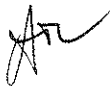


Town of Concord  
Finance Department

*Memorandum*

**TO:** Christopher Whelan, Town Manager  
**FROM:** Anthony T. Logalbo, Town Treasurer   
**SUBJ:** Bond Anticipation Note Sale Results  
**DATE:** December 12, 2013

Bids were accepted today for a **Bond Anticipation Note (BAN)** in the sum of \$4,650,000 (all new funds). This note is dated December 19, 2013 to mature June 16, 2014 (a period of 177 days on a 360-day basis) and is being issued for the following purposes:

New Funds:

Article 34 of 2011 <i>Library – RFID system</i> - <i>Total authorization \$140,000</i> <i>Prior bond issuance of \$125,000 (5-15-12)</i>	\$ 15,000
Article 8 of 2012 <i>Concord Public School building improvements</i> - <i>Total authorization \$675,000</i>	\$ 300,000
Article 28 of 2012 <i>Light Plant improvements</i> - <i>Transformer replacement and cold warehouse</i> <i>Total authorization \$4,400,000</i> <i>Prior Note issuance of \$1,200,000 (6-27-13)</i>	\$ 2,635,000
Article 45 of 2013 <i>Road improvements</i> - <i>Total authorization \$900,000</i>	\$ 500,000
Article 49 of 2013 <i>Police &amp; Fire Radio System</i> - <i>Total authorization \$450,000</i>	\$ 450,000
Article 52 of 2013 <i>Land acquisition, 449 Barrett's Mill Rd</i> - <i>Total authorization \$525,000</i>	\$ 500,000
Article 55 of 2013 <i>Town House Exterior Renovation</i> - <i>Total authorization \$950,000</i> <i>Prior Note issuance of \$500,000 (6-27-13)</i>	\$ 250,000

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

**TD Securities @ 0.1724% NIC (net interest cost)**

The coupon rate on the note for the winning bid is 0.75%, which is a gross interest cost of \$17,146.88. However, the bidder is paying a premium of \$13,206 in addition to the principal amount of \$4,650,000. Thus the net interest cost is \$3,940.88. The premium will be held in reserve by the Town and applied to the payment of the coupon interest due at maturity.

For reference purposes, the results of previous note sales were as follows:

<i>Sale Date</i>	<i>Amount</i>	<i>Period</i>	<i>NIC</i>
6/19/13	\$ 1,800,000	6/27/13 – 6/16/14	0.2881%
9/29/11	\$ 2,675,000	10/12/11 -5/31/12	0.2785%
6/02/11	\$ 210,000	6/28/11 – 10/12/11	0.9500%
5/19/10	\$ 5,450,000	5/27/10 – 5/26/11	0.4324%
1/21/09	\$12,500,000	1/29/09 – 1/28/10	0.5322%
5/16/08	\$12,000,000	5/16/08 – 5/15/09	1.8970%
7/18/07	\$ 2,500,000	7/26/07 – 7/24/08	3.7132%
5/30/07	\$ 3,625,000	6/07/07 – 4/01/08	3.6980%
2/22/07	\$ 2,800,000	3/01/07 - 9/29/07	3.6540%
7/20/06	\$ 2,500,000	7/27/08 - 7/26/07	3.7966%
4/26/06	\$ 6,050,000	5/04/06 - 3/01/07	3.7096%
9/29/05	\$21,200,000	9/29/05 - 9/28/06	2.9159%
7/20/05	\$ 500,000	7/28/05 - 3/03/06	2.9480%
7/20/05	\$ 2,500,000	7/28/05 - 7/27/06	2.7730%

**Note:** the sale of June 2, 2011 was issued as a State House Note rather than through competitive bid, due to its small size and the need to handle the transaction rapidly in advance of the closing on the purchase of land. This Note was renewed at a lower interest cost as part of the Sept. 29, 2011 sale.

#### **Use of Proceeds**

The notes being issued will reimburse the treasury for \$2,276,091 already spent through December 10<sup>th</sup> on the authorized projects and purposes. The balance will fund remaining project expenses.

#### **Funding of Notes at maturity**

The principal amount of these notes (\$4,650,000), together with the Notes issued on June 27, 2013 (\$1,800,000) both mature on June 16, 2014. They will be repaid from the proceeds of a long-term bond sale to occur on or about June 1, 2014. That Bond issue will total approximately \$8.2 million

#### **Notes not rated**

In consultation with the Town's Financial Advisor, First Southwest Company, these Notes were issued without a separate credit rating. The historically low rates prevailing in the short-term market did not justify the payment of the rating agency's fee for this six-month note. Given the Town's underlying Moody's Aaa credit rating on its long-term debt, reaffirmed last June, there was no discernible negative impact, either in the number of bids received or in the winning low bid

#### **Documents**

BAN documents are scheduled to be submitted to the Board of Selectmen for approval and signing on December 16, 2013. The form of the vote to award the Notes to TD Securities is attached.

