

Massachusetts Municipal Association

YOUR COMMUNITY'S CREDIT AND BOND RATING

Association of Town Finance Committees

and

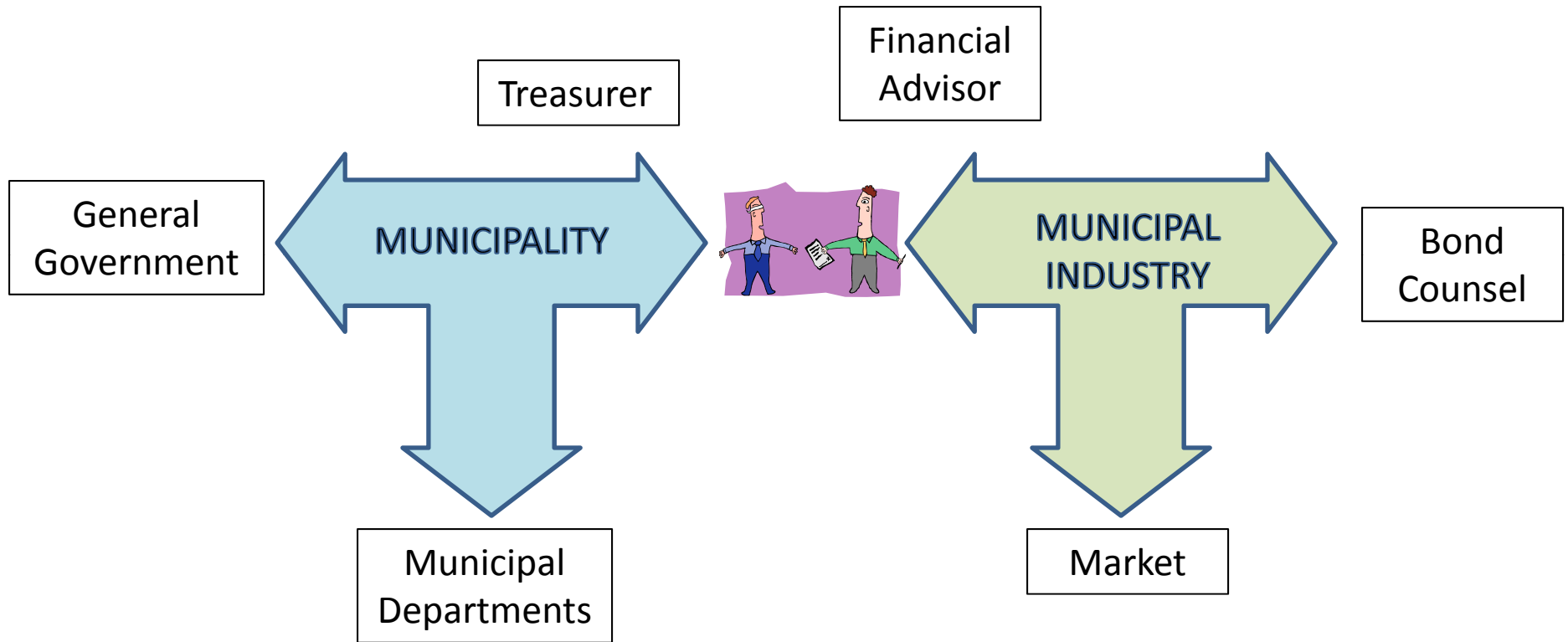
Massachusetts Government Finance Officers Association

