

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 95

Approved March 11, 2005

WHEREAS, the Providence Redevelopment Agency has issued its \$68,000,000 (Public Safety and Municipal Building Projects) Revenue Bonds, 1999 Series (the "Prior Obligations") in order to provide for the acquisition, construction and equipping of a Public Safety Building and the acquisition, restoration, refurbishing and equipping of the Fogarty Building located at 111 Fountain Street, for use as an interim public safety facility or for use by various municipal departments, agencies and non-profit agencies (the "Project"); and

WHEREAS, interest rates are at such levels that refunding some or all of the Prior Obligations would result in financial benefits for the Providence Redevelopment Agency and the City of Providence (the "City"); and

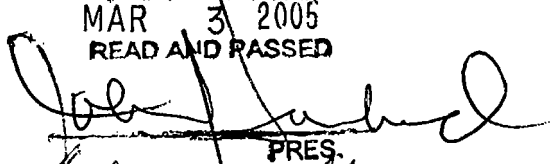
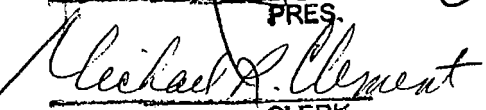
WHEREAS, in connection with the Prior Obligations the City Council authorized the Mayor to enter into a Lease Agreement dated as of November 1, 1999 relating to the Public Safety Building and a Lease Agreement dated as of November 1, 1999 relating to the Fogarty Building (collectively, the "Leases"); and

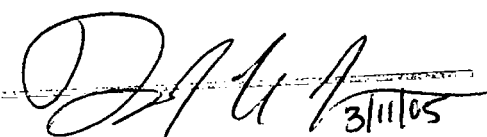
WHEREAS, in connection with the refunding of the Prior Obligations the Leases must be amended.

NOW, THEREFORE, BE IT RESOLVED, THAT:

1. The City Council hereby authorizes the Mayor to enter into amendments to the Leases, and the Mayor is authorized to take any and all action and to execute, file, and deliver such amendments to the Leases and any and all agreements, notes, discharges, and other documents and amendments thereto in such form as he may deem necessary or desirable to implement the Providence Redevelopment Agency's refinancing of the Project.
2. The City Council, pursuant to Section 45-32-5(3) of the General Laws of Rhode Island, authorizes the Providence Redevelopment Agency to retain title to the Project for twenty-five (25) years or until any obligations issued by or on behalf of the Providence Redevelopment Agency to refinance the Project (the "Refunding Obligations") have been paid in full.
3. The City's Director of Finance is authorized to execute and deliver a continuing disclosure certificate in connection with the Refunding Obligations issued by or on behalf of the Providence Redevelopment Agency, in such form as shall be deemed advisable by the City's Director of Finance. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the continuing disclosure certificate, as it may be amended from time to time. Notwithstanding any other provision of this Resolution or the Refunding Obligations, failure of the City to comply with the continuing disclosure certificate shall not be considered an event of default; however, any certificate holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Resolution and under the continuing disclosure certificate.
4. This Resolution shall take effect on passage.

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IN CITY COUNCIL
MAR 3 2005
READ AND PASSED

PRES.

CLERK

APPROVED

MAYOR 3/11/05

IN CITY COUNCIL
FEB 17 2005
FIRST READING
REFERRED TO COMMITTEE ON
FINANCE

Richard R. Went CLERK

THE COMMITTEE ON
FINANCE
Approves Passage of
The Within Resolution

Anna M. Stebbins
2-24-05 Clerk

Councilman Aponte, By Request



Finance Department
"Building Pride In Providence"

February 16, 2005

Council Majority Leader Aponte
City Council Office
Providence City Hall
Providence, RI 02903

Dear Councilman Aponte,

Please accept this letter and attached debt service schedules as my fiscal note in regards to re-financing the \$68 million dollar Providence Redevelopment bond issue. This 1999 PRA Bond funded the construction of the New Public Safety facility, as well as paying off notes on the Fogarty Building.

Based on current market conditions we anticipate refinancing the outstanding \$62.6 million in bonds at an estimated all-inclusive interest cost of 4.44% (page 2 of the attached schedule). The interest rates remaining on the outstanding bonds average slightly more than 5.5%. This would result in savings of approximately \$2.1 million dollar (page 4 of the attached schedule), of which nearly \$1.9 million (see page 4 of attached schedule) would be budget savings in fiscal year 2006. The proposed refinancing would result in net present value savings of approximately 3.34% which exceeds the 3% net present value benchmark that rating agencies look for.

