

Board Meeting of  
June 26, 2013

Honorable Chair and Members  
of the City of Torrance Oversight Board  
City Hall  
Torrance, California

Members of the Oversight Board:

**Subject: Finance – Adopt RESOLUTIONS on the refinancing of Successor Agency Obligations**

**Expenditure: None**

### **RECOMMENDATION**

Recommendation that the Oversight Board to the City of Torrance as Successor Agency to the former Redevelopment Agency of the City of Torrance:

- 1) Adopt a **RESOLUTION** regarding the Torrance Industrial Project Area requesting direction to undertake proceedings for the refunding of outstanding bonds of the former Redevelopment Agency of the City of Torrance, and making certain determinations and providing other matters relating thereto; and
- 2) Adopt a **RESOLUTION** regarding the Torrance Downtown Project Area requesting direction to undertake proceedings for the refunding of outstanding bonds of the former Redevelopment Agency of the City of Torrance, making certain determinations and providing other matters relating thereto.

### **Funding**

All expenses associated with the cost of refinancing the Successor Agency Obligations will be paid from proceeds of the financing.

### **BACKGROUND/ANALYSIS**

On June 18, 2013, the City Council as Successor Agency to the Former Redevelopment Agency of the City of Torrance approved two Resolutions directing Preparation of Proceedings for the Refunding of Outstanding Bonds of the Former Redevelopment Agency of the City of Torrance, requesting certain determinations by the Oversight Board and providing other matters relating thereto for the Industrial Project Area and the Downtown Project Area.

City staff is working with Jones Hall (the City's Bond Counsel and Disclosure Counsel), NHA Advisors (the City's Financial Advisor) and Morgan Stanley (the City's Underwriter) to develop the financial analysis, process and initial documentation necessary to seek approvals and issue refunding bonds. The basis for the proposed refunding includes reducing interest rates on the outstanding bonds (as described below) and removing certain sales tax pledges from the Redevelopment Agency tax allocation bonds.

The Redevelopment Agency previously issued the following outstanding bonds (collectively, the "Outstanding Bonds")

- \$8,500,000 Redevelopment Agency of the City of Torrance (Downtown Redevelopment Project) Tax Allocation Refunding Bonds, 1998 Series A (the “1998 Downtown Bonds”). The final maturity date of the 1998 Downtown Bonds is September 1, 2028.
- \$12,770,000 Redevelopment Agency of the City of Torrance (Torrance Industrial Redevelopment Project) Tax Allocation Subordinate Lien Refunding Bonds, 1998 Series B (the “1998 Series B Industrial Bonds”). The final maturity date of the 1998 Series B Industrial Bonds is September 1, 2028.
- \$18,500,000 Redevelopment Agency of the City of Torrance (Torrance Industrial Redevelopment Project) Tax Allocation Senior Lien Forward Refunding Bonds, 1999 Series C (the “1999 Series C Industrial Bonds”). The final maturity date of the 1999 Series C Industrial Bonds is September 1, 2028.

As of September 1, 2013, the Outstanding Bonds will be outstanding in the aggregate principal amount of \$25,365,000. Both project areas have been generating tax increment in amounts to both pay debt service on the Outstanding Bonds and provide significant coverage of such debt service.

#### ***Overview of the Refunding Opportunity***

Based upon current market assumptions, the Outstanding Bonds may be refunded on a current basis to generate total debt service savings of approximately \$270,000 annually or approximately \$2,450,000 on a present value basis.

#### ***Description of the 1998 Downtown Bonds***

The Redevelopment Agency issued the 1998 Downtown Bonds in the initial principal amount of \$8,500,000 on August 19, 1998, of which \$5,840,000 is outstanding as of September 1, 2013. The Downtown Bonds are payable from tax increment generated in the Successor Agency’s Downtown Redevelopment Project Area (the “Downtown Project Area”).

The refunding plan for the outstanding 1998 Downtown Bonds will include securing the refunding bonds by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Successor Agency’s Redevelopment Property Tax Trust Fund (RPTF). Accordingly, the Successor Agency plans to issue refunding bonds that are secured by property tax revenues allocated to the Successor Agency from the Downtown Project Area in order to refund the 1998 Downtown Bonds. As shown in the table below, under current market conditions and based upon various other reasonable assumptions, a refunding of the outstanding 1998 Downtown Bonds is projected to generate \$579,113 of present value savings, or 9.92% of the refunded par amount. This equates to \$55,427 of average annual debt service savings between September 2013 and September 2028.

**Table 1: Downtown Project Area – Summary of Refunding Results**

Assumes Rates as of 05/29/2013; Delivery Date of 09/18/2013

Downtown Project Bond Refunding	
<b><u>Refunded Bonds:</u></b>	
Refunded Par amount	\$5,840,000
Average Coupon	5.60%
Series / Maturities Refunded	1998A / 2014-2028
<b><u>Refunding Bonds:</u></b>	
Refunding Par Amount	\$5,540,000
Refunding Bond Proceeds	\$5,946,170
Final Maturity	09/01/2028
Arbitrage Yield	3.77%
All-in TIC	4.18%
<b><u>Savings Details:</u></b>	
Total Cash Flow Savings	\$831,403
Average Annual Cash Flow Savings	\$55,427
PV Savings	\$579,113
PV Savings as % of Refunded Par	9.92%

***Description of the 1998 Industrial Bonds, Series B and 1999 Industrial Bonds, Series C.***

The Redevelopment Agency issued three series of tax allocation bonds for its Industrial Project Area totaling \$49,655,000 between July 1998 and June 1999:

- \$18,385,000 Redevelopment Agency of the City of Torrance (Torrance Industrial Redevelopment Project) Tax Allocation Senior Lien Refunding Bonds (Taxable) 1998 Series A (the “1998 Series A Industrial Bonds”)
- 1998 Series B Industrial Bonds (as described above)
- 1999 Series C Industrial Bonds (as described above)

Only the 1998 Series B Industrial Bonds and the 1999 Series C Industrial Bonds remain outstanding. The 1998 Series B Industrial Bonds were originally issued in a principal amount of \$12,770,000 on July 29, 1998. As of September 1, 2013, \$6,490,000 of principal will remain outstanding. The 1999 Series C Industrial Bonds were originally issued in a principal amount of \$18,500,000 on June 15, 1999. As of September 1, 2013, \$13,035,000 of principal will remain outstanding. The 1998 Series B Industrial Bonds and the 1999 Series C Industrial Bonds are payable from tax increment and sales tax revenues generated in the Successor Agency’s Torrance Industrial Redevelopment Project Area (the “Industrial Project Area”).

The Successor Agency plans to refund all of the outstanding 1998 Series B Industrial Bonds and 1999 Series C Industrial Bonds. Consistent with Section 34177.5(g), the Successor Agency will issue refunding bonds that are secured by property tax revenues allocated to the Successor Agency from the Industrial Project Area to refinance the 1998 Series B Industrial Bonds and the 1999 Series C Industrial Bonds. As shown in the table below, under current market conditions and based upon various other reasonable assumptions, a refunding of all of the 1998 Series B Industrial Bonds and the 1999 Series C Industrial Bonds is projected to generate \$1,865,672 in present value savings, or 9.56% of the refunded principal amount. This equates to \$216,153

of average annual debt service savings between September 2013 and September 2028.