Cinder McNerney

Swampscott Finance Committee

FirstSouthwest, Managing Director

BONDING RESPONSIBILITIES CHART

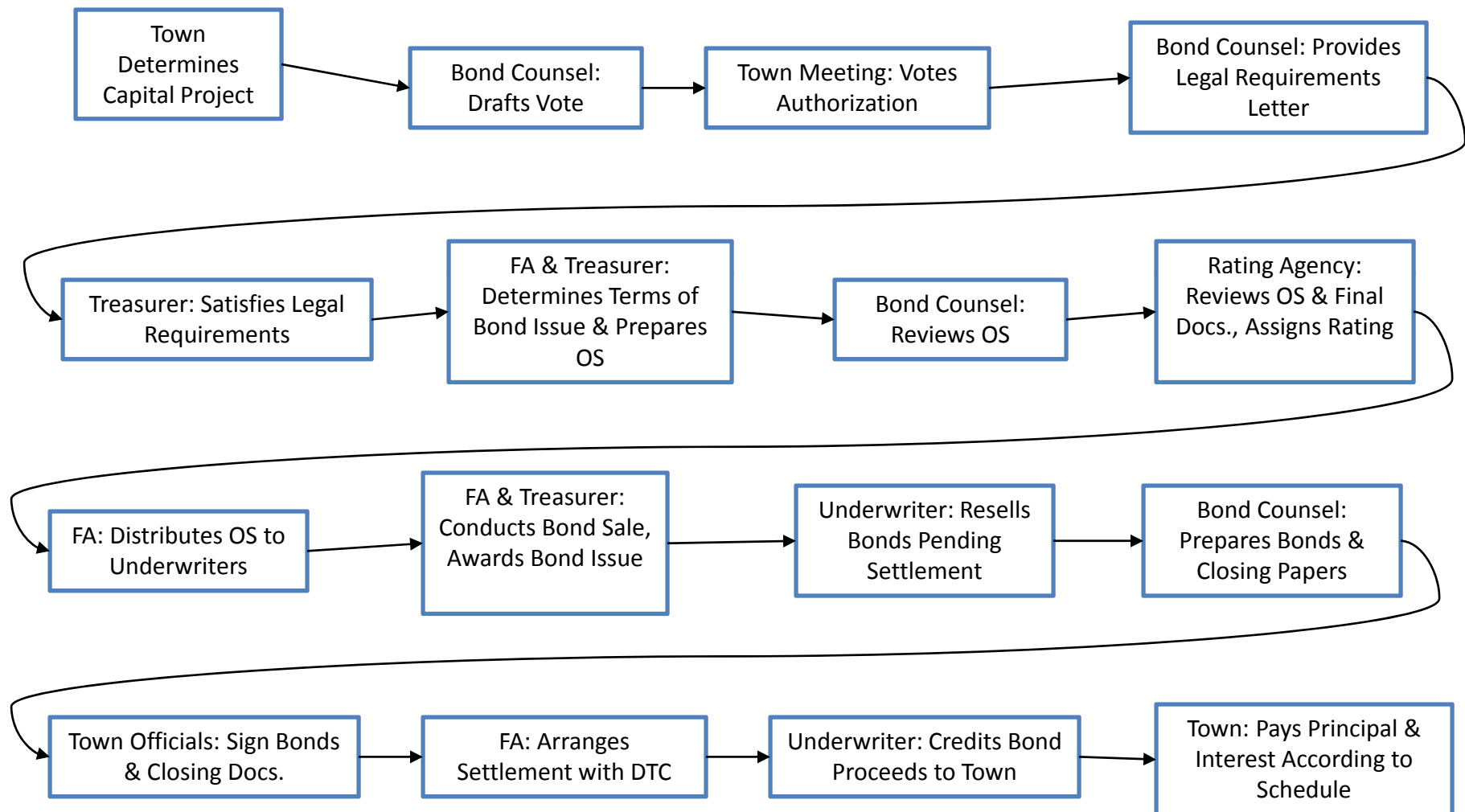


Other Participants:

- Department of Revenue
- Department of Education
- Municipal Finance Oversight Board
- State Revolving Fund
- Department of Environmental Protection

- Credit Rating Agencies
- Bond Insurance Companies

Municipal Borrowing Flow Chart



BOND CHECKLIST

- Legal requirements met and Preliminary Legal Opinion in hand.
- Monthly cash flow from department head(s).
- Time frame on need for first borrowed cash.
- Audit complete.
- Official Statement up to date.
- No private activity within purposes.
- Coordinate with other Town officials on timing and what to borrow.
- Financing strategy established.
- Method of financing? Bonds, BANs, lease purchase, etc.
- Credit rating strategy set.
- Method of selling: competitive vs. negotiated.