I would like to point out that the savings may not be as great in March, as it is anticipated that the Federal Reserve will once again increase interest rates. Based on the anticipated increase in interest rates, I recommend we act as quickly as the Charter allows in re-financing this bond issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Alex Prignano".

Alex Prignano

C.c. Mayor Cicilline
Mike Melee
John Simmons
Jim Lombardi

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SOURCES AND USES OF FUNDS

Providence Redevelopment Agency
Advance Refunding of Series 1999 A

Sources:

Bond Proceeds:	
Par Amount	66,125,000.00
Premium	<u>4,016,816.30</u>
	70,141,816.30
Other Sources of Funds:	
Existing DSRF	5,025,737.50
	<u>75,167,553.80</u>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.04
SLG Purchases	<u>68,551,540.00</u>
	68,551,540.04
Other Fund Deposits:	
Debt Service Reserve Fund	5,023,695.00
Delivery Date Expenses:	
Cost of Issuance	250,000.00
Underwriter's Discount	330,625.00
Bond Insurance Premium	<u>1,008,445.14</u>
	1,589,070.14
Other Uses of Funds:	
Additional Proceeds	3,248.62
	<u>75,167,553.80</u>

SUMMARY OF REFUNDING RESULTS

Providence Redevelopment Agency
Advance Refunding of Series 1999 A

Dated Date	04/01/2005
Delivery Date	04/01/2005
Arbitrage yield	4.102669%
Escrow yield	3.649692%
Bond Par Amount	66,125,000.00
True Interest Cost	4.248469%
Net Interest Cost	4.439218%
Average Coupon	4.826634%
Average Life	14.389
Par amount of refunded bonds	62,660,000.00
Average coupon of refunded bonds	5.710874%
Average life of refunded bonds	14.407
PV of prior debt to 04/01/2005 @ 4.102669%	72,946,003.88
Net PV Savings	2,096,868.57
Percentage savings of refunded bonds	3.346423%
Percentage savings of refunding bonds	3.171068%

SUMMARY OF BONDS REFUNDED

Providence Redevelopment Agency
Advance Refunding of Series 1999 A

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
1999 Series A, 1999A:					
SERIALS	04/01/2006	6.000%	1,490,000.00		
	04/01/2007	5.000%	1,580,000.00		
	04/01/2008	5.000%	1,660,000.00		
	04/01/2009	5.000%	1,740,000.00		
	04/01/2010	5.125%	1,830,000.00		
	04/01/2011	5.200%	1,925,000.00	04/01/2010	101.000
	04/01/2012	5.300%	2,025,000.00	04/01/2010	101.000
	04/01/2013	5.875%	2,130,000.00	04/01/2010	101.000
	04/01/2014	5.500%	2,255,000.00	04/01/2010	101.000
	04/01/2015	5.625%	2,380,000.00	04/01/2010	101.000
TERM19	04/01/2019	5.750%	10,955,000.00	04/01/2010	101.000
TERM29	04/01/2029	5.750%	32,690,000.00	04/01/2010	101.000
			62,660,000.00		

SAVINGS

Providence Redevelopment Agency
Advance Refunding of Series 1999 A

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 04/01/2005 @ 4.1026688%
04/01/2006	5,022,237.50	3,064,900.00	1,957,337.50	1,884,042.02
04/01/2007	5,022,837.50	4,869,900.00	152,937.50	144,580.51
04/01/2008	5,023,837.50	5,019,920.00	3,917.50	6,772.58
04/01/2009	5,020,837.50	5,020,180.00	657.50	3,659.82
04/01/2010	5,023,837.50	5,020,570.00	3,267.50	5,582.67
04/01/2011	5,025,050.00	5,020,745.00	4,305.00	6,101.58
04/01/2012	5,024,950.00	5,020,345.00	4,605.00	6,009.64
04/01/2013	5,022,625.00	5,018,995.00	3,630.00	4,984.59
04/01/2014	5,022,487.50	5,021,305.00	1,182.50	2,928.27
04/01/2015	5,023,462.50	5,021,655.00	1,807.50	3,129.90
04/01/2016	5,024,587.50	5,019,615.00	4,972.50	4,919.59
04/01/2017	5,019,975.00	5,019,740.00	235.00	1,689.39
04/01/2018	5,022,312.50	5,021,340.00	972.50	1,940.62
04/01/2019	5,025,737.50	5,023,695.00	2,042.50	2,359.41
04/01/2020	4,389,675.00	4,386,055.00	3,620.00	3,020.60
04/01/2021	4,390,350.00	4,389,000.00	1,350.00	1,649.37
04/01/2022	4,387,687.50	4,382,500.00	5,187.50	3,450.36
04/01/2023	4,386,400.00	4,384,250.00	2,150.00	1,786.35
04/01/2024	4,390,912.50	4,388,500.00	2,412.50	1,766.72
04/01/2025	4,390,362.50	4,389,750.00	612.50	820.97
04/01/2026	4,389,462.50	4,387,750.00	1,712.50	1,174.50
04/01/2027	4,387,637.50	4,387,250.00	387.50	496.00
04/01/2028	4,389,312.50	4,387,750.00	1,562.50	841.96
04/01/2029	4,388,625.00	4,383,750.00	4,875.00	1,955.02
	114,215,200.00	112,049,460.00	2,165,740.00	2,095,662.45