# Town of Concord, Massachusetts

## \$4,650,000 General Obligation Bond Anticipation Notes



**Sale Date:** 12/12/2013  
**Dated Date:** 12/19/2013  
**Delivery Date:** 12/19/2013  
**Due Date:** 6/16/2014  
**Days Per Year:** 360  
**Day Count:** 177  
**Bank Qualified:** Yes  
**Rating:** None

Bidder	Principal	Coupon Rate	Premium	Interest	Net Interest	NIC	Prorata Premium	Prorata Interest	Award	Reoffering Yield
TD Securities	\$4,650,000	0.75%	\$13,206.00	\$17,146.88	\$3,940.88	0.1724%	\$13,206.00	\$17,146.88	\$4,650,000	
Jefferies LLC	\$4,650,000	1.00%	\$18,230.00	\$22,862.50	\$4,632.50	0.2026%				
Eastern Bank	\$4,650,000	1.00%	\$17,238.33	\$22,862.50	\$5,624.17	0.2460%				
Century Bank	\$1,000,000	0.40%	\$0.00	\$1,966.67	\$1,966.67	0.4000%				
People's United Bank	\$2,000,000	0.59%	\$0.00	\$5,801.67	\$5,801.67	0.5900%				
<b>Award Totals</b>			<b>\$13,206.00</b>	<b>\$17,146.88</b>			<b>\$13,206.00</b>	<b>\$17,146.88</b>	<b>\$4,650,000</b>	

Weighted Average Net Interest Cost: 0.1724%

## VOTE OF THE BOARD OF SELECTMEN

I, the Clerk of the Board of Selectmen of the Town of Concord, Massachusetts, certify that at a meeting of the board held December 16, 2013, of which meeting all members of the board were duly notified and at which a quorum was present, the following votes were unanimously passed, all of which appear upon the official record of the board in my custody:

Voted: to approve the sale of a \$4,650,000 0.75 percent General Obligation Bond Anticipation Note (the "Notes") of the Town dated December 19, 2013, and payable June 16, 2014, to TD Securities (USA) LLC at par and accrued interest, if any, plus a premium of \$13,206.

Further Voted: that in connection with the marketing and sale of the Notes, the preparation and distribution of a Notice of Sale and Preliminary Official Statement dated December 6, 2013, and a final Official Statement dated December 19, 2013, each in such form as may be approved by the Town Treasurer, be and hereby are ratified, confirmed, approved and adopted.

Further Voted: that the Town Treasurer and the Board of Selectmen be, and hereby are, authorized to execute and deliver a significant events disclosure undertaking in compliance with SEC Rule 15c2-12 in such form as may be approved by bond counsel to the Town, which undertaking shall be incorporated by reference in the Notes for the benefit of the holders of the Notes from time to time.

Further Voted: that we authorize and direct the Treasurer to establish post issuance federal tax compliance procedures in such form as the Treasurer and bond counsel deem sufficient, or if such procedures are currently in place, to review and update said procedures, in order to monitor and maintain the tax-exempt status of the Notes.

Further Voted: that each member of the Board of Selectmen, the Town Clerk and the Town Treasurer be and hereby are, authorized to take any and all such actions, and execute and deliver such certificates, receipts or other documents as may be determined by them, or any of them, to be necessary or convenient to carry into effect the provisions of the foregoing votes.

I further certify that the votes were taken at a meeting open to the public, that no vote was taken by secret ballot, that a notice stating the place, date, time and agenda for the meeting (which agenda included the adoption of the above votes) was filed with the Town Clerk and a copy thereof posted in a manner conspicuously visible to the public at all hours in or on the municipal building that the office of the Town Clerk is located or, if applicable, in accordance with an alternative method of notice prescribed or approved by the Attorney General as set forth in 940 CMR 29.03(2)(b), at least 48 hours, not including Saturdays, Sundays and legal holidays,

prior to the time of the meeting and remained so posted at the time of the meeting, that no deliberations or decision in connection with the sale of the Notes were taken in executive session, all in accordance with G.L. c.30A, §§18-25 as amended.

Dated: December 16, 2013

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Clerk of the Board of Selectmen

AM 26072759.1