Legal Factors

- What laws govern the borrowing process?
 - State
 - Local municipalities derive their powers from the state
 - Chapter 44, 70B, and Special Acts – debt limits, purposes and terms
 - Federal
 - Public Purpose vs. Private Activity – Tax-exempt vs. taxable – 8038G
 - Disclosure (SEC, MSRB)
 - Local
 - Charter and bylaws – authorization procedures, referendum periods,

Chapter 44, Sections 7 & 8

- Describes almost all of the purposes for which a city or town can borrow.
- Maximum borrowing term of purposes based on the useful life of the asset financed. DOR provides guidance
- New Municipal Relief Act –
 - Many terms were increased

Chapter 44, Sections 7 & 8

- Chapter 44, Section 7 – Inside the Debt Limit
 - Limited to a Maximum of 5% of EQV
 - Tax supported purposes – Building, Land Acquisition, Equipment, Recreation, etc.
- Chapter 44, Section 8 – Outside the Debt Limit
 - Most Limited to a Maximum of 10% of EQV
 - Revenue supported purposes – Water, Sewer, Electric, Solid Waste, etc

Massachusetts School Building Authority

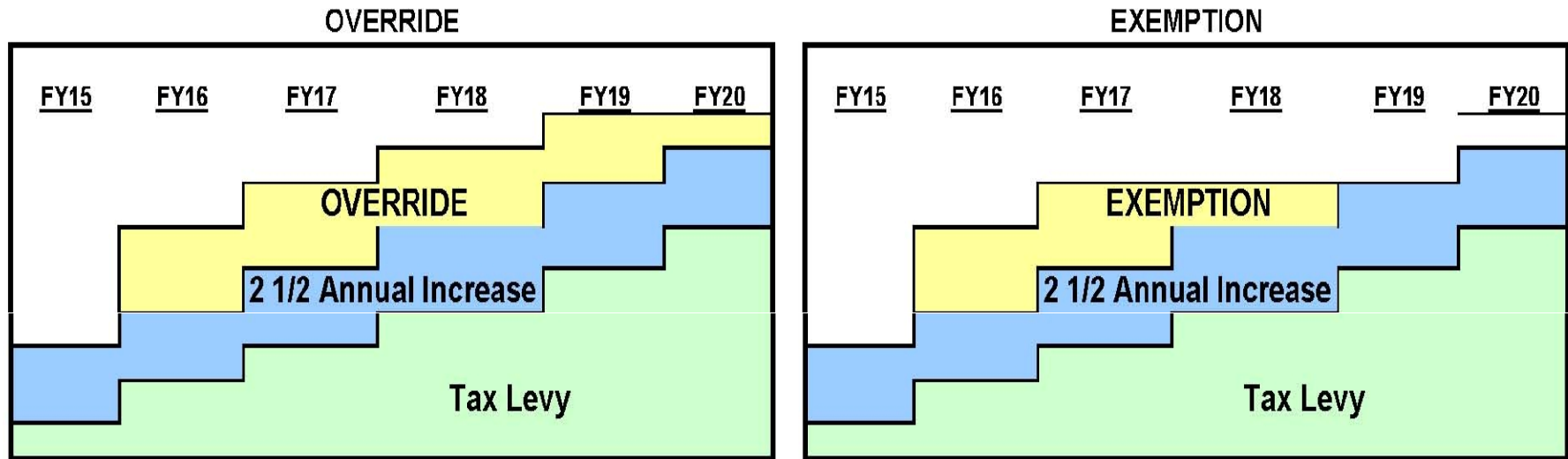
- Chapter 70B replaced old School debt reimbursement program (Ch. 645)
- Provides pay-as-you build grants (40% to 80% of eligible project costs)
- Collaborative process
- 30 Year Maximum Borrowing Term

