



Date: November 11, 2008
To: Kurt Schneider, Chair
Belmont Shore Parking and Business Improvement Area Advisory Commission
From: David Nakamoto, City Treasurer
Subject: Bond Issuance Process

As we discussed on November 11, 2008, the City Council authorized the Belmont Shore CFD NO. 2007-2 Special Tax Bonds to be issued at an interest rate not to exceed 6.50%. When ballots were mailed to voters in September of 2008, this was a conservative constraint. However, as a result of the credit crisis that has hit financial markets, interest rates have spiked and the interest rate on the bonds would be approximately 7.50% if sold today. We are hopeful that as markets continue to stabilize, long-term interest rates will fall back to historic ratios, making the financing once again feasible. While municipal markets have seen significant improvement during the past two weeks, we unfortunately have no way of knowing how long it will take to reach the 6.50% threshold.

The Belmont Shore CFD NO. 2007-2 Special Tax Bonds issuance process will include the following major actions:

- Continue to monitor financial market for favorable conditions
- Prepare and distribute a Preliminary Offering Statement
- Market the bonds to local retail buyers as well as institutional buyers
- Price the bonds
- Prepare / finalize bond documents
- Close the transaction

I hope this overview answers your questions. Please feel free to contact me for any further information.