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CITY OF DANBURY

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DANBURY, CONNECTICUT 06810

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MEMORANDUM

TO: Hon. Mark D. Boughton via the City Council

FROM: David W. St. Hilaire, Director of Finance DSH/ϕ

DATE: November 30, 2010

SUBJECT: Refunding of General Obligation Bonds

An advance refunding of General Obligation Bonds is an important debt management tool for state and local government issuers which is commonly used to achieve interest cost savings.

Because the Bond markets do fluctuate daily, it is important that the City has in place the proper authorizations to react to interest rate savings opportunities as they arise. The City has approximately $25,000,000 of existing bonds which may be refunded for interest rate savings under the right market conditions. This resolution would essentially allow the City to more quickly react to such savings opportunities as they arise however, it is important to note that no such opportunity for savings exist at this time.

The Resolution requests an amount not exceeding $25,000,000 City of Danbury General Obligation Refunding Bonds with respect to the authorization, issuance and sale. This amount anticipates a certain amount of interest rate changes and the possibility of including additional refunding bonds if in the best interests of the City at the time of the sale.

I respectfully request that the City Council authorizes me at its December regular meeting to move forward with the refunding when a savings opportunity is presented. Please be assured even if such authorization is given, the sale will only occur if it is determined at the sale date that the terms and conditions of the sale are financially beneficial to the City.

Please feel free to contact me should you require any additional information. Thank you.

Attach.

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RESOLUTION

CITY OF DANBURY, STATE OF CONNECTICUT

_____A.D. 2010

RESOLVED BY THE CITY COUNCIL OF THE CITY OF DANBURY

RESOLUTION WITH RESPECT TO THE AUTHORIZATION, ISSUANCE AND SALE OF NOT EXCEEDING $25,000,000 CITY OF DANBURY, CONNECTICUT GENERAL OBLIGATION REFUNDING BONDS

RESOLVED:

Section 1. Not exceeding $25,000,000 General Obligation Refunding Bonds (the "Refunding Bonds") of the City of Danbury, Connecticut (the "City ") maybe issued in one or more series and in such principal amounts as the Mayor and the Treasurer shall determine to be in the best interests of the City for the purpose of achieving net present value savings and/or to moderate debt service payments. The Refunding Bonds are hereby authorized to refund all or any portion of any one or more series of the City's outstanding General Obligation Bonds (the "Refunded Bonds"). The Refunding Bonds shall be issued and sold either in a negotiated underwriting or a competitive offering, at such time or times as the Mayor and the Treasurer shall determine to be most opportune for the City. Each series of Refunding Bonds shall mature in such amounts and on such date or dates as shall be determined by the Mayor and the Treasurer provided that no Refunding Bonds shall mature later than the final maturity date of the last maturity of any Refunded Bonds being refunded by such series. The Refunding Bonds shall bear interest payable at such rate or rates as shall be determined by the Mayor and the Treasurer. The Refunding Bonds shall be executed in the name and on behalf of the City by the manual or facsimile signatures of the Mayor and the Treasurer, bear the City seal or a facsimile thereof, and be approved as to their legality by Robinson & Cole LLP, Bond Counsel. The Refunding Bonds shall be general obligations of the City and each of the Refunding Bonds shall recite that every requirement of law relating to its issue has been duly complied with, that such bond is within every debt and other limit prescribed by law, and that the full faith and credit of the City are pledged to the payment of the principal thereof and the interest thereon. The aggregate denominations, form, details, and other particulars thereof, including the terms of any rights of redemption and redemption prices, the designation of the certifying, paying, registrar and transfer agent, shall be subject to the approval of the Mayor and the Treasurer. The net proceeds of the sale of the Refunding Bonds, after payment of underwriter's discount and other costs of issuance, shall be deposited in an irrevocable escrow account in an amount sufficient to pay the principal of, interest and redemption premium, if any, due on the Refunded Bonds to maturity or earlier redemption pursuant to the plan of refunding. The Mayor and the Treasurer are authorized to appoint an escrow agent and other professionals and to execute and deliver any and all escrow, investment and related agreements necessary to provide for such payments on the Refunded Bonds and to provide for the transactions contemplated hereby. The Mayor and the Treasurer are authorized to prepare and distribute preliminary and final Official Statements of the City for use in connection with the offering and sale of the Refunding Bonds, and they are hereby authorized to execute and deliver on behalf of the City a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Tax Regulatory Agreement and such other documents necessary or desirable for the issuance of the Refunding Bonds and the payment of Refunded Bonds.

Section 2. This Resolution shall be effective through December 31, 2011.