

July 20, 2004

Honorable Mayor and Members of
the Hermosa Beach City Council

City Council Meeting of
July 27, 2004

RECOMMENDATION

It is recommended that the City Council adopt the attached resolution authorizing issuance of bonds for Beach Drive Assessment 2004-1.

BACKGROUND

The City Council has followed all of the prescribed procedures to set up the assessment district, order improvements and provide for assessments, as outlined in the attached resolution.

ANALYSIS

The resolution provides for issuance of limited obligation bonds in a principal amount equal to the unpaid assessments. The bonds are secured by a first lien against the real property in the assessment district and will be repaid from assessments levied in the same manner as real property taxes. Neither the credit nor the taxing power of the City is pledged for payment of the bonds or interest. The only obligations of the City are those administrative duties related to the collection and disbursement of assessments.

The resolution provides for sale of a single bond, with the amount to be determined after the prepayment period closes on July 26, 2004. Craig Hill of Northcross, Hill & Ach, who serves as our financial advisor, expects to have details of the purchase the next day, which is the day of the City Council meeting, July 27, 2004. Mr. Hill will provide a letter verifying that the interest rate is reflective of the current market.

Since the principal amount of the bonds will be less than \$1 million, sale to a single buyer avoids the additional costs associated with issuance of bonds such as disclosure documents, printing costs and underwriter's discounts.

Respectfully submitted,

Viki Copeland
Finance Director

Stephen R. Burrell
City Manager