

Town of Concord  
Finance Department

*Memorandum*

**TO:** Christopher Whelan, Town Manager  
**FROM:** Anthony T. Logalbo, Finance Director  
**SUBJ:** Bond Sale Results  
**DATE:** May 4, 2011

Bids were accepted today for a \$8,750,000 bond issuance of the Town of Concord with serial maturities from one to fifteen years. The issuance date will be May 17, 2011 and principal payments will be payable yearly from May 15, 2012 through May 15, 2026. Interest is payable semiannually on May 15 and November 15.

Ten bids were received (record attached). The recommended award is as follows:

**Fidelity Capital Markets @ 2.314489% TIC (true interest cost)**

Fidelity Capital Markets is paying the Town a premium of \$329,930.85 in addition to the face amount of the bonds. Gross interest cost for the life of the bonds, \$1,542,693.19, is thus reduced to a net interest cost of \$1,212,762.34, which equals the TIC of 2.314%. The bond premium will be applied first to issuance costs. The net premium will be credited in accordance with fund shares of the debt issuance, as follows:

Light Fund	45.7%
Water Fund	17.1%
Premium Reserve	4.3%
General Fund	32.9%

The range of the ten bids received for this offering was to 2.586595%. The cover bid (the next highest to the winning bid) was 2.322949%. For reference purposes, the current sale and recent previous sales results are reported below:

<u>Sale Date</u>	<u>Amount</u>	<u>Average term</u>	<u>Max term</u>	<u>TIC</u>	<u># of bids</u>	<u>Award</u>
May 4, 2011	\$ 8,750,000	5.758 yrs	15 yrs	2.3145%	10	Fidelity Capital Markets
Jan. 20, 2010	\$15,100,000	8.892 yrs	19 yrs	3.0929%	6	Fidelity Capital Markets
Mar. 18, 2009	\$14,465,000	8.708 yrs	19 yrs	3.6096%	8	UBS Financial Services
Mar. 20, 2008	\$ 6,301,000	4.845 yrs	10 yrs	3.0162%	7	First Southwest Co.

This bond sale will finance the following projects approved at Annual Town Meetings, as detailed:

<b>Article 51, 2006</b>	Police/Fire Station design	\$ 100,000
<b>Article 5, STM</b>	Willard School Construction	375,000
<b>Article 20, 2009</b>	CMLP Smart Grid	4,000,000
<b>Article 31, 2009</b>	Sidewalk improvements	250,000
<b>Article 45, 2009</b>	Police/Fire Station construction	900,000
<b>Article 22, 2010</b>	Road improvements	700,000
<b>Article 23, 2010</b>	Water System improvements	1,500,000
<b>Article 30, 2010</b>	Ambulance replacement	200,000
<b>Article 39, 2010</b>	Land acquisition	725,000

A portion of the bond proceeds (\$5,450,000) will be used to redeem short-term notes originally issued May 27, 2010 and maturing May 27, 2011.

**General Information**

Bond documents are scheduled to be submitted to the Board of Selectmen for approval and signing on May 9, 2011.

Moody's Investors Service reaffirmed Concord's Aaa credit rating prior to the bond sale. A copy of the credit report is attached.

Cc: Patricia Robertson, Deputy Treasurer-Collector  
Gail Henry, Town Accountant