

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 2004-34

No. 345

AN ORDINANCE

TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS OF THE CITY OF PROVIDENCE TO REFUND THE OUTSTANDING PORTION OF THE CITY'S \$6,825,000 GENERAL OBLIGATION BONDS DATED AUGUST 1, 2000, DUE AUGUST 1, 2001-2015; \$37,000,000 GENERAL OBLIGATION BONDS, 2001 SERIES A DATED DECEMBER 1, 2001, DUE JANUARY 15, 2004-2019, JANUARY 15, 2022 AND JANUARY 15, 2026; \$13,000,000 GENERAL OBLIGATION TAXABLE BONDS, 2001 SERIES B DATED DECEMBER 1, 2001, DUE JANUARY 15, 2004-2009, JANUARY 15, 2021 AND JANUARY 15, 2026; \$21,620,000 GENERAL OBLIGATION REFUNDING BONDS, 2001 SERIES C DATED DECEMBER 1, 2001, DUE JANUARY 15, 2002-2013; AND \$7,820,000 GENERAL OBLIGATION REFUNDING BONDS DATED JULY 1, 2002, DUE AUGUST 1, 2002-2006 AND AUTHORIZING THE ISSUANCE OF BONDS AS VARIABLE RATE BONDS, AS AMENDED.

Approved August 12, 2004

Be it ordained by the City of Providence:

SECTION 1. The City of Providence (the "City") has previously issued its \$6,825,000 General Obligation Bonds dated August 1, 2000, due August 1, 2001-2015; \$37,000,000 General Obligation Bonds, 2001 Series A dated December 1, 2001, due January 15, 2004-2019, January 15, 2022 and January 15, 2026; \$13,000,000 General Obligation Taxable Bonds, 2001 Series B dated December 1, 2001, due January 15, 2004-2009, January 15, 2021 and January 15, 2026; \$21,620,000 General Obligation Refunding Bonds, 2001 Series C dated December 1, 2001, due January 15, 2002-2013; and \$7,820,000 General Obligation Refunding Bonds dated July 1, 2002 due August 1, 2002-2006 (the "Prior Bonds").

SECTION 2. The City desires to issue general obligation refunding bonds (the "Refunding Bonds") to refund the Prior Bonds in order to take advantage of the lower interest rates which currently are prevailing.

SECTION 3. The City is authorized pursuant to Chapter 12 of Title 45 of the General Laws of Rhode Island, as amended, to issue its Refunding Bonds to pay all or any part of an issue of bonds then outstanding, including principal, redemption premium, if any, interest on the outstanding bonds coming due on or prior to the date on which those bonds are to be redeemed, and the cost of issuing the Refunding Bonds.

SECTION 4. The City has determined that refunding some or all of the outstanding Prior Bonds in order to obtain debt service savings would result in financial benefits to the City.

SECTION 5. It is hereby declared that the Refunding Bonds authorized hereby will be within all debt and other limitations prescribed by the Constitution and laws of the State of Rhode Island.

SECTION 6. The City is hereby authorized to issue its General Obligation Refunding Bonds in an amount necessary to refund some or all of the outstanding Prior Bonds and to provide for any principal, redemption premium, and interest on the outstanding Prior Bonds coming due on or prior to the date on which those Prior Bonds are to be redeemed, and the costs of issuance.

SECTION 7. The manner of sale, denominations, maturities, interest rates and other terms, conditions and details of the Refunding Bonds shall be determined by the City Treasurer and the Mayor.

SECTION 8. The City Council hereby authorizes the City Treasurer, with approval of the Mayor, to issue the Refunding Bonds for the purposes set forth herein and to take all actions as he deems necessary to effect the issuance of the Refunding Bonds. The Refunding Bonds shall be issued by the City under its corporate name and seal or a facsimile of such seal. The Refunding Bonds shall be signed by the manual or facsimile signature of the City Treasurer and the Mayor.

No.

CHAPTER
AN ORDINANCE

IN CITY COUNCIL
JUL 1 2004
FIRST READING
REFERRED TO COMMITTEE ON
FINANCE
Michael R. Clement
CLERK
Cms

THE COMMITTEE ON
Finance
Approves passage of
The Within Resolution
Ann M. Nelson
Clerk
7-8-04

SECTION 9. The City Treasurer and the Mayor are hereby authorized to issue the Refunding Bonds and deliver them to the purchaser and said officers are hereby authorized and instructed to take all actions, on behalf of the City, necessary to ensure that interest on the Refunding Bonds will be excludable from gross income for federal income tax purposes and to refrain from all actions which would cause interest on the Refunding Bonds to become subject to federal income taxes.

