible for RPTTF funding.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2019 through June 30, 2020 (ROPS 19-20) period. The ROPS 19-20 prior period adjustment (PPA) will offset the ROPS 22-23 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$21,719,686, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2022 through December 31, 2022 period (ROPS A period), and one distribution for the January 1, 2023 through June 30, 2023 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 22-23 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the adjusted items, Finance approves the remaining items listed on the ROPS 22-23 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 22-23, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days from the date of this letter. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 22-23. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 22-23 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 22-23 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Zuber Tejani, Supervisor, or Dylan Newton, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Sydnie Harris, Director of Finance, Apple Valley, Treasurer of VVEDA
Linda Santillano, Chief Deputy, Property Tax, San Bernardino County

Approved RPTTF Distribution July 2022 through June 2023			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 41,076,613	\$ 7,543,739	\$ 48,620,352
Administrative RPTTF Requested	86,127	156,500	242,627
Total RPTTF Requested	41,162,740	7,700,239	48,862,979
RPTTF Requested	41,076,613	7,543,739	48,620,352
<u>Adjustment(s)</u>			
Item No. 24	(6,987,500)	0	(6,987,500)
Item No. 25	(5,634,375)	0	(5,634,375)
Item No. 33	(14,125,000)	0	(14,125,000)
	(26,746,875)	0	(26,746,875)
RPTTF Authorized	14,329,738	7,543,739	21,873,477
Administrative RPTTF Authorized	86,127	156,500	242,627
ROPS 19-20 prior period adjustment (PPA)	(396,418)	0	(396,418)
Total RPTTF Approved for Distribution	\$ 14,019,447	\$ 7,700,239	\$ 21,719,686