

## **Special Board of Selectmen's Meeting**

**April 6, 2010**

Present: First Selectman Gayle Weinstein; Selectman Dan Gilbert; Town Administrator Tom Landry; Finance Director and Treasurer Richard Darling; Administrative Assistant Judy DeVito; Mark Chapman, C.I.P.F.A Director; Bruce Chudwick, Bond Counsel from Shipman and Goodwin.

**This meeting was recorded and video taped and the tapes are available in the Selectmen's office.**

Ms. Weinstein called the meeting to order at 12:45pm

**Authorize the Bond Purchase Contract dated April 6, 2010 between the Town of Weston and Piper Jaffray and Co.-** Mark Chapman said that the market has continued to slip away from us. From the peak run on March 5<sup>th</sup> to now, we are off 25 to 30 basis points. They know that there is going to be more Connecticut paper coming to the market. This could make the market even worse with more supply.

What was proposed this morning to what is proposed now is slightly higher in yields than what they talked about initially. In order for the underwriter to sell an acceptable volume of bonds, the final effective rate is about 3 basis points higher. The reason for this is that they were holding about 42% of the bonds, since they only sold 58% of the bonds at the lower yields. They made some requests and adjustments on the yields that will have them holding about 25%, 26% in inventory before they can sell it. This is normal procedure.

Replacing the old bonds with the new bonds, the net savings in cash flow is 3.368 million dollars. The percentage savings of refunded bonds is at 5.72%. Typically, local municipalities in Connecticut want a minimum of 2%. When the State does a refunding, they typically look at 3%. You can do a refunding as long as you have any present value savings and 5.72% is very strong. The effective interest rate is 2.99% which is the true interest cost for the refunding. We are calling \$48.5 million in bonds and replacing that with \$44 million in bonds so the bonding indebtedness is coming down. Mark Chapman said it was their recommendation to accept the bids today.

At this point Mr. Muller joined the meeting by phone and Mr. Chapman gave him a brief summary of what was discussed.

On the new debt Mr. Chapman said we have a slightly longer average life than on the refunding. The true interest cost is a 3.19% over the term. At its best we were right around 3.1%. This is an eight year call structure which is slightly more aggressive and gives you an opportunity for more flexibility. They made some adjustments on the yield, about 2 to 3 basis points. After the call, they actually kept the yields the same. It is their recommendation on the series A new money bonds to accept their proposal.

Bruce Chudwick, Bond Counsel said the Selectmen and Treasurer are authorized to accept the numbers and to sign and authorize the signature of the bond.

Mr. Gilbert moved to approve the Bond Purchase Contract dated April 6, 2010 with the pricing information provided by the underwriter today. Mr. Muller seconded and the motion passed unanimously.

At 1:20pm Mr. Gilbert made a motion to adjourn the meeting. Ms. Weinstein seconded and the motion passed unanimously.

Respectfully submitted

Judy M. DeVito  
Administrative Assistant  
Approved 5/06/10