**Table 2: Industrial Project Area – Summary of Refunding Results**

Assumes Rates as of 05/29/2013; Delivery Date of 09/18/2013

Industrial Project Bond Refunding	
<b><u>Refunded Bonds:</u></b>	
Refunded Par amount	\$19,525,000
Average Coupon	5.54%
Series / Maturities Refunded	1998B / 2014-2028 1999C / 2014-2028
<b><u>Refunding Bonds:</u></b>	
Refunding Par Amount	\$18,125,000
Refunding Bond Proceeds	\$19,452,409
Final Maturity	09/01/2028
Arbitrage Yield	3.77%
All-in TIC	4.18%
<b><u>Savings Details:</u></b>	
Total Cash Flow Savings	\$3,242,299
Average Annual Cash Flow Savings	\$216,153
PV Savings	\$1,865,672
PV Savings as % of Refunded Par	9.56%

### ***Proposed Legal Structure***

The use of a joint powers authority structure may improve the marketability of the bonds because one series of refunding bonds with a large aggregate principal amount is likely to attract a broader array of investors, which typically would result in a lower interest cost for the transaction. We believe a joint powers authority structure is feasible in this circumstance because the credit quality of the downtown and industrial project areas are similar. A joint powers authority bond structure would be structured as follows:

- The Successor Agency would issue two series of refunding bonds: one to refund the 1998 Downtown Bonds (the “2013 Downtown Refunding Bonds”) and one to refund the 1998 Industrial Bonds and 1999 Industrial Bonds (the “2013 Industrial Refunding Bonds”).
- The Successor Agency would pay the debt service on the 2013 Downtown Refunding Bonds with property tax revenue allocated to the Successor Agency from the Downtown Project Area. Property tax revenue allocated to the Successor Agency from the Industrial Project Area would not be available to pay debt service on the 2013 Downtown Refunding Bonds.
- The Successor Agency would pay the debt service on the 2013 Industrial Refunding Bonds with property tax revenue allocated to the Successor Agency from the Industrial Project Area. Property tax revenue allocated to the Successor Agency from the Downtown Project Area would not be available to pay debt service on the 2013 Industrial Refunding Bonds.
- The Successor Agency’s 2013 Downtown Refunding Bonds and 2013 Industrial Refunding Bonds would be purchased by the Torrance Public Financing Authority

- The Torrance Public Financing Authority would sell revenue bonds to investors.
- The Torrance Public Financing Authority would pay the debt service on its revenue bonds with the payments it receives as the owner of the 2013 Downtown Refunding Bonds and the 2013 Industrial Refunding Bonds.

***Financial Impact on City***

Based on our initial analysis, the portion of the identified annual savings that would pass-through to the City (in the form of property tax revenues) would be approximately \$7,500 from the Downtown Project Area and \$30,000 from the Industrial Project Area.

In addition to the revenue savings, the proposed structure removes the existing sales tax pledge on the outstanding bonds. All proposed refunding bonds will be secured solely by the tax increment pledge and there will be no potential exposure to the City's sales tax revenues.


Staff recommends the Oversight Board Adopt the two Resolutions regarding the Torrance Industrial Project Area and Torrance Downtown Project Area requesting direction to undertake proceedings for the refunding of outstanding bonds of the former Redevelopment Agency of the City of Torrance, and making certain determinations and providing other matters relating thereto.

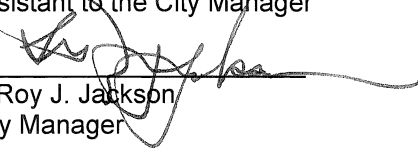
Respectfully submitted,

Brian Sunshine  
Assistant to the City of Manager

By   
Kenneth Flewellyn  
Assistant Finance Director

CONCUR:

  
\_\_\_\_\_  
Brian K. Sunshine  
Assistant to the City Manager

  
\_\_\_\_\_  
LeRoy J. Jackson  
City Manager

Attachments:

- RESOLUTION** of the Oversight Board Directing Preparation of Proceedings for the Refunding of Outstanding Bonds of the Former Redevelopment Agency of the City of Torrance, making certain Determinations and Providing other matters relating thereto (Industrial Project Area)
- RESOLUTION** of the Oversight Board Directing Preparation of Proceedings for the Refunding of Outstanding Bonds of the Former Redevelopment Agency of the City of Torrance, making certain Determinations and Providing other matters relating thereto (Downtown Project Area) DRAFT Resolution
- NHA Advisors Memo to Oversight Board and State Department of Finance on Financing Plan and Benefits to Taxing Agencies

## RESOLUTION NO. OB \_\_\_\_\_

**A RESOLUTION OF THE OVERSIGHT BOARD FOR THE CITY OF TORRANCE AS SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE DIRECTING PREPARATION OF PROCEEDINGS FOR THE REFUNDING OF OUTSTANDING BONDS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE, MAKING CERTAIN DETERMINATIONS AND PROVIDING OTHER MATTERS RELATING THERETO**

**WHEREAS**, pursuant to Section 34172(a) of the California Health and Safety Code (all Section references hereinafter being to such Code), the Redevelopment Agency of the City of Torrance (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, the City of Torrance has become the successor entity to the Agency (the "Successor Agency");

**WHEREAS**, prior to its dissolution, the Former Agency issued its \$12,770,000 aggregate principal amount of Redevelopment Agency of the City of Torrance (Torrance Industrial Redevelopment Project) Tax Allocation Subordinate Lien Refunding Bonds, 1998 Series B (Uninsured) (the "1998 Series B Bonds"), for the purpose of financing and refinancing redevelopment activities;

**WHEREAS**, as of September 1, 2013, the 1998 Series B Bonds will be outstanding in the principal amount of \$6,490,000;

**WHEREAS**, also prior to its dissolution, the Former Agency issued its \$18,500,000 aggregate principal amount of Redevelopment Agency of the City of Torrance (Torrance Industrial Redevelopment Project) Tax Allocation Senior Lien Forward Refunding Bonds, 1999 Series C (Insured) (the "1999 Series C Bonds"; together with the 1998 Series B Bonds, the "Outstanding Industrial Bonds"), also for the purpose of financing and refinancing redevelopment activities;

**WHEREAS**, as of September 1, 2013, the 1999 Series C Bonds will be outstanding in the principal amount of \$13,035,000;

**WHEREAS**, Section 34177.5 authorizes the Successor Agency to undertake proceedings for the refunding of outstanding bonds and other obligations of the Former Agency, subject to the conditions precedent contained in Section 34177.5;

**WHEREAS**, pursuant to Section 34179, this oversight board (the "Oversight Board") has been established for the Successor Agency and representatives of the Successor Agency and the Oversight Board have informally discussed the possibility of refunding the Outstanding Industrial Bonds;

**WHEREAS**, the Successor Agency has caused an analysis to be made of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of a refunding of the Outstanding Industrial Bonds (the "Debt Service Savings Analysis") and has presented the Debt Service Savings Analysis to the Oversight Board for its consideration;

**WHEREAS**, the Successor Agency has requested that the Oversight Board direct the Successor Agency to undertake such refunding proceedings, it being understood that such direction by the Oversight Board will enable the Successor Agency to recover its related costs in connection with the refunding proceedings, as authorized by Section 34177.5(f); and

**WHEREAS**, the Successor Agency has further requested that the Oversight Board make certain determinations on which the Successor Agency will rely in undertaking the refunding proceedings, and the Oversight Board makes such determinations as set forth below;

**NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board for the Successor Agency to the former Redevelopment Agency of the City of Torrance, as follows:

1. The Debt Service Savings Analysis. The Successor Agency has filed the Debt Service Savings Analysis, together with a certified copy of its Resolution No. SA2013-02 adopted on June 18, 2013, with the Oversight Board, which Debt Service Savings Analysis is hereby approved as demonstrating the potential savings that may result from the refunding of the Outstanding Industrial Bonds.

