



Southern California
LOGISTICS AIRPORT

December 1, 2014

NOTICE TO BONDHOLDERS AND "REPORTING OF SIGNIFICANT EVENTS" CONCERNING THE FOLLOWING BONDS ISSUED BY THE SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY (SCLAA)

FOR: Senior Lien Pledge, Non-Housing Bonds:

SCLAA, Tax Allocation Parity Bonds, Series 2005A
SCLAA, Taxable Tax Allocation Revenue Parity Bonds, Series 2006
SCLAA, Tax Allocation Revenue Parity Bonds, Refunding Series 2006
SCLAA, Taxable Tax Allocation Revenue Parity Forward Bonds, 2006

Junior Lien Subordinate Pledge, Non-Housing Bonds:

SCLAA, Taxable Subordinate Tax Allocation Revenue Bonds, Series 2006

Subordinate Pledge, Non-Housing Bonds:

SCLAA, Subordinate Tax Allocation Revenue Bonds, Series 2007
SCLAA, Subordinate Tax Allocation Revenue Bonds, Series 2008A

Housing Bonds:

SCLAA, Tax Allocation Revenue Parity Refunding Housing Bonds, 2006
SCLAA, Taxable Housing Set-Aside Revenue Parity Bonds, Series 2007

SUMMARY

On August 22, 2014, Victor Valley Economic Development Authority issued a check for \$8,390,942 to the City of Victorville which consisted of tax increment distribution revenue from December 14, 2013 through April 30, 2014. Of this amount \$40,000 will be used for administrative and fiscal agent fees. Principal and interest payments for debt service payments due 12-1-2014, on the Senior, Non-Housing Bonds, and the Housing Bonds total \$8,527,789. There was a remaining amount available after the June 1, 2014 debt service payments of \$473,947. Additional interest of \$21,478 was needed for the 2006 Subordinate payment since it was not made timely. Therefore the remaining amount available after the June 1, 2014 payments was \$452,469. This remaining amount along with the \$8,390,942 will be used for the bond obligations on the Senior, Non-Housing Bonds and the Housing Bonds debt service payments due on December 1, 2014 of \$8,527,789. This will result in a remaining amount of \$275,622 which will be held with the Successor Agency to be used on June 1, 2015 for debt service payments.

A default will occur on the principal and interest payments for the SCLAA Taxable Subordinate Tax Allocation Revenue Bonds 2006 and the SCLAA Subordinate Tax Allocation Revenue Bonds 2007. A default will also occur on the principal payment on the SCLAA Subordinate Tax Allocation Revenue Bonds 2008A. The Successor Agency anticipates receiving tax increment in March 2015 to cure the default of \$2,572,269 on the SCLAA Taxable Subordinate Tax Allocation Revenue Bonds 2006. However, the defaults on the SCLAA Subordinate Tax Allocation Revenue Bonds 2007 and the SCLAA Subordinate Tax Allocation Revenue Bonds 2008A will not be cured until sufficient tax increment is received from Victor Valley Economic Development Authority.

On November 12, 2014, the City of Victorville received a letter from the California Department of Finance (DOF) regarding a request by the Victor Valley Economic Development Authority (VVEDA) for final and conclusive determination of the VVEDA JPA. In general, California Health and Safety Code (H&SC) Section 34177.5(i) provides, as a part of the statewide redevelopment dissolution effort, an opportunity for the DOF to make a determination that an Enforceable Obligation, as approved in a Recognized Obligation Payment Schedule (ROPS), is final and conclusive and reflects DOF's approval of subsequent payments to be made pursuant to the Enforceable Obligation. Specific to this Notice, a Final and Conclusive

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Determination has been granted by the DOF recognizing that payments made pursuant to the VVEDA JPA to Victorville for the payment of SCLAA bonds as an Enforceable Obligation. The Final and Conclusive Determination is subject to DOF's verification of the actual amounts of debt service to be paid to satisfy the SCLAA bonds and shall not be understood as a guarantee that tax increment revenues from VVEDA to support the SCLAA Bonds will be sufficient to satisfy its debt service obligations.

The below table represents the 12-1-2014 distribution, use of reserves, and defaults:

Debt Issue	12-1-2014 Principal & Interest	12-1-2014 Use of Reserves	12-1-2014 Default
SCLAA Tax Allocation Revenue Parity Bonds 2005A	1,326,583		
SCLAA Tax Allocation Revenue Parity Bonds 2006	1,398,505		
SCLAA Tax Allocation Revenue Parity Bonds 2006, Refunding	2,207,394		
SCLAA Tax Allocation Revenue Parity Bonds 2006, Forward	1,437,521		
SCLAA Housing Set Aside Revenue Bonds 2006, Refunding	594,848		
SCLAA Housing Set Aside Revenue Parity Bonds 2007	1,562,938		
SCLAA Taxable Subordinate Revenue Bonds, 2006			2,572,269
SCLAA Subordinate Tax Allocation Revenue Bonds, 2007			1,672,705
SCLAA Subordinate Tax Allocation Revenue Bonds, 2008A		168,325	80,000
	8,527,786	168,325	4,324,974

A detail spreadsheet summarizing the payments, draw on reserves, defaults, and a projection of remaining reserve balances on December 2, 2014 is attached. The Bank of New York Mellon does not provide for partial use of reserves for interest payments. Therefore, the SCLAA Subordinate Tax Allocation Revenue Bonds 2007 could not use the remainder of reserves available for interest payments.

