



# Administrative Report

H.6., File # 26-0468

Meeting Date: 7/7/2026

**To:** MAYOR AND CITY COUNCIL  
**From:** STEPHANIE MEYER, FINANCE DIRECTOR

## **TITLE**

APPROVE AN AGREEMENT WITH KOSMONT TRANSACTIONS SERVICES, INC., DBA KOSMONT FINANCIAL SERVICES, FOR CITY BOND REPORTING ACTIVITIES FOR A COST OF \$18,500 IN YEAR 1 AND A TOTAL AMOUNT NOT TO EXCEED \$62,500, INCLUDING CONTINGENCY, FOR THE TERM JULY 7, 2026 TO JUNE 30, 2031

## **EXECUTIVE SUMMARY**

The City of Redondo Beach must maintain compliance with state and federal post-issuance laws for its outstanding municipal debt. Approval of the proposed agreement would retain Kosmont Transactions Services, Inc. dba Kosmont Financial Services (Kosmont), as the City's debt reporting consultant, continuing Kosmont's current bond duties related to federal reporting and adding state-level reporting responsibilities.

With the Agreement, Kosmont would manage compliance actions for the following bond obligations:

- \$7,230,000 Redondo Beach Public Financing Authority Wastewater Revenue Refunding Bonds, Series 2014A
- \$28,015,000 Redondo Beach Community Financing Authority Lease Revenue Refunding Bonds, Series 2019A
- \$226,180,000 Redondo Beach Community Financing Authority Lease Revenue Bonds, Series 2021A

Approval of the proposed five-year Agreement ensures the City fulfills its statutory requirements, prevents regulatory penalties, and satisfies annual filing deadlines through FY 2030-31.

## **BACKGROUND**

Municipal debt compliance requires annual reporting and disclosure for both State-level California Debt and Investment Advisory Commission (CDIAC) requirements and Federal-level Securities and Exchange Commission (SEC) continuing disclosure mandates.

### **California Debt and Investment Advisory Commission (CDIAC) Requirements**

Under California law, issuers of certain types of debt must submit annual electronic filings. The City's Series 2019A and Series 2021A bonds fall in this category, and require the following filings:

- Annual Debt Transparency Report (ADTR): Governed by Senate Bill 1029, this report is due by January 31 each year. It tracks outstanding principal, interest paid, authorization balances,

and explicit details on how bond proceeds are spent.

- Yearly Fiscal Status Report (YFSR): This submission provides updated fiscal details, reserve fund balances, and default/draw statuses on outstanding community financing mechanisms.

### **Federal Continuing Disclosure and Dissemination Agent Services**

The Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB) set federal disclosure requirements. Each of the City's three outstanding bonds (Series 2014A, Series 2019A and Series 2021A) has a separate Continuing Disclosure Agreement (CDA) requiring the following ongoing updates to bondholders and the public marketplace:

- Continuing Disclosure Annual Reports: The City must regularly update the market with its Annual Comprehensive Financial Report (ACFR) and specific localized operational data (e.g., assessed property values, top taxpayers, revenue collections) outlined in each bond's original covenants.
- Listed Events Reports: The MSRB must be notified via standard regulatory filings within 10 business days of specific occurrences, such as rating shifts, principal/interest payment defaults, draws on debt reserves, or structural changes to tax status.
- Central Clearinghouse: All continuing disclosures and event alerts must be uploaded digitally onto the MSRB's Electronic Municipal Market Access (EMMA) platform.

Compiling data to meet specialized reporting metrics is time-intensive and requires expertise in municipal compliance. Kosmont is a highly experienced and well-respected municipal advisory company with the expertise to meet bond disclosure requirements.

Kosmont is named as the City's Dissemination Agent in its 2019A and 2021A Series bond agreements and has completed annual filings since each bond's inception. Additionally, Kosmont has filed annual reporting for the City's 2014A Wastewater bonds since FY 2021-22. City staff have historically been responsible for CDIAC filings. The proposed Agreement formally extends the term for federal annual continual disclosure and adds CDIAC reporting to the scope of Kosmont's services to the City. Adding the state-level filing streamlines debt reporting and ensures consistent, on-time filing of key information and reduces the burden on City personnel. Kosmont will continue to directly interface with staff to complete the required bond reporting.

### **COORDINATION**

This recommendation was coordinated with the City Manager's Office. The City Attorney's Office has approved the Agreement as to form.

### **FISCAL IMPACT**

The cost of the proposed professional services agreement over the next five years will not exceed \$62,500, which includes \$2,000 for any reimbursable expenses and \$6,000 in contingency funding. The first-year cost will be approximately \$18,500 to account for initial work in the review of state filings. The cost of subsequent years is estimated to be \$9,000 annually, excluding contingency, with amounts based on the number of filings.

Funding for the Agreement is included in the Financial Services Department annual operating budget and will be distributed incrementally across reporting cycles each fiscal year.

**APPROVED BY:**

*Mike Witzansky, City Manager*

**ATTACHMENTS**

- Agmt, Signature & Insurance - Kosmont Transactions Services, Inc. dba Kosmont Financial Services