2. Direction to Refund. As requested by the Successor Agency in said Resolution No. SA2013-02 the Oversight Board hereby directs the Successor Agency to undertake the refunding of the Outstanding Industrial Bonds by the issuance of refunding bonds (the "Refunding Bonds").

3. Determinations by the Oversight Board. As requested by the Successor Agency in said Resolution No. SA2013-02, the Oversight Board hereby makes the following determinations upon which the Successor Agency will rely in its issuance of the Refunding Bonds and the refunding of the Outstanding Industrial Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding of the Outstanding Industrial Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon delivery of the Refunding Bonds to their initial purchaser, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the Los Angeles County Auditor-Controller or any other person or entity other than the Successor Agency;

(c) The Successor Agency shall enter the amounts of the final debt service determined upon sale and delivery of the Refunding Bonds into the Indenture of Trust related to the Refunding Bonds, and the amounts so entered shall be final and conclusive upon the Oversight Board, the California Department of Finance and all other interested persons and entities and the final debt service schedule shall not be amended except as provided in the Indenture of Trust; and

(d) The Successor Agency shall be entitled to receive its full allocation of \$250,000 Administrative Cost Allowance under Section 34181(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183.

4. Preparation of Proceedings. The Successor Agency shall cause the preparation of appropriate proceedings for the issuance of bonds to refund the Outstanding Industrial Bonds and shall submit such proceedings to the Oversight Board for approval in accordance with the provisions of Section 34177.5 and 34180.

5. Agreements with Financial Advisor, Bond Counsel and Underwriter. The Oversight Board approves the agreements with NHA Advisors, Inc., as financial advisor, Morgan Stanley & Co. LLC, as underwriter, and Jones Hall, A Professional Law Corporation, as bond counsel and disclosure counsel, and approves execution and performance of such agreements by the Successor Agency.

6. Effective Date. This Resolution shall take effect upon its passage and adoption.

**INTRODUCED, APPROVED AND ADOPTED** this 26 day of June, 2013,

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 Steve Maguin, Chairperson  
 Oversight Board of the City of  
 Torrance as Successor Agency to the  
 former Redevelopment Agency of the  
 City of Torrance

ATTEST:

\_\_\_\_\_  
 Secretary to the Oversight Board



## RESOLUTION NO. OB 2013- \_\_\_\_\_

**A RESOLUTION OF THE OVERSIGHT BOARD FOR THE CITY OF TORRANCE AS  
SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY  
OF TORRANCE DIRECTING PREPARATION OF PROCEEDINGS FOR THE  
REFUNDING OF OUTSTANDING BONDS OF THE FORMER REDEVELOPMENT  
AGENCY OF THE CITY OF TORRANCE, MAKING CERTAIN DETERMINATIONS AND  
PROVIDING OTHER MATTERS RELATING THERETO**

**WHEREAS**, pursuant to Section 34172(a) of the California Health and Safety Code (all Section references hereinafter being to such Code), the Redevelopment Agency of the City of Torrance (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, the City of Torrance has become the successor entity to the Agency (the "Successor Agency");

**WHEREAS**, prior to its dissolution, the Former Agency issued its \$8,500,000 aggregate principal amount of Redevelopment Agency of the City of Torrance (Downtown Redevelopment Project) Tax Allocation Refunding Bonds, 1998 Series A (the "1998 Series A Bonds"), for the purpose of financing and refinancing redevelopment activities;

**WHEREAS**, as of September 1, 2013, the 1998 Series A Bonds will be outstanding in the principal amount of \$5,840,000;

**WHEREAS**, Section 34177.5 authorizes the Successor Agency to undertake proceedings for the refunding of outstanding bonds and other obligations of the Former Agency, subject to the conditions precedent contained in Section 34177.5;

**WHEREAS**, pursuant to Section 34179, this oversight board (the "Oversight Board") has been established for the Successor Agency and representatives of the Successor Agency and the Oversight Board have informally discussed the possibility of refunding the 1998 Series A Bonds;

**WHEREAS**, the Successor Agency has caused an analysis to be made of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of a refunding of the 1998 Series A Bonds (the "Debt Service Savings Analysis") and has presented the Debt Service Savings Analysis to the Oversight Board for its consideration;

**WHEREAS**, the Successor Agency has requested that the Oversight Board direct the Successor Agency to undertake such refunding proceedings, it being understood that such direction by the Oversight Board will enable the Successor Agency to recover its related costs in connection with the refunding proceedings, as authorized by Section 34177.5(f); and

**WHEREAS**, the Successor Agency has further requested that the Oversight Board make certain determinations on which the Successor Agency will rely in undertaking the refunding proceedings, and the Oversight Board makes such determinations as set forth below;

**NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board for the Successor Agency to the former Redevelopment Agency of the City of Torrance, as follows:

1. The Debt Service Savings Analysis. The Successor Agency has filed the Debt Service Savings Analysis, together with a certified copy of its Resolution No. SA2013-03 adopted on June 18, 2013, with the Oversight Board, which Debt Service Savings Analysis is hereby approved as demonstrating the potential savings that may result from the refunding of the 1998 Series A Bonds.

2. Direction to Refund. As requested by the Successor Agency in said Resolution No. SA2013-03 the Oversight Board hereby directs the Successor Agency to undertake the refunding of the 1998 Series A Bonds by the issuance of refunding bonds (the "Refunding Bonds").

3. Determinations by the Oversight Board. As requested by the Successor Agency in said Resolution No. SA2013-03 the Oversight Board hereby makes the following determinations upon which the Successor Agency will rely in its issuance of the Refunding Bonds and the refunding of the 1998 Series A Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding of the 1998 Series A Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon delivery of the Refunding Bonds to their initial purchaser, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the Los Angeles County Auditor-Controller or any other person or entity other than the Successor Agency;

(c) The Successor Agency shall enter the amounts of the final debt service determined upon sale and delivery of the Refunding Bonds into the Indenture of Trust related to the Refunding Bonds, and the amounts so entered shall be final and conclusive upon the Oversight Board, the California Department of Finance and all other interested persons and entities and the final debt service schedule shall not be amended except as provided in the Indenture of Trust; and

(d) The Successor Agency shall be entitled to receive its full allocation of \$250,000 Administrative Cost Allowance under Section 34181(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183.

4. Preparation of Proceedings. The Successor Agency shall cause the preparation of appropriate proceedings for the issuance of bonds to refund the 1998 Series A Bonds and shall submit such proceedings to the Oversight Board for approval in accordance with the provisions of Section 34177.5 and 34180.

