

AGENDA ITEM

August 17, 2010

TO: The Honorable Mayor and City Council Members

FROM: John Szerlag, City Manager 
John M. Lamerato, Assistant City Manager/Finance & Administration 

SUBJECT: General Obligation Unlimited Tax Refunding Bonds

After reviewing the City's outstanding bonds with our financial advisor, we have determined that it would be in the best interest of the City to refinance the callable maturities of the 2003 Public Safety Facilities and City Hall Bonds. The bonds to be refunded bear interest at rates in the 3.50% to 4.50% range.

The process entails purchasing governmental securities tied to the maturity dates of the bonds. The securities and interest earnings will then be used to pay the principal and interest on the refunded bonds.

It is estimated that the net present value benefit of this transaction to the City will be approximately \$300,000.00 (approximately \$33,000 per year) in saved interest cost, after paying the cost of completing this transaction.

City Attorney Lori Grigg Bluhm has reviewed the resolution authorizing the issuance of general obligation unlimited refunding bonds prepared by bond counsel Dickinson Wright, PLLC.

It is recommended that City Council approve the attached resolution, prepared by bond counsel and reviewed by our city attorney to authorize the issuance of general obligation unlimited tax refunding bonds.

Reviewed as to form and legality: 

Lori Grigg Bluhm, City Attorney

August 8, 2010

Mr. John Lamerato, Assistant City Manager
City of Troy
500 West Big Beaver Road
Troy, MI 48084-5285

RE: Refinancing of 2003 General Obligation Unlimited Tax Bonds

Dear John:

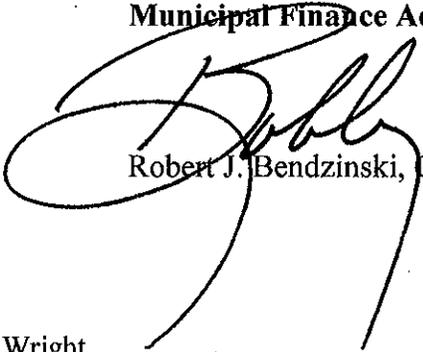
It has been brought to our attention by Fifth Third Securities that the 2003 General Obligation Unlimited Tax Bonds are a candidate for refunding at this time. Based upon this, it is our recommendation that the City adopt a Bond Authorizing Resolution which allows the City to refinance the bonds.

By copy of this letter, we are requesting that Dickinson Wright PLLC, begin preparing the Resolution and forward it to the City Attorney and the City Clerk's office so they it can be adopted at the August 23, 2010, City Council meeting.

Should you have any questions, or require any additional information, please do not hesitate to call.

Sincerely,

BENDZINSKI & CO.
Municipal Finance Advisors


Robert J. Bendzinski, CIPFA

RJB/jll

cc: Lori Bluhm, City Attorney
Terence Donnelly, Dickinson Wright
Louis Orcut, Fifth Third Securities