Proposition 2 1/2

- Proposition 2 ½ places constraints on the amount of property tax levy a community can raise and how much the property tax levy can be increased from year to year.
 - Levy may increase up to 2 ½ percent over the prior years levy.
 - Maximum levy equal to 2 ½ percent of the assessed valuation.
- Additional taxes must be approved by the voters at an election by a majority vote.
 - Override: obtain additional funds for annual operating budgets and fixed costs
 - Exclusion: raise additional taxes to fund capital projects only (annual debt service)
 - Statutory language (Ch. 59, Section 21C) excludes project, not amount

Proposition 2 1/2 (Cont.)

- Override increases the levy limit for the fiscal year voted
 - Becomes part of the base for calculating future years' levy limits.
- Exclusions are temporary property tax increases.



Borrowing Alternatives

- Massachusetts Water Pollution Abatement Trust
 - For Eligible Water, Sewer and Landfill projects
 - DEP determines eligibility
 - Interim loan financing
 - 20 or 30 year level debt bonds
 - 2% interest rate

Borrowing Alternatives

- State House Loan Notes & Serial Loans
 - No Legal Opinion
 - No Credit Rating
 - Official Statement - Optional
 - Low Issuance Costs
 - Less liquidity (higher interest rates)
 - Excellent for small, infrequent issuers
 - No dollar limit, same term Limits (limited by market demand)

Borrowing Alternatives

- Rural Development Loans
 - Direct Loans from the Department of Agriculture
 - Lender of last resort
 - Eligibility for small, less affluent issuers
 - 40 year maximum term
 - Prepayable without penalty
 - No Credit Rating
 - Low Issuance Costs

State Qualified Bond Act

- Debt Service on Bonds paid directly by State – Deducted from quarterly aid payments
- Programmatic Rating Aa2 / AA-
- 10 to 30 year term
- Flexible principal structure
- Subject to Municipal Finance Oversight Board Approval (MFOB)

Comparison of Short-Term Debt Financing Options

CRITERIA	INTERNAL BORROWING	STATE HOUSE LOAN NOTES	NOTES WITH LEGAL OPINION	INTERIM LOANS (SRF)
ISSUER	City, Town or District	City, Town or District	City, Town or District	City, Town or District
CREDIT QUALITY	City, Town or District	City, Town or District	City, Town or District	City, Town or District
RESERVE FUND	No	No	No	No
ADMINISTRATIVE REQUIREMENTS	Very Low	Low	Moderate	High to Start
TERM (MAXIMUM FEASIBLE)	Until 6/30	1 year	1 year	Until Bond Issue
FLEXIBILITY				
Timing & Structure	Very High	High	High	High
Refinancing	Very High	High	High	High
HOW MARKETED	Internally	Competitive	Competitive	Private Placement
MARKET	Local Treasury	Local	Local & National	State Agency
COSTS				
Issuance Costs	None	Low	Low to Moderate	Low
Interest Costs	Cash Investment Rate	Low to Moderate	Low	Very Low

Debt Issuance

Short term versus Long term Financing

- Short Term Financing = Bond Anticipation Notes 'BAN'
 - Fixed rate securities issued in anticipation of future bond issues
 - Issued for 1 year or less
 - Can be renewed up to 5 yrs; principal payback required by first maturity after second anniversary of original dated date
 - Issuance costs for BAN are less than long term
- Long Term Financing = General Obligation Bonds
 - Permanent financing (1 – 40 years)
 - Often issued once projects are complete
 - Cost of issuance are higher than short term financing