5. Agreements with Financial Advisor, Bond Counsel and Underwriter. The Oversight Board approves the agreements with NHA Advisors, Inc., as financial advisor, Morgan Stanley & Co. LLC, as underwriter, and Jones Hall, A Professional Law Corporation, as bond counsel and disclosure counsel, and approves execution and performance of such agreements by the Successor Agency.

6. Effective Date. This Resolution shall take effect upon its passage and adoption.

**INTRODUCTED, APPROVED AND ADOPTED** this 26<sup>th</sup> day of June, 2013,

\_\_\_\_\_  
Steve Maguin, Chairperson  
Oversight Board of the City of Torrance as  
Successor Agency to the former  
Redevelopment Agency of the City of  
Torrance

ATTEST:

\_\_\_\_\_  
Secretary to the Oversight Board



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San Rafael, CA 94903

Office: 415.785.2025  
www.NHAadvisors.com

## MEMORANDUM

To: Oversight Board  
State Department of Finance

Date: June 4, 2013

From: Craig Hill / Rob Schmidt  
Financial Advisor to the Successor Agency to the Redevelopment Agency of the City of Torrance

RE: Refunding of Outstanding Tax Allocation Bonds of the Successor Agency to the Redevelopment Agency of the City of Torrance

### Introduction

*Dissolution Act; Successor Agency* - On June 29, 2011, Assembly Bill No. 26 (1st Extraordinary Session) ("AB 26") was enacted together with a companion bill, Assembly Bill No. 27 (2nd Extraordinary Session) ("AB 27"). The provisions of AB 26 provided for the dissolution of all redevelopment agencies. The provisions of AB 27 permitted redevelopment agencies to avoid dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, California Redevelopment Association, et al., v. Matosantos, et al., 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB 26 and AB 27. The California Supreme Court largely upheld AB 26, invalidated AB 27, and held that AB 26 may be severed from AB 27 and enforced independently. As a result of AB 26 and the Matosantos decision, all redevelopment agencies in the State were dissolved as of February 1, 2012, including the Redevelopment Agency of the City of Torrance (the "Redevelopment Agency"), and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies. The City of Torrance (the "City") acts as successor agency to the Redevelopment Agency (the "Successor Agency").

The primary provisions enacted by AB 26 relating to the dissolution and wind down of former redevelopment agency affairs are codified in Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the "Dissolution Act").

*Refunding Bonds under the Dissolution Act* - Section 34177.5 of the Health & Safety Code, which was added to the Dissolution Act by AB 1484, authorizes the Successor Agency to issue bonds for the purpose of refunding outstanding tax allocation bonds of the Redevelopment Agency or the Successor Agency to provide savings to the Successor Agency provided that (A) the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds does not exceed the total remaining interest cost to maturity on the bonds to be refunded plus the remaining principal of the bonds to be refunded, and (B) the principal amount of the refunding bonds does not exceed the amount required to defease the refunded bonds, to establish customary debt service reserves, and to pay

related costs of issuance. If the foregoing conditions are satisfied, the initial principal amount of the refunding bonds may be greater than the outstanding principal amount of the bonds to be refunded.

*Requirement for Independent Financial Advisor* - Section 34177.5(h) requires the Successor Agency to make diligent efforts to ensure that the lowest long-term cost financing is obtained, and requires the successor agency to make use of an independent financial advisor in developing financing proposals and to make the work products of the financial advisor available to the Department of Finance at its request.

This report is written by NHA Advisors LLC, which has been engaged as the independent financial advisor to the Successor Agency, to analyze the possible refunding of the Successor Agency's outstanding bonds.

### **Outstanding Bonds**

The Redevelopment Agency previously issued the following outstanding bonds (collectively, the "Outstanding Bonds")

- \$8,500,000 Redevelopment Agency of the City of Torrance (Downtown Redevelopment Project) Tax Allocation Refunding Bonds 1998 Series A (the "1998 Downtown Bonds"). The final maturity date of the 1998 Downtown Bonds is September 1, 2028.
- \$12,770,000 Redevelopment Agency of the City of Torrance (Torrance Industrial Redevelopment Project) Tax Allocation Subordinate Lien Refunding Bonds 1998 Series B (the "1998 Series B Industrial Bonds"). The final maturity date of the 1998 Series B Industrial Bonds is September 1, 2028.
- \$18,500,000 Redevelopment Agency of the City of Torrance (Torrance Industrial Redevelopment Project) Tax Allocation Senior Lien Forward Refunding Bonds 1999 Series C (the "1999 Series C Industrial Bonds"). The final maturity date of the 1999 Series C Industrial Bonds is September 1, 2028.

As of September 1, 2013, the Outstanding Bonds will be outstanding in the aggregate principal amount of \$25,365,000. Both project areas have been generating tax increment in amounts to both pay debt service on the Outstanding Bonds and provide significant coverage of such debt service.

### **Overview of the Refunding Opportunity**

Based upon current market assumptions, the Outstanding Bonds may be refunded on a current basis<sup>1</sup> to generate total debt service savings of approximately \$4,100,000 through 2028, or approximately \$2,450,000 on a present value basis. Set forth below is a summary of the Outstanding Bonds and an analysis of the savings that could be realized from the proposed refunding, particularly as the refunding would satisfy the conditions set forth in Section 34177.5 of the Dissolution Act. The analysis assumes a delivery date of September 18, 2013.

Detailed debt service savings schedules are attached as Exhibit A (Refunding of 1998 Downtown Bonds) and Exhibit B (Refunding of 1998 Series B Industrial Bonds and the 1999 Series C Industrial Bonds).

<sup>1</sup> Under federal tax law, a bond is refunded on a current basis when it is redeemed within 90 days after the date on which the refunding bonds are issued.

**Description of the 1998 Downtown Bonds; Proposed Refunding Summary**

The Redevelopment Agency issued the Downtown Bonds in the initial principal amount of \$8,500,000 on August 19, 1998, of which \$5,840,000 is outstanding as of September 1, 2013. The Downtown Bonds are payable from tax increment generated in the Successor Agency's Downtown Redevelopment Project Area (the "Downtown Project Area").

