



Raul Amezcua • Senior Managing Director • Tel: 213 605 5120 • Email: raul.amezcua@ramirezco.com

May 7, 2021 [Revised May 26, 2021]

City of Redondo Beach
415 Diamond St,
Redondo Beach, California 90277

Attn: William C. Brand, Mayor

Re: Disclosures by Joint Senior Managing Underwriter Pursuant to MSRB Rule G-17
City of Redondo Beach, Taxable Pension Lease Revenue Bonds or Pension Obligation
Bonds, Series 2021

Dear Mayor Brand:

We are writing to provide you, as the Mayor of the City of Redondo Beach (Issuer), with certain disclosures relating to the captioned bond issue (Bonds), as required by Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2019-20 (Nov. 8, 2019).¹

Ramirez & Co., Inc. (Underwriter) intends to serve as Joint Senior Manager, and not as a financial advisor or municipal advisor, in connection with the issuance of the Bonds.

As part of our underwriting services, we may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds.

I. Dealer-Specific Conflicts of Interest Disclosures

The Underwriter has not identified any actual or potential material conflicts of interest.

II. Transaction-Specific Disclosures

Since we have not recommended a “complex municipal securities financing” to the Issuer, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17.

¹ Revised Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective Mar. 31, 2021).

III. Standard Disclosures

- Disclosures Concerning the Underwriters' Role:
 - MSRB Rule G-17 requires the Underwriter to deal fairly at all times with both the Issuers and investors.
 - The Underwriters' primary role is to purchase the Bonds with a view to distribution in an arm's-length commercial transaction with the Issuer. The Underwriter also has financial and other interests that differ from those of the Issuer.
 - Unlike a municipal advisor, the Underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
 - The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer's interest in this transaction.
 - The Underwriter has a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with their duty to sell the Bonds to investors at prices that are fair and reasonable.
 - The Underwriter will review the official statement for the Bonds in accordance with, and a part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.²
- Disclosures Concerning the Underwriters' Compensation:

The Underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the Underwriter may have an incentive to recommend to the Issuer a transaction that is unnecessary or larger than is necessary.

However, recognizing the "Disclosures Concerning the Underwriters' Role" above, Ramirez represents that it shall provide the Issuer with recent underwriting fee comparables and act in the best interest of the Issuer and work in good faith to avoid this potential conflict of interest in its recommendations.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

² Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriters' obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

Please note that nothing in this letter should be viewed as a commitment by the Underwriter to purchase or sell all the Bonds and any such commitment will only exist upon the execution of any bond purchase agreement or similar agreement and then only in accordance with the terms and conditions thereof.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any disclosed conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately. We are required to seek your acknowledgement that you have received this letter. Accordingly, please send a reply email to that effect, or return an executed copy of this letter to raul.amezcua@ramirezco.com. Otherwise, an email read receipt from you or automatic response confirming that our email was opened by you will serve as an acknowledgment that you received these disclosures.

Depending on the structure of the transaction that the Issuer decides to pursue, or if additional actual or potential material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you and the Issuer in connection with the issuance of the Bonds.

Sincerely,

Ramirez & Co., Inc.



Raul Amezcua, Senior Managing Director

Acknowledgement:

ATTEST:

William C. Brand, Mayor

Eleanor Manzano, City Clerk

APPROVED AS TO FORM:

Date: _____

Michael W. Webb, City Attorney

CC:

Marni Ruhland, Finance Director, City of Redondo Beach

Sara Oberlies Brown, Managing Director, Stifel, Nicolaus & Company, Incorporated

Russ Trice, Partner, Norton Rose Fulbright US LLP

Dan Massiello, Sr. Vice President/Chief Compliance Officer, Kosmont Transactions Services, Inc.

Albert R. Reyes, Partner, Kutak Rock