SECTION 10. The proceeds arising from the sale of such Refunding Bonds, exclusive of any premium, accrued interest and costs of issuance, shall, upon the receipt be paid immediately to the paying agent or paying agents for the Prior Bonds, and such paying agents shall hold the proceeds in trust until they are applied to pay or refund the Prior Bonds. While such proceeds are held in trust, they may be invested as permitted by Chapter 12 of Title 45 of the General Laws of Rhode Island, as amended.

SECTION 11. The City's Finance Director is authorized to execute and deliver a continuing disclosure certificate in connection with the Refunding Bonds issued by the City, in such form as shall be deemed advisable by the City's Finance Director. 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 Ordinance or the Refunding Bonds, failure of the City to comply with the continuing disclosure certificate shall not be considered an event of default; however, any bondholder 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 Ordinance and under the continuing disclosure certificate.

SECTION 12. The Refunding Bonds may be issued either alone or consolidated with other issues of notes or bonds of the City.

SECTION 13. Pursuant to Senate Bill No. 2004-2760 and House Bill No. 2004-8260, enacted into law and codified as Rhode Island General Laws Section 45-12-5.4, in connection with the issuance of the Refunding Bonds and in connection with the issuance of refunding bonds previously authorized by ordinances of the City Counsel authorizing the refunding of the City's \$38,200,000 General Obligation Bonds dated May 1, 1997, due July 15, 2000-2010 and July 15, 2019 and the City's \$11,800,000 General Obligation Bonds dated May 1, 1997, due July 15, 2000-2010 and July 15, 2019 (the "Bonds issued to Refund the Series 1997 Bonds"), the City Treasurer is authorized to issue the Refunding Bonds and the Bonds issued to Refund the Series 1997 Bonds as variable rate bonds. Such variable rate bonds shall bear such terms as the City Treasurer shall determine. The City Treasurer is authorized to enter into agreements with banks, trust companies whether in the form of letters or lines of credit, liquidity facilities, insurance or other support arrangements and may enter into agreements with brokers for the placement or marketing of any such variable rate bonds.

SECTION 14. The Director of Finance shall provide the Finance Committee a detailed fiscal note for approval prior to any sale.

SECTION 15. This Ordinance shall take effect upon its approval by the Mayor after its passage.

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IN CITY COUNCIL
JUL 26 2004
FIRST READING
READ AND PASSED

APPROVED

IN CITY COUNCIL

AUG 5 2004

FINAL READING

READ AND PASSED, AS AMENDED

Michael B. Clement
CLERK

MAYOR

Belmont Young
PRESIDENT ACTING
Michael B. Clement
CLERK



Finance Department
"Building Pride In Providence"

August 18, 2004

Councilman Kevin Jackson
Chairman City Council Finance Committee
Providence City Hall
Providence, RI 02903

Dear Councilman Jackson

Please accept this fiscal note as to the estimated savings of re-financing the 1997 Series A & B at a fixed interest rate. Based on market conditions today, the savings from this refinancing would be \$1,874,769, as follows:

Series A (tax-exempt)	\$1,426,200
Series B (taxable)	\$448,569

This projected savings from re-financing these bonds would result in a present value savings of 4.41% which is greater than the 3% threshold that rating agencies feel is appropriate. The refinancing will only occur in present value savings are 3% or greater. Also, the average coupon (interest rate) is 6.29% on the current bonds compared to an estimated all inclusive true interest cost of 4.24% on this proposal.

Please be aware that these are projections based on market conditions as of August 18, 2004 and the savings could change or disappear entirely based on factors that could influence interest rates between now and when we issue, which is anticipated to be between September 9th & 16th.

Sincerely;

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

Alex Prignano
Director of Finance

Cc Mr. John Simmons, Chief of Administration
Finance Committee Members
Mr. Jim Lombardi, Auditor

Aug 18, 2004 2:00 pm Prepared by Public Financial Management - JSB

(Finance 5.007a Providence:2004REF) Page 6

SAVINGS

Refunding of Series 1997 Bonds
 Series 2004 Refunding Combined
 City of Providence, RI - Larger Deal
 FIXED RATE DEAL
 (Borrowing Rate as of 8/18/2004 - rates may change depending
 on market conditions)