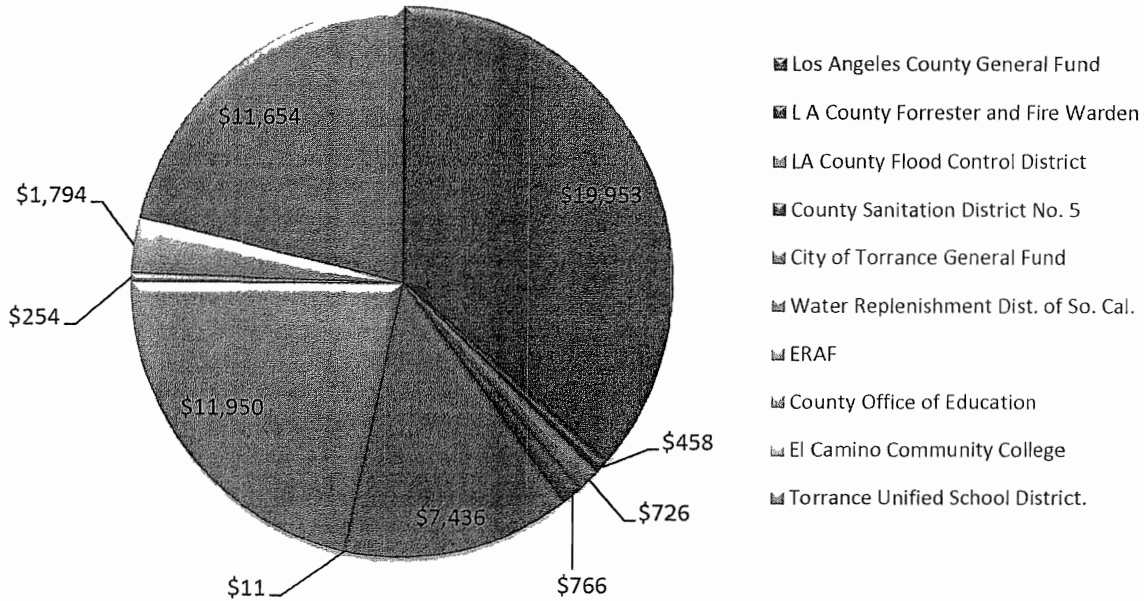
The Successor Agency plans to refund all of the outstanding 1998 Downtown Bonds. Section 34177.5(g) provides that any refunding bonds shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Successor Agency's Redevelopment Property Tax Trust Fund. Accordingly, the Successor Agency plans to issue refunding bonds that are secured by property tax revenues allocated to the Successor Agency from the Downtown Project Area in order to refund the 1998 Downtown Bonds. As shown in the table below, under current market conditions and based upon various other reasonable assumptions, a refunding of the outstanding 1998 Downtown Bonds is projected to generate \$579,113 of present value savings, or 9.92% of the refunded par amount. This equates to \$55,427 of average annual debt service savings between September 2013 and September 2028.

**Table 1: Downtown Project Area – Summary of Refunding Results**

Assumes Rates as of 05/29/2013; Delivery Date of 09/18/2013

	Downtown Project Bond Refunding
<b><u>Refunded Bonds:</u></b>	
Refunded Par amount	\$5,840,000
Average Coupon	5.60%
Series / Maturities Refunded	1998A / 2014-2028
<b><u>Refunding Bonds:</u></b>	
Refunding Par Amount	\$5,540,000
Refunding Bond Proceeds	\$5,946,170
Final Maturity	09/01/2028
Arbitrage Yield	3.77%
All-in TIC	4.18%
<b><u>Savings Details:</u></b>	
Total Cash Flow Savings	\$831,403
Average Annual Cash Flow Savings	\$55,427
PV Savings	\$579,113
PV Savings as % of Refunded Par	9.92%

### Taxing Entity - Downtown Project Area



#### **Description of the 1998 Industrial Bonds and 1999 Industrial Bonds; Proposed Refunding Summary**

The Redevelopment Agency issued three series of tax allocation bonds for its Industrial Project Area totaling \$49,655,000 between July 1998 and June 1999:

- \$18,385,000 Redevelopment Agency of the City of Torrance (Torrance Industrial Redevelopment Project) Tax Allocation Senior Lien Refunding Bonds (Taxable) 1998 Series A (the "1998 Series A Industrial Bonds"),
- 1998 Series B Industrial Bonds
- 1999 Series C Industrial Bonds.

Only the 1998 Series B Industrial Bonds and the 1999 Series C Industrial Bonds remain outstanding. The 1998 Series B Industrial Bonds were originally issued in a principal amount of \$12,770,000 on July 29, 1998. As of September 1, 2013, \$6,490,000 of principal will remain outstanding. The 1999 Series C Industrial Bonds were originally issued in a principal amount of \$18,500,000 on June 15, 1999. As of September 1, 2013, \$13,035,000 of principal will remain outstanding. The 1998 Series B Industrial Bonds and the 1999 Series C Industrial Bonds are payable from tax increment and sales tax revenues generated in the Successor Agency's Torrance Industrial Redevelopment Project Area (the "Industrial Project Area").

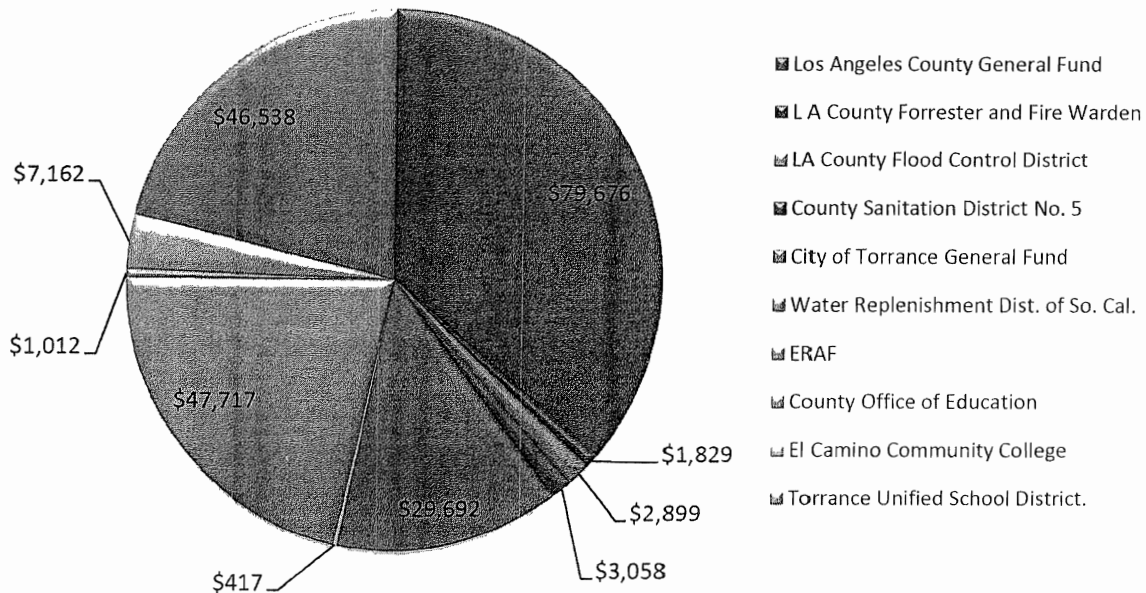
The Successor Agency plans to refund all of the outstanding 1998 Series B Industrial Bonds and 1999 Series C Industrial Bonds. Consistent with Section 34177.5(g), the Successor Agency will issue refunding bonds that are secured by property tax revenues allocated to the Successor Agency from the Industrial Project Area to refinance the 1998 Series B Industrial Bonds and the 1999 Series C Industrial Bonds. As shown in the table below, under current market conditions and based upon various other reasonable assumptions, a refunding of all of the 1998 Series B Industrial Bonds and the 1999 Series C Industrial

Bonds is projected to generate \$1,865,672 in present value savings, or 9.56% of the refunded principal amount. This equates to \$216,153 of average annual debt service savings between September 2013 and September 2028.