FY 06 Savings

total Savings

Savings Summary

PV of savings from cash flow	2,095,662.45
Less: Prior funds on hand	-5,025,737.50
Plus: Refunding funds on hand	5,026,943.62
Net PV Savings	2,096,868.57

PRIOR BOND DEBT SERVICE

Providence Redevelopment Agency
Advance Refunding of Series 1999 A

Period Ending	Principal	Coupon	Interest	Debt Service
04/01/2006	1,490,000	6.000%	3,532,237.50	5,022,237.50
04/01/2007	1,580,000	5.000%	3,442,837.50	5,022,837.50
04/01/2008	1,660,000	5.000%	3,363,837.50	5,023,837.50
04/01/2009	1,740,000	5.000%	3,280,837.50	5,020,837.50
04/01/2010	1,830,000	5.125%	3,193,837.50	5,023,837.50
04/01/2011	1,925,000	5.200%	3,100,050.00	5,025,050.00
04/01/2012	2,025,000	5.300%	2,999,950.00	5,024,950.00
04/01/2013	2,130,000	5.875%	2,892,625.00	5,022,625.00
04/01/2014	2,255,000	5.500%	2,767,487.50	5,022,487.50
04/01/2015	2,380,000	5.625%	2,643,462.50	5,023,462.50
04/01/2016	2,515,000	5.750%	2,509,587.50	5,024,587.50
04/01/2017	2,655,000	5.750%	2,364,975.00	5,019,975.00
04/01/2018	2,810,000	5.750%	2,212,312.50	5,022,312.50
04/01/2019	2,975,000	5.750%	2,050,737.50	5,025,737.50
04/01/2020	2,510,000	5.750%	1,879,675.00	4,389,675.00
04/01/2021	2,655,000	5.750%	1,735,350.00	4,390,350.00
04/01/2022	2,805,000	5.750%	1,582,687.50	4,387,687.50
04/01/2023	2,965,000	5.750%	1,421,400.00	4,386,400.00
04/01/2024	3,140,000	5.750%	1,250,912.50	4,390,912.50
04/01/2025	3,320,000	5.750%	1,070,362.50	4,390,362.50
04/01/2026	3,510,000	5.750%	879,462.50	4,389,462.50
04/01/2027	3,710,000	5.750%	677,637.50	4,387,637.50
04/01/2028	3,925,000	5.750%	464,312.50	4,389,312.50
04/01/2029	4,150,000	5.750%	238,625.00	4,388,625.00
	62,660,000		51,555,200.00	114,215,200.00