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 09/09/2004 @ 3.7145413%
06/30/2005	1,344,682.50		1,344,682.50	1,327,471.88
06/30/2006	4,393,752.50	3,840,185.13	553,567.38	529,880.07
06/30/2007	4,393,852.50	4,388,528.25	5,324.25	-898.35
06/30/2008	4,391,452.50	4,387,804.00	3,648.50	-1,868.76
06/30/2009	4,389,890.00	4,382,483.75	7,406.25	1,941.50
06/30/2010	4,393,240.00	4,390,280.50	2,959.50	-1,405.76
06/30/2011	4,387,090.00	4,381,773.50	5,316.50	966.23
06/30/2012	4,388,910.00	4,383,075.00	5,835.00	1,700.76
06/30/2013	4,388,172.50	4,383,989.50	4,183.00	754.08
06/30/2014	4,391,395.00	4,386,309.50	5,085.50	1,751.12
06/30/2015	4,392,750.00	4,384,576.25	8,173.75	4,199.97
06/30/2016	4,391,552.50	4,388,182.50	3,370.00	1,085.29
06/30/2017	4,387,175.00	4,383,767.50	3,407.50	1,350.45
06/30/2018	4,388,647.50	4,384,938.75	3,708.75	1,784.09
06/30/2019	4,389,800.00	4,383,756.50	6,043.50	3,359.97
06/30/2020	4,394,462.50	4,389,805.25	4,657.25	2,696.29
	67,206,825.00	65,239,455.88	1,967,369.13	1,874,768.84

Savings Summary

PV of savings from cash flow	1,874,768.84
Plus: Refunding funds on hand	2,699.18
Nct PV Savings	1,877,468.02

Aug 18, 2004 2:00 pm Prepared by Public Financial Management - JSB

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SAVINGS

Refunding of Series 1997 Bonds
Series 2004 Refunding Tax-Exempt

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 09/09/2004 @ 3.7145413%
06/30/2005	935,520.00		935,520.00	923,546.26
06/30/2006	3,214,490.00	2,694,445.88	520,044.13	499,407.46
06/30/2007	3,213,840.00	3,210,502.50	3,337.50	-918.24
06/30/2008	3,212,940.00	3,209,298.75	3,641.25	-197.06
06/30/2009	3,211,490.00	3,207,120.00	4,370.00	822.73
06/30/2010	3,214,040.00	3,211,427.50	2,612.50	-330.45
06/30/2011	3,210,290.00	3,207,725.00	2,565.00	-28.73
06/30/2012	3,212,910.00	3,212,047.50	862.50	-1,076.07
06/30/2013	3,211,772.50	3,209,405.00	2,367.50	351.16
06/30/2014	3,213,795.00	3,211,717.50	2,077.50	407.96
06/30/2015	3,213,550.00	3,208,565.00	4,985.00	2,681.93
06/30/2016	3,210,752.50	3,209,112.50	1,640.00	493.38
06/30/2017	3,209,975.00	3,209,637.50	337.50	-203.07
06/30/2018	3,210,647.50	3,209,650.00	997.50	391.37
06/30/2019	3,212,200.00	3,211,250.00	950.00	453.56
06/30/2020	3,214,062.50	3,213,375.00	687.50	398.02
	49,122,275.00	47,635,279.63	1,486,995.38	1,426,200.20

Savings Summary

PV of savings from cash flow	1,426,200.20
Plus: Refunding funds on hand	594.82
Net PV Savings	1,426,795.02

Aug 18, 2004 2:00 pm Prepared by Public Financial Management - JSB

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SAVINGS

Refunding of Series 1997 Bonds
Series 2004 Taxable Refunding

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 09/09/2004 @ 3.7145413%
06/30/2005	409,162.50		409,162.50	403,925.62
06/30/2006	1,179,262.50	1,145,739.25	33,523.25	30,472.61
06/30/2007	1,180,012.50	1,178,025.75	1,986.75	19.90
06/30/2008	1,178,512.50	1,178,505.25	7.25	-1,671.70
06/30/2009	1,178,400.00	1,175,363.75	3,036.25	1,118.77
06/30/2010	1,179,200.00	1,178,853.00	347.00	-1,075.31
06/30/2011	1,176,800.00	1,174,048.50	2,751.50	994.96
06/30/2012	1,176,000.00	1,171,027.50	4,972.50	2,776.83
06/30/2013	1,176,400.00	1,174,584.50	1,815.50	402.93
06/30/2014	1,177,600.00	1,174,592.00	3,008.00	1,343.17
06/30/2015	1,179,200.00	1,176,011.25	3,188.75	1,518.05
06/30/2016	1,180,800.00	1,179,070.00	1,730.00	591.91
06/30/2017	1,177,200.00	1,174,130.00	3,070.00	1,553.52
06/30/2018	1,178,000.00	1,175,288.75	2,711.25	1,392.72
06/30/2019	1,177,600.00	1,172,506.50	5,093.50	2,906.40
06/30/2020	1,180,400.00	1,176,430.25	3,969.75	2,298.26
	18,084,550.00	17,604,176.25	480,373.75	448,568.64

Savings Summary

PV of savings from cash flow	448,568.64
Plus: Refunding funds on hand	2,104.36
Net PV Savings	450,673.00