**Table 2: Industrial Project Area – Summary of Refunding Results**  
Assumes Rates as of 05/29/2013; Delivery Date of 09/18/2013

		Industrial Project Bond Refunding
<b><u>Refunded Bonds:</u></b>		
Refunded Par amount		\$19,525,000
Average Coupon		5.54%
Series / Maturities Refunded		1998B / 2014-2028 1999C / 2014-2028
<b><u>Refunding Bonds:</u></b>		
Refunding Par Amount		\$18,125,000
Refunding Bond Proceeds		\$19,452,409
Final Maturity		09/01/2028
Arbitrage Yield		3.77%
All-in TIC		4.18%
<b><u>Savings Details:</u></b>		
Total Cash Flow Savings		\$3,242,299
Average Annual Cash Flow Savings		\$216,153
PV Savings		\$1,865,672
PV Savings as % of Refunded Par		9.56%

### Taxing Entity - Industrial Project Area





**Proposed Legal Structure**

The use of a joint powers authority structure may improve the marketability of the bonds because one series of refunding bonds with a large aggregate principal amount is likely to attract a broader array of investors, which typically would result in a lower interest cost for the transaction. We believe a joint powers authority structure is feasible in this circumstance because the credit quality of the two redevelopment project areas is similar. A joint powers authority bond structure would be structured as follows:

- The Successor Agency would issue two series of refunding bonds: one to refund the 1998 Downtown Bonds (the "2013 Downtown Refunding Bonds") and one to refund the 1998 Industrial Bonds and 1999 Industrial Bonds (the "2013 Industrial Refunding Bonds").
- The Successor Agency would pay the debt service on the 2013 Downtown Refunding Bonds with property tax revenue allocated to the Successor Agency from the Downtown Project Area. Property tax revenue allocated to the Successor Agency from the Industrial Project Area would not be available to pay debt service on the 2013 Downtown Refunding Bonds.
- The Successor Agency would pay the debt service on the 2013 Industrial Refunding Bonds with property tax revenue allocated to the Successor Agency from the Industrial Project Area. Property tax revenue allocated to the Successor Agency from the Downtown Project Area would not be available to pay debt service on the 2013 Industrial Refunding Bonds.
- The Successor Agency's 2013 Downtown Refunding Bonds and 2013 Industrial Refunding Bonds would be purchased by the Torrance Public Financing Authority
- The Torrance Public Financing Authority would sell revenue bonds to investors.
- The Torrance Public Financing Authority would pay the debt service on its revenue bonds with the payments it receives as the owner of the 2013 Downtown Refunding Bonds and the 2013 Industrial Refunding Bonds.

We may ultimately recommend to the Successor Agency that it sell the 2013 Downtown Refunding Bonds and the 2013 Industrial Refunding Bonds directly to investors if we conclude that market conditions would be more favorable to such an approach.

**Process and Timing**

We anticipate having the Oversight Board and State Department of Finance review and approve the Successor Agency's refinancing plan starting in June 2013 in order to prepare for a refinancing of the outstanding bonds later this summer. The Successor Agency Board is anticipated to take the initial steps to approve the financing program at its June meeting. Assuming timely approvals from all agencies, the Successor Agency anticipates issuing the refunding bonds in September 2013.

Please do not hesitate to contact our office should you have any questions or require additional information.

**Exhibit A**

Debt Service Savings Schedules  
(1998 Downtown Bonds)

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SOURCES AND USES OF FUNDS

Torrance Redevelopment Agency  
 Refunding of Series 1998A Downtown Project Bonds  
 \*Preliminary, Subject to Change\*

Dated Date            09/18/2013  
 Delivery Date        09/18/2013

Sources:

Bond Proceeds:	
Par Amount	5,540,000.00
Premium	406,170.40
	5,946,170.40
Other Sources of Funds:	
Release from Prior DSRF	586,890.00
	6,533,060.40

Uses:

Refunding Escrow Deposits:	
Cash Deposit	10.89
SLGS Purchases	5,882,553.00
	5,882,563.89
Other Fund Deposits:	
Reserve Fund	533,385.26
Delivery Date Expenses:	
Cost of Issuance	58,525.25
Underwriter's Discount	55,400.00
	113,925.25
Other Uses of Funds:	
Additional Proceeds	3,186.00
	6,533,060.40

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SUMMARY OF REFUNDING RESULTS

Torrance Redevelopment Agency  
 Refunding of Series 1998A Downtown Project Bonds  
 \*Preliminary, Subject to Change\*

Dated Date	09/18/2013
Delivery Date	09/18/2013
Arbitrage yield	3.774071%
Escrow yield	0.009863%
Bond Par Amount	5,540,000.00
True Interest Cost	4.039533%
Net Interest Cost	4.224043%
All-In TIC	4.182991%
Average Coupon	4.943965%
Average Life	8.795
Par amount of refunded bonds	5,840,000.00
Average coupon of refunded bonds	5.595761%
Average life of refunded bonds	8.950
PV of prior debt to 09/18/2013 @ 3.774071%	6,630,748.01
Net PV Savings	579,112.61
Percentage savings of refunded bonds	9.916312%
Percentage savings of refunding bonds	10.453296%
Percentage savings of refunding proceeds	9.739254%

## SAVINGS

Torrance Redevelopment Agency  
 Refunding of Series 1998A Downtown Project Bonds  
 \*Preliminary, Subject to Change\*

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 09/18/2013 @ 3.7740708%
09/01/2014	586,315.00	532,817.50	53,497.50	52,451.83
09/01/2015	586,885.00	529,400.00	57,485.00	53,941.63
09/01/2016	586,622.50	531,150.00	55,472.50	50,100.65
09/01/2017	585,527.50	529,750.00	55,777.50	48,486.91
09/01/2018	583,600.00	530,000.00	53,600.00	44,881.02
09/01/2019	585,840.00	529,500.00	56,340.00	45,410.14
09/01/2020	586,800.00	533,250.00	53,550.00	41,572.02
09/01/2021	586,640.00	531,000.00	55,640.00	41,578.41
09/01/2022	585,360.00	528,000.00	57,360.00	41,261.10
09/01/2023	582,960.00	529,250.00	53,710.00	37,207.31
09/01/2024	584,440.00	529,500.00	54,940.00	36,634.92
09/01/2025	584,520.00	528,750.00	55,770.00	35,796.17
09/01/2026	583,200.00	527,000.00	56,200.00	34,720.87
09/01/2027	585,480.00	529,250.00	56,230.00	33,436.63
09/01/2028	586,080.00	530,250.00	55,830.00	31,951.73
	8,780,270.00	7,948,867.50	831,402.50	629,431.35

Savings Summary

PV of savings from cash flow	629,431.35
Less: Prior funds on hand	-586,890.00
Plus: Refunding funds on hand	536,571.26
Net PV Savings	579,112.61

## BOND DEBT SERVICE

Torrance Redevelopment Agency  
 Refunding of Series 1998A Downtown Project Bonds  
 \*Preliminary, Subject to Change\*

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2014	285,000.00	2.000%	247,817.50	532,817.50
09/01/2015	275,000.00	3.000%	254,400.00	529,400.00
09/01/2016	285,000.00	4.000%	246,150.00	531,150.00
09/01/2017	295,000.00	5.000%	234,750.00	529,750.00
09/01/2018	310,000.00	5.000%	220,000.00	530,000.00
09/01/2019	325,000.00	5.000%	204,500.00	529,500.00
09/01/2020	345,000.00	5.000%	188,250.00	533,250.00
09/01/2021	360,000.00	5.000%	171,000.00	531,000.00
09/01/2022	375,000.00	5.000%	153,000.00	528,000.00
09/01/2023	395,000.00	5.000%	134,250.00	529,250.00
09/01/2024	415,000.00	5.000%	114,500.00	529,500.00
09/01/2025	435,000.00	5.000%	93,750.00	528,750.00
09/01/2026	455,000.00	5.000%	72,000.00	527,000.00
09/01/2027	480,000.00	5.000%	49,250.00	529,250.00
09/01/2028	505,000.00	5.000%	25,250.00	530,250.00
	5,540,000.00		2,408,867.50	7,948,867.50