Comparison of Long-Term Debt Financing Options

CRITERIA	BANs & PAYDOWNS	LEASE PURCHASE	STATE HOUSE SERIAL NOTES	RURAL DEVELOPMENT LOANS	STATE REVOLVING FUND LOANS
ISSUER	City, Town or District	City, Town or District	City, Town or District	City, Town or District	State Agency (MWPAT)
CREDIT QUALITY	City, Town or District	City, Town or District	City, Town or District	City, Town or District	Municipalities, Local Aid Intercepts & Reserves
RESERVE FUND	No	No	No	No	Yes
ADMINISTRATIVE REQUIREMENTS	Very Low	Low	Low	Moderate	High
TERM (MAXIMUM FEASIBLE)	5 Years	10 years	10 years	40 years	30 years
FLEXIBILITY					
Timing & Structure	Very High	High	High	High	Very Low
Refinancing	Very High	Depends	None	High	Limited
HOW MARKETED	Competitive	Private Placement	Competitive	Private Placement	Negotiated
MARKET	Local	Limited Local	Limited Local	Federal Government	National
COSTS					
Issuance Costs	Very Low	Low	Low	Low	Low to Moderate
Interest Costs	Low (short term)	Very High	High (limited market)	Moderate (depends on category)	Low (subsidized)

Comparison of Long-Term Debt Financing Options continued...

CRITERIA	MUNICIPAL BONDS	
	TRADITIONAL TAX-EXEMPT BONDS	TAXABLE BABs
ISSUER	City, Town or District	City, Town or District
CREDIT QUALITY	City, Town or District	City, Town or District
RESERVE FUND	No	No
ADMINISTRATIVE REQUIREMENTS	Moderate	Very High
TERM (MAXIMUM FEASIBLE)	5 - 30 years	20 - 30 years
FLEXIBILITY		
Timing & Structure	High	High
Refinancing	High	None
HOW MARKETED	Competitive	Competitive or Negotiated
MARKET	Local & National	Local, National & Institutional
COSTS		
Issuance Costs	Moderate	High
Interest Costs	Moderate	Moderate

New Borrowing Vehicles

American Reinvestment & Recovery Act (ARRA)

- Taxable Bonds
- BABs = Build America Bonds
 - 35% Federal Interest Reimbursement
 - No Limit
- Recovery Zone Bonds (Super BABs)
 - 45% Federal Interest Reimbursement
 - \$25 billion total limit
- Tax Credit Bonds – Limited Amounts & Eligibility
 - CREBs = Clean Renewable Energy Bonds
 - QZABs = Qualified Zone Academy Bonds
 - QSCBs = Qualified School Construction Bonds

Long Term Structuring

- What to consider when structuring debt?
 1. Legal limits as described in M.G.L. Ch.44, s. 7 & 8
 2. Tax/rate impact of structure
 3. How new debt fits into existing debt
 4. Impact of new debt in future fiscal years
 5. How each purpose will be structured - equal principal versus level debt

Equal Principal Versus Level Debt

EQUAL PRINCIPAL:

- Amortization of principal can be equal or declining throughout the life of the loan.
- Interest (and total debt service) will decline as principal is retired.

LEVEL DEBT:

- Municipal Relief Act enables all projects to be issued on a level debt basis
- Old Way - Authorizations were required to fall into one of the following:
 - Exempt from Proposition 2 ½
 - Fully self-supported enterprise fund
 - Received special legislation
 - Received State Qualified Bond Act approval