BOND DEBT SERVICE

Providence Redevelopment Agency
Advance Refunding of Series 1999 A

Period Ending	Principal	Coupon	Interest	Debt Service
04/01/2006			3,064,900	3,064,900
04/01/2007	1,805,000	3.600%	3,064,900	4,869,900
04/01/2008	2,020,000	3.700%	2,999,920	5,019,920
04/01/2009	2,095,000	3.800%	2,925,180	5,020,180
04/01/2010	2,175,000	3.900%	2,845,570	5,020,570
04/01/2011	2,260,000	4.000%	2,760,745	5,020,745
04/01/2012	2,350,000	4.100%	2,670,345	5,020,345
04/01/2013	2,445,000	4.200%	2,573,995	5,018,995
04/01/2014	2,550,000	4.300%	2,471,305	5,021,305
04/01/2015	2,660,000	4.400%	2,361,655	5,021,655
04/01/2016	2,775,000	4.500%	2,244,615	5,019,615
04/01/2017	2,900,000	4.600%	2,119,740	5,019,740
04/01/2018	3,035,000	4.700%	1,986,340	5,021,340
04/01/2019	3,180,000	4.800%	1,843,695	5,023,695
04/01/2020	2,695,000	4.900%	1,691,055	4,386,055
04/01/2021	2,830,000	5.000%	1,559,000	4,389,000
04/01/2022	2,965,000	5.000%	1,417,500	4,382,500
04/01/2023	3,115,000	5.000%	1,269,250	4,384,250
04/01/2024	3,275,000	5.000%	1,113,500	4,388,500
04/01/2025	3,440,000	5.000%	949,750	4,389,750
04/01/2026	3,610,000	5.000%	777,750	4,387,750
04/01/2027	3,790,000	5.000%	597,250	4,387,250
04/01/2028	3,980,000	5.000%	407,750	4,387,750
04/01/2029	4,175,000	5.000%	208,750	4,383,750
	66,125,000		45,924,460	112,049,460

BOND SUMMARY STATISTICS

Providence Redevelopment Agency
Advance Refunding of Series 1999 A

Dated Date	04/01/2005
Delivery Date	04/01/2005
Last Maturity	04/01/2029
Arbitrage Yield	4.102669%
True Interest Cost (TIC)	4.248469%
Net Interest Cost (NIC)	4.439218%
All-In TIC	4.429328%
Average Coupon	4.826634%
Average Life (years)	14.389
Duration of Issue (years)	10.315
Par Amount	66,125,000.00
Bond Proceeds	70,141,816.30
Total Interest	45,924,460.00
Net Interest	42,238,268.70
Total Debt Service	112,049,460.00
Maximum Annual Debt Service	5,023,695.00
Average Annual Debt Service	4,668,727.50
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.000000
Total Underwriter's Discount	5.000000
Bid Price	105.574580

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	37,775,000.00	106.429	4.546%	9.611
Term bonds through 2029	12,795,000.00	106.562	5.000%	18.562
Term bonds through 2025	15,555,000.00	104.812	5.000%	22.561
	66,125,000.00			14.389

	TIC	All-In TIC	Arbitrage Yield
Par Value	66,125,000.00	66,125,000.00	66,125,000.00
+ Accrued Interest			
+ Premium (Discount)	4,016,816.30	4,016,816.30	4,016,816.30
- Underwriter's Discount	-330,625.00	-330,625.00	
- Cost of Issuance Expense		-250,000.00	
- Other Amounts		-1,008,445.14	-1,008,445.14
Target Value	69,811,191.30	68,552,746.16	69,133,371.16
Target Date	04/01/2005	04/01/2005	04/01/2005
Yield	4.248469%	4.429328%	4.102669%

BOND SOLUTION

Providence Redevelopment Agency
Advance Refunding of Series 1999 A

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
04/01/2006		3,064,900	3,064,900	5,022,238	1,957,338	163.86301%
04/01/2007	1,805,000	4,869,900	4,869,900	5,022,838	152,938	103.14046%
04/01/2008	2,020,000	5,019,920	5,019,920	5,023,838	3,918	100.07804%
04/01/2009	2,095,000	5,020,180	5,020,180	5,020,838	658	100.01310%
04/01/2010	2,175,000	5,020,570	5,020,570	5,023,838	3,268	100.06508%
04/01/2011	2,260,000	5,020,745	5,020,745	5,025,050	4,305	100.08574%
04/01/2012	2,350,000	5,020,345	5,020,345	5,024,950	4,605	100.09173%
04/01/2013	2,445,000	5,018,995	5,018,995	5,022,625	3,630	100.07233%
04/01/2014	2,550,000	5,021,305	5,021,305	5,022,488	1,183	100.02355%
04/01/2015	2,660,000	5,021,655	5,021,655	5,023,463	1,808	100.03599%
04/01/2016	2,775,000	5,019,615	5,019,615	5,024,588	4,973	100.09906%
04/01/2017	2,900,000	5,019,740	5,019,740	5,019,975	235	100.00468%
04/01/2018	3,035,000	5,021,340	5,021,340	5,022,313	973	100.01937%
04/01/2019	3,180,000	5,023,695	5,023,695	5,025,738	2,043	100.04066%
04/01/2020	2,695,000	4,386,055	4,386,055	4,389,675	3,620	100.08253%
04/01/2021	2,830,000	4,389,000	4,389,000	4,390,350	1,350	100.03076%
04/01/2022	2,965,000	4,382,500	4,382,500	4,387,688	5,188	100.11837%
04/01/2023	3,115,000	4,384,250	4,384,250	4,386,400	2,150	100.04904%
04/01/2024	3,275,000	4,388,500	4,388,500	4,390,913	2,413	100.05497%
04/01/2025	3,440,000	4,389,750	4,389,750	4,390,363	613	100.01395%
04/01/2026	3,610,000	4,387,750	4,387,750	4,389,463	1,713	100.03903%
04/01/2027	3,790,000	4,387,250	4,387,250	4,387,638	388	100.00883%
04/01/2028	3,980,000	4,387,750	4,387,750	4,389,313	1,563	100.03561%
04/01/2029	4,175,000	4,383,750	4,383,750	4,388,625	4,875	100.11121%
	66,125,000	112,049,460	112,049,460	114,215,200	2,165,740	