## SUMMARY OF BONDS REFUNDED

Torrance Redevelopment Agency  
 Refunding of Series 1998A (Downtown Project)  
 \*Preliminary, Subject to Change\*

Prior Debt

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 1998A:					
2018TERM	09/01/2014	5.550%	260,000.00	10/18/2013	100.000
	09/01/2015	5.550%	275,000.00	10/18/2013	100.000
	09/01/2016	5.550%	290,000.00	10/18/2013	100.000
	09/01/2017	5.550%	305,000.00	10/18/2013	100.000
	09/01/2018	5.550%	320,000.00	10/18/2013	100.000
2028TERM	09/01/2019	5.600%	340,000.00	10/18/2013	100.000
	09/01/2020	5.600%	360,000.00	10/18/2013	100.000
	09/01/2021	5.600%	380,000.00	10/18/2013	100.000
	09/01/2022	5.600%	400,000.00	10/18/2013	100.000
	09/01/2023	5.600%	420,000.00	10/18/2013	100.000
	09/01/2024	5.600%	445,000.00	10/18/2013	100.000
	09/01/2025	5.600%	470,000.00	10/18/2013	100.000
	09/01/2026	5.600%	495,000.00	10/18/2013	100.000
	09/01/2027	5.600%	525,000.00	10/18/2013	100.000
	09/01/2028	5.600%	555,000.00	10/18/2013	100.000
			5,840,000.00		

## PRIOR BOND DEBT SERVICE

Torrance Redevelopment Agency  
 Refunding of Series 1998A (Downtown Project)  
 \*Preliminary, Subject to Change\*

Dated Date 09/18/2013  
 Delivery Date 09/18/2013

Series 1998A

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2014	260,000.00	5.550%	326,315.00	586,315.00
09/01/2015	275,000.00	5.550%	311,885.00	586,885.00
09/01/2016	290,000.00	5.550%	296,622.50	586,622.50
09/01/2017	305,000.00	5.550%	280,527.50	585,527.50
09/01/2018	320,000.00	5.550%	263,600.00	583,600.00
09/01/2019	340,000.00	5.600%	245,840.00	585,840.00
09/01/2020	360,000.00	5.600%	226,800.00	586,800.00
09/01/2021	380,000.00	5.600%	206,640.00	586,640.00
09/01/2022	400,000.00	5.600%	185,360.00	585,360.00
09/01/2023	420,000.00	5.600%	162,960.00	582,960.00
09/01/2024	445,000.00	5.600%	139,440.00	584,440.00
09/01/2025	470,000.00	5.600%	114,520.00	584,520.00
09/01/2026	495,000.00	5.600%	88,200.00	583,200.00
09/01/2027	525,000.00	5.600%	60,480.00	585,480.00
09/01/2028	555,000.00	5.600%	31,080.00	586,080.00
	5,840,000.00		2,940,270.00	8,780,270.00



**Exhibit B**

Debt Service Savings Schedules  
(1998 Series B Industrial Bonds and the 1999 Series C Industrial Bonds)

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SOURCES AND USES OF FUNDS

Torrance Redevelopment Agency  
 Refunding of Series 1998B and 1999C Industrial Project Bonds  
 \*Preliminary, Subject to Change\*

Dated Date                    09/18/2013  
 Delivery Date                09/18/2013

Sources:

<hr/>	
Bond Proceeds:	
Par Amount	18,125,000.00
Premium	1,327,408.65
	19,452,408.65
Other Sources of Funds:	
Release from Prior DSRF	2,338,464.75
	21,790,873.40

Uses:

<hr/>	
Refunding Escrow Deposits:	
Cash Deposit	20.37
SLGS Purchases	19,665,885.00
	19,665,905.37
Other Fund Deposits:	
Reserve Fund	1,745,055.58
Delivery Date Expenses:	
Cost of Issuance	191,474.75
Underwriter's Discount	181,250.00
	372,724.75
Other Uses of Funds:	
Additional Proceeds	7,187.70
	21,790,873.40

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SUMMARY OF REFUNDING RESULTS

Torrance Redevelopment Agency  
Refunding of Series 1998B and 1999C Industrial Project Bonds  
\*Preliminary, Subject to Change\*

Dated Date	09/18/2013
Delivery Date	09/18/2013
Arbitrage yield	3.774071%
Escrow yield	0.009863%
Bond Par Amount	18,125,000.00
True Interest Cost	4.040623%
Net Interest Cost	4.225025%
All-In TIC	4.184069%
Average Coupon	4.943849%
Average Life	8.797
Par amount of refunded bonds	19,525,000.00
Average coupon of refunded bonds	5.538784%
Average life of refunded bonds	8.946
PV of prior debt to 09/18/2013 @ 3.774071%	22,086,262.53
Net PV Savings	1,865,672.47
Percentage savings of refunded bonds	9.555301%
Percentage savings of refunding bonds	10.293365%
Percentage savings of refunding proceeds	9.590959%

## SAVINGS

Torrance Redevelopment Agency  
 Refunding of Series 1998B and 1999C Industrial Project Bonds  
 \*Preliminary, Subject to Change\*

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 09/18/2013 @ 3.7740708%
09/01/2014	1,950,360.00	1,745,623.34	204,736.66	200,393.37
09/01/2015	1,952,446.26	1,737,100.00	215,346.26	201,940.77
09/01/2016	1,951,772.50	1,734,950.00	216,822.50	195,652.99
09/01/2017	1,953,347.50	1,737,750.00	215,597.50	187,284.03
09/01/2018	1,946,890.00	1,729,250.00	217,640.00	182,045.79
09/01/2019	1,947,681.26	1,728,750.00	218,931.26	176,332.77
09/01/2020	1,949,787.50	1,730,750.00	219,037.50	169,871.53
09/01/2021	1,948,287.50	1,730,000.00	218,287.50	163,005.04
09/01/2022	1,948,187.50	1,731,500.00	216,687.50	155,799.81
09/01/2023	1,949,206.26	1,730,000.00	219,206.26	151,737.09
09/01/2024	1,951,068.76	1,735,500.00	215,568.76	143,667.90
09/01/2025	1,953,500.00	1,737,500.00	216,000.00	138,583.38
09/01/2026	1,951,218.76	1,736,000.00	215,218.76	132,924.46
09/01/2027	1,949,225.00	1,736,000.00	213,225.00	126,767.80
09/01/2028	1,947,243.76	1,727,250.00	219,993.76	125,887.21
	29,250,222.56	26,007,923.34	3,242,299.22	2,451,893.93

Savings Summary

PV of savings from cash flow	2,451,893.93
Less: Prior funds on hand	-2,338,464.75
Plus: Refunding funds on hand	1,752,243.28
Net PV Savings	1,865,672.46