\$15,000,000 General Obligation Bonds

Dated January 15, 2011

EQUAL PRINCIPAL

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
1/15/2011	-	-	-	-	-
7/15/2011	-	-	257,625.00	257,625.00	-
1/15/2012	750,000.00	2.00%	257,625.00	1,007,625.00	-
6/30/2012	-	-	-	-	1,265,250.00
7/15/2012	-	-	250,125.00	250,125.00	-
1/15/2013	750,000.00	3.00%	250,125.00	1,000,125.00	-
6/30/2013	-	-	-	-	1,250,250.00
7/15/2013	-	-	238,875.00	238,875.00	-
1/15/2014	750,000.00	3.00%	238,875.00	988,875.00	-
6/30/2014	-	-	-	-	1,227,750.00
7/15/2014	-	-	227,625.00	227,625.00	-
1/15/2015	750,000.00	3.00%	227,625.00	977,625.00	-
6/30/2015	-	-	-	-	1,205,250.00
7/15/2015	-	-	216,375.00	216,375.00	-
1/15/2016	750,000.00	3.00%	216,375.00	966,375.00	-
6/30/2016	-	-	-	-	1,182,750.00
7/15/2016	-	-	205,125.00	205,125.00	-
1/15/2017	750,000.00	4.00%	205,125.00	955,125.00	-
6/30/2017	-	-	-	-	1,160,250.00
7/15/2017	-	-	190,125.00	190,125.00	-
1/15/2018	750,000.00	4.00%	190,125.00	940,125.00	-
6/30/2018	-	-	-	-	1,130,250.00
7/15/2018	-	-	175,125.00	175,125.00	-
1/15/2019	750,000.00	4.00%	175,125.00	925,125.00	-
6/30/2019	-	-	-	-	1,100,250.00
7/15/2019	-	-	160,125.00	160,125.00	-
1/15/2020	750,000.00	4.00%	160,125.00	910,125.00	-
6/30/2020	-	-	-	-	1,070,250.00
7/15/2020	-	-	145,125.00	145,125.00	-
1/15/2021	750,000.00	4.00%	145,125.00	895,125.00	-
6/30/2021	-	-	-	-	1,040,250.00
7/15/2021	-	-	130,125.00	130,125.00	-
1/15/2022	750,000.00	4.00%	130,125.00	880,125.00	-
6/30/2022	-	-	-	-	1,010,250.00
7/15/2022	-	-	115,125.00	115,125.00	-
1/15/2023	750,000.00	4.25%	115,125.00	865,125.00	-
6/30/2023	-	-	-	-	980,250.00
7/15/2023	-	-	99,187.50	99,187.50	-
1/15/2024	750,000.00	4.00%	99,187.50	849,187.50	-
6/30/2024	-	-	-	-	948,375.00
7/15/2024	-	-	84,187.50	84,187.50	-
1/15/2025	750,000.00	3.00%	84,187.50	834,187.50	-
6/30/2025	-	-	-	-	918,375.00
7/15/2025	-	-	72,937.50	72,937.50	-
1/15/2026	750,000.00	3.00%	72,937.50	822,937.50	-
6/30/2026	-	-	-	-	895,875.00
7/15/2026	-	-	61,687.50	61,687.50	-
1/15/2027	750,000.00	3.10%	61,687.50	811,687.50	-
6/30/2027	-	-	-	-	873,375.00
7/15/2027	-	-	50,062.50	50,062.50	-
1/15/2028	750,000.00	3.15%	50,062.50	800,062.50	-
6/30/2028	-	-	-	-	850,125.00
7/15/2028	-	-	38,250.00	38,250.00	-
1/15/2029	750,000.00	3.25%	38,250.00	788,250.00	-
6/30/2029	-	-	-	-	826,500.00
7/15/2029	-	-	26,062.50	26,062.50	-
1/15/2030	750,000.00	3.45%	26,062.50	776,062.50	-
6/30/2030	-	-	-	-	802,125.00
7/15/2030	-	-	13,125.00	13,125.00	-
1/15/2031	750,000.00	3.50%	13,125.00	763,125.00	-
6/30/2031	-	-	-	-	776,250.00
Total	\$ 15,000,000.00		\$ 5,514,000.00	\$ 20,514,000.00	