Several material events have occurred that have resulted in SCLAA defaulting on the bond issues and the use of reserves with the Trustee for interest payments:

- (1) As part of adopting its 2009 budget bill, the State of California approved AB 26 4X, which included a provision that required redevelopment agencies to make remittance for FY 10/11 to a county Supplemental Educational Revenue Augmentation Fund. Tax increment on hand from SCLAA paid this obligation of \$9,352,308 in FY 09/10 and \$1,923,641 in FY 10/11. These state-mandated payments severely impacted SCLAA's cash reserves.
- (2) In Fiscal Year 08-09, the assessed value for the Victor Valley Redevelopment Project Area was approximately \$9.49 billion. Since that time, there has been a significant decrease in assessed value for the Victor Valley Redevelopment Project Area. For Fiscal Year 13-14, the assessed value for the Project Area was approximately \$6.78 billion. The decrease was largely the result of the Great Recession.
- (3) The State of California enacted legislation in June 2011 which eliminated all Redevelopment Agencies across the state. The Redevelopment Agency (RDA) dissolution process has created cash flow issues. Revenue distributed by the County of San Bernardino on January 2 is typically the larger distribution; however, the January 2 distribution is designated for June 1 interest only debt service payments. The June 1 distribution from the County, which is typically the smaller distribution, is designated for December 1 principal and interest debt service payments.

The information contained herein has been approved for filing with the MSRB's Electronic Municipal Market Access system ("EMMA") by the Southern California Logistics Airport Authority, which as authorized and instructed the Bank of New York Mellon Global Corporate Trust to file this report in its capacity as the Disseminating Agent for the SCLAA bonds.



Adele Mosher, Disclosure Representative
Southern California Logistics Airport Authority

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY
December 1-2014 Debt Service Payment

Name of Debt	Debt	Reserve Fund Requirement	BNY Reserve 10/31/2014	Debt Service Principal 12/1/2014	Debt Service Interest 12/1/2014	Total Debt Service 12/1/2014	Available from VVEDA Distributions	Use of Reserve 12/1/2014	Default	BNY Reserve 12/2/2014	% Reserve Fully Funded 12/2/2014
Senior Debt											
SCLA Tax Alloc. Rev. Parity Bonds (Partially Refunded)	26,850,000	1,797,890	1,797,890	860,000	466,583	1,326,583	1,326,583			1,797,890	100%
SCLA Tax Allocation Revenue Parity Bonds	45,020,000	4,334,091	4,334,091	105,000	1,293,505	1,398,505	1,398,505			4,334,091	100%
SCLA Tax Allocation Revenue Parity Bonds (Refunding)	62,780,000	3,519,300	3,519,300	905,000	1,302,394	2,207,394	2,207,394			3,519,301	100%
SCLA Tax Allocation Revenue Parity Bonds	34,980,000	2,476,455	2,476,455	400,000	1,037,521	1,437,521	1,437,521			2,476,456	100%
Total Senior Debt	169,630,000	12,127,736	12,127,738	2,270,000	4,100,003	6,370,003	6,370,003			12,127,738	
Housing Set-Aside											
SCLA Housing Set-Aside Revenue Bonds (Refunding)	16,855,000	946,001	946,001	245,000	349,848	594,848	594,848			946,001	100%
SCLA Taxable Housing Set-Aside Revenue Parity Bonds (other 50% of Reserve is insured)	41,460,000	1,301,205	1,301,205	530,000	1,032,938	1,562,938	1,562,938			1,301,205	100%
Total Housing Set-Aside Debt	58,315,000	2,247,206	2,247,206	775,000	1,382,786	2,157,786	2,157,786			2,247,206	
Total Senior and Housing Set-Aside Debt	227,945,000	14,374,942	14,374,944	3,045,000	5,482,788	8,527,788	8,527,789			14,374,944	
Senior Subordinate Debt											
SCLA Taxable Subordinate Tax Allocation Revenue Bonds	64,165,000	4,389,930	4,389,930	755,000	1,817,269	2,572,269			2,572,269		0%
TOTAL SENIOR, HOUSING AND SR. SUBORDINATE DEBT	292,110,000	18,764,872	14,374,944	3,800,000	7,300,057	11,100,057	8,527,789		2,572,269	14,374,944	
Junior Subordinate Debt											
SCLA Subordinate Tax Allocation Revenue Bonds	42,000,000	2,824,473	491,331	530,000	1,142,705	1,672,705			1,672,705	491,331	17%
SCLA Subordinate Tax Allocation Revenue Bonds	13,334,925	1,332,492	493,613	80,000	168,325	248,325		168,325	80,000	325,288	24%
Total Junior Subordinate Debt	55,334,925	4,156,965	984,944	610,000	1,311,030	1,921,030		168,325	1,752,705	816,619	
TOTAL	347,444,925	22,921,837	15,359,888	4,410,000	8,611,087	13,021,087	8,527,789	168,325	4,324,974	15,191,563	
Payment from VVEDA to SCLAA & Victorville - 8/22/2014							8,390,942.00				
Remaining balance from Payment from VVEDA to SCLAA & Victorville 3/20/2014							452,469.00				
Less Amount Held at SCLAA for Fiscal Agents Fees, Continuing Disclosure Reports, Arbitrage fees							(40,000.00)				
Available for December 1, 2014 Debt Service Payments							8,803,411.00				
Available for 12/1/2014 Debt Service Payment on SCLAA 2006 Bond Issue							275,622.00				