



14

CITY OF DANBURY

155 DEER HILL AVENUE

DANBURY, CONNECTICUT 06810

DAVID W. ST. HILAIRE
DIRECTOR OF FINANCE

(203) 797-4652
FAX: (203) 796-1526

MEMORANDUM

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

FROM: David W. St. Hilaire, Director of Finance 

DATE: September 29, 2009

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.

The Bond markets do fluctuate daily, however the City does have a window of opportunity to execute a refunding of approximately \$44,220,000 of existing bonds which would include refunding portions of our 2003-2009 bond issues. Based on current interest rates, the deal would generate total savings of approximately \$1.7 million. The attached chart indicates the estimated annual savings over the life of the refunded bonds.

The Resolution requests an amount not exceeding \$55,000,000 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 Common Council authorizes me at its October regular meeting to move forward with the refunding. 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.

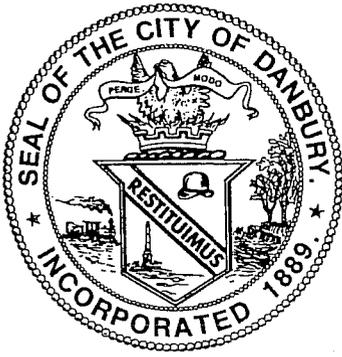
CITY OF DANBURY, CONNECTICUT

Evaluation of Potential Refunding Scenarios

September 2009

Par Amount of Bonds	\$44,220,000
Par of Bonds to be Refunded	\$47,090,000
Term of Issue	16 Years
<u>Interest Rates:</u>	
True Interest Cost (Refunding Bonds)	2.81%
Average Coupon of Refunded Bonds	4.20%
<u>Escrow Stats:</u>	
Arbitrage Yield	2.61%
Escrow Yield	2.56%
Negative Arbitrage	\$100,000
<u>Savings (Net of all costs):</u>	
Budgetary Savings	\$1,863,198
Net Present Value Savings	\$1,732,204
(% of Prior Issue)	3.68%

Note: All numbers are as of September 23, 2009 and are subject to changed based on market conditions.



RESOLUTION

14-2

CITY OF DANBURY, STATE OF CONNECTICUT

_____ A. D., 200__

RESOLVED by the Common Council of the City of Danbury:

RESOLUTION WITH RESPECT TO THE AUTHORIZATION, ISSUANCE AND SALE OF NOT EXCEEDING \$55,000,000 CITY OF DANBURY GENERAL OBLIGATION REFUNDING BONDS

Section 1. Not exceeding \$55,000,000 General Obligation Refunding Bonds (the "Refunding Bonds") of the City of Danbury (the "City") may be issued in one or more series and in such principal amounts as the Mayor and City Treasurer shall determine to be in the best interests of the City for the purpose of maximizing 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, and at such time or times as the Mayor and City 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 City 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 City Treasurer, shall be executed in the name and on behalf of the City by the manual or facsimile signatures of the Mayor and City 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 City Treasurer. The net proceeds of the sale of the Refunding Bonds, after payment of underwriters' 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 City 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 City Treasurer are authorized to prepare and distribute a 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 and a Tax Regulatory Agreement and such other documents necessary or desirable for the issuance of the Refunding Bonds and the payment of the Refunded Bonds.

Section 2. This resolution shall be effective until June 30, 2010.