## BOND DEBT SERVICE

Torrance Redevelopment Agency  
 Refunding of Series 1998B and 1999C Industrial Project Bonds  
 \*Preliminary, Subject to Change\*

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2014	935,000.00	2.000%	810,623.34	1,745,623.34
09/01/2015	905,000.00	3.000%	832,100.00	1,737,100.00
09/01/2016	930,000.00	4.000%	804,950.00	1,734,950.00
09/01/2017	970,000.00	5.000%	767,750.00	1,737,750.00
09/01/2018	1,010,000.00	5.000%	719,250.00	1,729,250.00
09/01/2019	1,060,000.00	5.000%	668,750.00	1,728,750.00
09/01/2020	1,115,000.00	5.000%	615,750.00	1,730,750.00
09/01/2021	1,170,000.00	5.000%	560,000.00	1,730,000.00
09/01/2022	1,230,000.00	5.000%	501,500.00	1,731,500.00
09/01/2023	1,290,000.00	5.000%	440,000.00	1,730,000.00
09/01/2024	1,360,000.00	5.000%	375,500.00	1,735,500.00
09/01/2025	1,430,000.00	5.000%	307,500.00	1,737,500.00
09/01/2026	1,500,000.00	5.000%	236,000.00	1,736,000.00
09/01/2027	1,575,000.00	5.000%	161,000.00	1,736,000.00
09/01/2028	1,645,000.00	5.000%	82,250.00	1,727,250.00
	18,125,000.00		7,882,923.34	26,007,923.34

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SUMMARY OF BONDS REFUNDED

Torrance Redevelopment Agency  
 Refunding of Series 1998B (Industrial Project)  
 \*Preliminary, Subject to Change\*

Prior Debt

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 1998B:					
2028TERM	09/01/2014	5.625%	285,000.00	10/18/2013	100.000
	09/01/2015	5.625%	305,000.00	10/18/2013	100.000
	09/01/2016	5.625%	320,000.00	10/18/2013	100.000
	09/01/2017	5.625%	340,000.00	10/18/2013	100.000
	09/01/2018	5.625%	355,000.00	10/18/2013	100.000
	09/01/2019	5.625%	375,000.00	10/18/2013	100.000
	09/01/2020	5.625%	400,000.00	10/18/2013	100.000
	09/01/2021	5.625%	420,000.00	10/18/2013	100.000
	09/01/2022	5.625%	445,000.00	10/18/2013	100.000
	09/01/2023	5.625%	470,000.00	10/18/2013	100.000
	09/01/2024	5.625%	495,000.00	10/18/2013	100.000
	09/01/2025	5.625%	525,000.00	10/18/2013	100.000
	09/01/2026	5.625%	555,000.00	10/18/2013	100.000
	09/01/2027	5.625%	585,000.00	10/18/2013	100.000
	09/01/2028	5.625%	615,000.00	10/18/2013	100.000
			6,490,000.00		

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## SUMMARY OF BONDS REFUNDED

Torrance Redevelopment Agency  
 Refunding of Series 1999C (Industrial Project)  
 \*Preliminary, Subject to Change\*

Prior Debt

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 1999C:					
2018TERM	09/01/2014	5.450%	585,000.00	10/18/2013	100.000
	09/01/2015	5.450%	615,000.00	10/18/2013	100.000
	09/01/2016	5.450%	650,000.00	10/18/2013	100.000
	09/01/2017	5.450%	685,000.00	10/18/2013	100.000
	09/01/2018	5.450%	720,000.00	10/18/2013	100.000
2028TERM	09/01/2019	5.500%	760,000.00	10/18/2013	100.000
	09/01/2020	5.500%	800,000.00	10/18/2013	100.000
	09/01/2021	5.500%	845,000.00	10/18/2013	100.000
	09/01/2022	5.500%	890,000.00	10/18/2013	100.000
	09/01/2023	5.500%	940,000.00	10/18/2013	100.000
	09/01/2024	5.500%	995,000.00	10/18/2013	100.000
	09/01/2025	5.500%	1,050,000.00	10/18/2013	100.000
	09/01/2026	5.500%	1,105,000.00	10/18/2013	100.000
	09/01/2027	5.500%	1,165,000.00	10/18/2013	100.000
	09/01/2028	5.500%	1,230,000.00	10/18/2013	100.000
			13,035,000.00		

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PRIOR BOND DEBT SERVICE

Torrance Redevelopment Agency  
 Refunding of Series 1998B (Industrial Project)  
 \*Preliminary, Subject to Change\*

Dated Date                    09/18/2013  
 Delivery Date                09/18/2013

Series 1998B

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2014	285,000.00	5.625%	365,062.50	650,062.50
09/01/2015	305,000.00	5.625%	349,031.26	654,031.26
09/01/2016	320,000.00	5.625%	331,875.00	651,875.00
09/01/2017	340,000.00	5.625%	313,875.00	653,875.00
09/01/2018	355,000.00	5.625%	294,750.00	649,750.00
09/01/2019	375,000.00	5.625%	274,781.26	649,781.26
09/01/2020	400,000.00	5.625%	253,687.50	653,687.50
09/01/2021	420,000.00	5.625%	231,187.50	651,187.50
09/01/2022	445,000.00	5.625%	207,562.50	652,562.50
09/01/2023	470,000.00	5.625%	182,531.26	652,531.26
09/01/2024	495,000.00	5.625%	156,093.76	651,093.76
09/01/2025	525,000.00	5.625%	128,250.00	653,250.00
09/01/2026	555,000.00	5.625%	98,718.76	653,718.76
09/01/2027	585,000.00	5.625%	67,500.00	652,500.00
09/01/2028	615,000.00	5.625%	34,593.76	649,593.76
	6,490,000.00		3,289,500.06	9,779,500.06

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## PRIOR BOND DEBT SERVICE

Torrance Redevelopment Agency  
 Refunding of Series 1999C (Industrial Project)  
 \*Preliminary, Subject to Change\*

Dated Date 09/18/2013  
 Delivery Date 09/18/2013

Series 1999C

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2014	585,000.00	5.450%	715,297.50	1,300,297.50
09/01/2015	615,000.00	5.450%	683,415.00	1,298,415.00
09/01/2016	650,000.00	5.450%	649,897.50	1,299,897.50
09/01/2017	685,000.00	5.450%	614,472.50	1,299,472.50
09/01/2018	720,000.00	5.450%	577,140.00	1,297,140.00
09/01/2019	760,000.00	5.500%	537,900.00	1,297,900.00
09/01/2020	800,000.00	5.500%	496,100.00	1,296,100.00
09/01/2021	845,000.00	5.500%	452,100.00	1,297,100.00
09/01/2022	890,000.00	5.500%	405,625.00	1,295,625.00
09/01/2023	940,000.00	5.500%	356,675.00	1,296,675.00
09/01/2024	995,000.00	5.500%	304,975.00	1,299,975.00
09/01/2025	1,050,000.00	5.500%	250,250.00	1,300,250.00
09/01/2026	1,105,000.00	5.500%	192,500.00	1,297,500.00
09/01/2027	1,165,000.00	5.500%	131,725.00	1,296,725.00
09/01/2028	1,230,000.00	5.500%	67,650.00	1,297,650.00
	13,035,000.00		6,435,722.50	19,470,722.50