



Southern California
LOGISTICS AIRPORT

November 14, 2012

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

FOR: 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
SCLAA, Taxable Subordinate Tax Allocation Revenue Bonds, Series 2006
SCLAA, Subordinate Tax Allocation Revenue Bonds, Series 2007
SCLAA, Subordinate Tax Allocation Revenue Bonds, Series 2008A
SCLAA, Tax Allocation Revenue Parity Refunding Housing Bonds, 2006
SCLAA, Taxable Housing Set-Aside Revenue Parity Bonds, Series 2007

SUMMARY

On December 1, 2012, debt service payments relating to the aforementioned bond issues totaling \$12,816,117 are due from Southern California Logistics Airport Authority (SCLAA). SCLAA has cash on hand from tax increment of \$9,916,551. Of the \$9,916,551, \$6,265,194 will be used for senior debt principal and interest payments and \$2,127,013 will be used for the housing debt principal and interest payments. The remaining \$1,524,344 will be proportionately divided among the subordinate debt payments of interest and principal¹.

SCLAA Default on Bonded Debt

On December 1, 2012, the SCLAA will default on the principal payment of \$485,000 for SCLAA Subordinate Tax Allocation Revenue Bonds, Series 2007 and the principal payment of \$75,000 for SCLAA Subordinate Tax Allocation Revenue Bonds, Series 2008A.

Draws on Reserves with the Trustee for the December 1, 2012 payments will be as follows:

SCLAA Taxable Subordinate Revenue Bonds	2006	\$1,657,593
SCLAA Subordinate Tax Allocation Rev Bonds	2007	\$ 597,490
SCLAA Subordinate Tax Allocation Rev Bonds	2008A	\$ 84,483

¹ This Notice represents SCLAA's understanding of the application of funds for the December 1, 2012 debt service payments. Please note, the final authority as to application of payment lies with the bond trustee.

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Several material events have occurred that have resulted in SCLAA defaulting on the two 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 in the aggregate amount of \$1.7 billion for FY 09/10 and \$350 million for FY 10/11 to a county Supplemental Educational Revenue Augmentation Funds (SERAF), in order to assist the State in balancing its budget. Tax increment from SCLAA was used to pay the SERAF obligation amounting to \$9,352,308 in FY 09/10 and \$1,923,641 in FY 10/11.
- (2) There has been a significant decrease in assessed value for the Victor Valley Redevelopment Project Area. The decrease was largely the result of the recent economic downturn.
- (3) The California Redevelopment Agency (RDA) dissolution process has created cash flow issues due to the new processes imposed by the legislation. Essentially, revenue receipts are delayed significantly for each six month period as the Recognized Obligation Payment Schedule (ROPS) makes its way through the various levels of approval. For the July through December 2012 period, the new cash made available via distribution from the County represented funds collected from February 1 through April 30, 2012. The May 2012 amounts, which typically equal about 40% of the entire year's collections, will not be distributed to the Successor Agencies until January 2013. This delayed receipt of funds by Victor Valley Economic Development Agency (VVEDA) leads to a delayed distribution to its JPA members, which ultimately contributes to the shortfall already realized due to sharp decreases in property values over the last several years. For December 2012, as was the case last December 2011, any and all existing cash balances on hand must be sent to the Trustee in order for the RDA and SCLAA to meet as much of its contractual obligations as possible.

CLOSING

A conference call has been scheduled for Tuesday, November 20, 2012 at 1:30 pm (PST) for SCLAA staff to answer any questions resulting from this notice. The call- in number is (760) 243-4773 to participate in the conference call.

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.



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Southern California Logistics Airport Authority