

City of Torrance
Review of ROPS 13-14 A for the period of July 1, 2013 through December 31, 2013
Under Consideration by Oversight Board on February 20th, 2013

The Successor Agency of the City of Torrance has submitted a draft of their Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2013 through December 31, 2013 for approval by the Oversight Board on February 20, 2013.

Outlined below are the ROPS line items categorized by recommended action. This is followed by a Staff Report outlining additional information on each line item. This analysis is not a legal opinion. It is a preliminary analysis of the ROPS based on the materials available to the consulting team as of February 19, 2013.

Please note that the Department of Finance has changed the format of the ROPS. It provided Successor Agencies with a pre-populated spreadsheet containing line items that were submitted for ROPS III. For the City of Torrance Successor Agency, **Line Items #2-5 and #7-17 are enforceable obligations that were previously approved by the Department of Finance.** The Successor Agency was required to update the amounts due for the ROPS 13-14 A period. However, some of these items require further review before final approval. We note these items below.

Items that were disapproved by DOF have been preserved and locked-down in pale red cells with “0” listed as the payment amount. This item is listed as #6.

I. APPROVE

(These ROPS items meet the threshold for being enforceable obligations)

- a. **Line Item #2, “Bond Series A (Downtown)”**
- b. **Line Item #7, “Notes Payable, Developer (Industrial)”**
- c. **Line Item #9, “Admin Cost (Downtown)”**
- d. **Line Item #10, “Admin Cost (Skypark)”**
- e. **Line Item #11, “Admin Cost (Industrial)”**
- f. **Line Item #13, “Professional/Technical Service (Downtown)”**

II. REQUEST ADDITIONAL DOCUMENTATION BEFORE TAKING ACTION

(These ROPS items require additional review and/or documentation before approval)

- a. **Line Item #3, “Industrial Series B&C Bond (Industrial)”**
- b. **Line Item #4, “Bond Admin Fee FY12-13 (Downtown)”**
- c. **Line Item #5, “Bond Admin Fee FY12-13 (Industrial)”**
- d. **Line Item #8, “American Honda Interest (Industrial)”**

- e. **Line Item #12, “Professional/Technical Service (Downtown)”**
- f. **Line Item #14, “Light and Power (Downtown)”**
- g. **Line Item #15, “Light and Power (Downtown)”**
- h. **Line Item #16, “Coleman Court senior rental subsidy”**
- i. **Line Item #17, “Ocean Terrace senior rental subsidy”**

III. POSSIBLE RECALCULATION REQUIRED

(This item may change due to the following recommended actions)

a. Summary of Recognized Obligation Payment Schedule

Items #2, #7, #13 “Bond Series A (Downtown)”, “Notes Payable, Developer (Industrial)”, “Professional/Technical Service (Downtown)” | Approve

Recommendation:

- These items are ongoing enforceable obligations and should be approved.

Items #9-11 “Admin Cost (Downtown)”, “Admin Cost (Skypark)”, “Admin Cost (Industrial)” | Approve

Recommendation:

- This item meets the annual threshold amount of \$250,000 required by HSC Section 34171 and should be approved.

Items #3-5, #12, #14-17 ““Industrial Series B&C Bond (Industrial)”, “Bond Admin Fee FY12-13 (Downtown)”, “Bond Admin Fee FY12-13 (Industrial)”, “Professional/Technical Service (Downtown)”, “Light and Power (Downtown)”, “Light and Power (Downtown)”, “Coleman Court senior rental subsidy”, “Ocean Terrace senior rental subsidy” | Request Additional Documentation

Information:

- In the “Recognized Obligation Payment Schedule)ROPS 13-14A) – Notes (Optional),” items #3-5, #12, and #14-17 refer to the actual payments being paid with pooled cash of the City of Torrance and to see DDR #2 review report on funds other than LMIHF.

Question:

- What is the source of the pooled cash of the City of Torrance? Was this paid from cash reserves from ROPS I? Was this an advance made by the city pursuant to a reimbursement agreement?

Recommendation:

- Request additional documentation or information regarding the source of the pooled cash. If the source is an advance from the city, request the reimbursement agreement. If the city is the source of these funds, these line items should note the payee as the City of Torrance.

Item #8, “American Honda Interest (Industrial)” | Request Additional Documentation

Information:

- In the report on AUP for the City of Torrance, this obligation was flagged as an amount that does not agree with supporting documentation. It was noted the obligation agreed to a participation agreement for \$13,000,000. In addition, there is a provision for supplemental letters of credit that total \$11,000,000. However, no supporting documentation was provided to support the obligation amount of \$48,000 listed on the ROPS.

Recommendation:

- Request further documentation is provided to confirm the obligation amount of \$48,000.

Summary of Recognized Obligation Payment Schedule | Possible Recalculation Required

Information:

- After obtaining the recommended additional documentation and information, the “Enforceable Obligations Funded with RPTTF” amount may change, necessitating a change in the Current Period Outstanding Debt or Obligation (Lines B, D, E, G).
- The “Prior Period (July 1, 2012 through December 31, 2012) Estimated vs. Actual Payments” amounts do not match the amounts provided in “Prior Period Estimated Obligations vs. Actual Payments (ROPS II).” Specifically, the actual obligations paid with RPTTF (Line I) of \$2,569,740 do not match the \$2,499,626 amount from ROPS II.

Question:

- Why are the amounts for actual obligations paid with RPTTF different between the summary and ROPS II?

Recommendation:

- After obtaining the recommended additional documentation and information, any changes may necessitate a recalculation of the Summary of Recognized Obligation Payment Schedule (Lines B-L).