BOND PRICING

Providence Redevelopment Agency
Advance Refunding of Series 1999 A

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price
Serial Bonds:								
	04/01/2006		3.500%	2.410%	101.070			
	04/01/2007	1,805,000	3.600%	2.560%	102.015			
	04/01/2008	2,020,000	3.700%	2.660%	102.979			
	04/01/2009	2,095,000	3.800%	2.780%	103.836			
	04/01/2010	2,175,000	3.900%	2.930%	104.481			
	04/01/2011	2,260,000	4.000%	3.080%	105.004			
	04/01/2012	2,350,000	4.100%	3.210%	105.540			
	04/01/2013	2,445,000	4.200%	3.320%	106.138			
	04/01/2014	2,550,000	4.300%	3.420%	106.767			
	04/01/2015	2,660,000	4.400%	3.520%	107.364			
	04/01/2016	2,775,000	4.500%	3.600%	107.502 C	3.665%	04/01/2015	100.000
	04/01/2017	2,900,000	4.600%	3.680%	107.639 C	3.801%	04/01/2015	100.000
	04/01/2018	3,035,000	4.700%	3.750%	107.861 C	3.922%	04/01/2015	100.000
	04/01/2019	3,180,000	4.800%	3.820%	108.082 C	4.039%	04/01/2015	100.000
	04/01/2020	2,695,000	4.900%	3.890%	108.301 C	4.151%	04/01/2015	100.000
	04/01/2021	2,830,000	5.000%	3.950%	108.605 C	4.253%	04/01/2015	100.000
		37,775,000						
Term bonds through 2025:								
	04/01/2029	15,555,000	5.000%	4.400%	104.812 C	4.665%	04/01/2015	100.000
Term bonds through 2029:								
	04/01/2025	12,795,000	5.000%	4.190%	106.562 C	4.499%	04/01/2015	100.000
		66,125,000						

Dated Date	04/01/2005	
Delivery Date	04/01/2005	
First Coupon	10/01/2005	
Par Amount	66,125,000.00	
Premium	4,016,816.30	
Production	70,141,816.30	106.074580%
Underwriter's Discount	-330,625.00	-0.500000%
Purchase Price	69,811,191.30	105.574580%
Accrued Interest		
Net Proceeds	69,811,191.30	

ESCROW STATISTICS

Providence Redevelopment Agency
Advance Refunding of Series 1999 A

Escrow	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
OLD_DSRF	5,025,737.50	1.342	3.174734%	3.174734%	4,963,748.71	61,988.79	
BP	63,525,802.54	4.404	3.649692%	3.649692%	62,273,076.87	1,252,725.59	0.08
	68,551,540.04				67,236,825.58	1,314,714.38	0.08

Delivery date 04/01/2005
Arbitrage yield 4.102669%

ESCROW CASH FLOW

Providence Redevelopment Agency
Advance Refunding of Series 1999 A

Date	Principal	Interest	Net Escrow Receipts
04/01/2006	2,558,407.00	2,463,830.62	5,022,237.62
04/01/2007	2,634,690.00	2,388,148.29	5,022,838.29
04/01/2008	2,722,989.00	2,300,847.60	5,023,836.60
04/01/2009	2,814,275.00	2,206,562.88	5,020,837.88
04/01/2010	57,821,179.00	2,106,258.07	59,927,437.07
	68,551,540.00	11,465,647.46	80,017,187.46

Escrow Cost Summary

Purchase date	04/01/2005
Purchase cost of securities	68,551,540.00