\$15,000,000 General Obligation Bonds

Dated January 15, 2011

LEVEL DEBT

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
1/15/2011	-	-	-	-	-
7/15/2011	-	-	258,801.25	258,801.25	-
1/15/2012	535,000.00	2.00%	258,801.25	793,801.25	-
6/30/2012	-	-	-	-	1,052,602.50
7/15/2012	-	-	253,451.25	253,451.25	-
1/15/2013	545,000.00	3.00%	253,451.25	798,451.25	-
6/30/2013	-	-	-	-	1,051,902.50
7/15/2013	-	-	245,276.25	245,276.25	-
1/15/2014	565,000.00	3.00%	245,276.25	810,276.25	-
6/30/2014	-	-	-	-	1,055,552.50
7/15/2014	-	-	236,801.25	236,801.25	-
1/15/2015	580,000.00	3.00%	236,801.25	816,801.25	-
6/30/2015	-	-	-	-	1,053,602.50
7/15/2015	-	-	228,101.25	228,101.25	-
1/15/2016	600,000.00	3.00%	228,101.25	828,101.25	-
6/30/2016	-	-	-	-	1,056,202.50
7/15/2016	-	-	219,101.25	219,101.25	-
1/15/2017	615,000.00	4.00%	219,101.25	834,101.25	-
6/30/2017	-	-	-	-	1,053,202.50
7/15/2017	-	-	206,801.25	206,801.25	-
1/15/2018	640,000.00	4.00%	206,801.25	846,801.25	-
6/30/2018	-	-	-	-	1,053,602.50
7/15/2018	-	-	194,001.25	194,001.25	-
1/15/2019	665,000.00	4.00%	194,001.25	859,001.25	-
6/30/2019	-	-	-	-	1,053,002.50
7/15/2019	-	-	180,701.25	180,701.25	-
1/15/2020	695,000.00	4.00%	180,701.25	875,701.25	-
6/30/2020	-	-	-	-	1,056,402.50
7/15/2020	-	-	166,801.25	166,801.25	-
1/15/2021	720,000.00	4.00%	166,801.25	886,801.25	-
6/30/2021	-	-	-	-	1,053,602.50
7/15/2021	-	-	152,401.25	152,401.25	-
1/15/2022	750,000.00	4.00%	152,401.25	902,401.25	-
6/30/2022	-	-	-	-	1,054,802.50
7/15/2022	-	-	137,401.25	137,401.25	-
1/15/2023	780,000.00	4.25%	137,401.25	917,401.25	-
6/30/2023	-	-	-	-	1,054,802.50
7/15/2023	-	-	120,826.25	120,826.25	-
1/15/2024	815,000.00	4.00%	120,826.25	935,826.25	-
6/30/2024	-	-	-	-	1,056,652.50
7/15/2024	-	-	104,526.25	104,526.25	-
1/15/2025	845,000.00	3.00%	104,526.25	949,526.25	-
6/30/2025	-	-	-	-	1,054,052.50
7/15/2025	-	-	91,851.25	91,851.25	-
1/15/2026	870,000.00	3.00%	91,851.25	961,851.25	-
6/30/2026	-	-	-	-	1,053,702.50
7/15/2026	-	-	78,801.25	78,801.25	-
1/15/2027	895,000.00	3.10%	78,801.25	973,801.25	-
6/30/2027	-	-	-	-	1,052,602.50
7/15/2027	-	-	64,928.75	64,928.75	-
1/15/2028	925,000.00	3.15%	64,928.75	989,928.75	-
6/30/2028	-	-	-	-	1,054,857.50
7/15/2028	-	-	50,360.00	50,360.00	-
1/15/2029	955,000.00	3.25%	50,360.00	1,005,360.00	-
6/30/2029	-	-	-	-	1,055,720.00
7/15/2029	-	-	34,841.25	34,841.25	-
1/15/2030	985,000.00	3.45%	34,841.25	1,019,841.25	-
6/30/2030	-	-	-	-	1,054,682.50
7/15/2030	-	-	17,850.00	17,850.00	-
1/15/2031	1,020,000.00	3.50%	17,850.00	1,037,850.00	-
6/30/2031	-	-	-	-	1,055,700.00
Total	\$ 15,000,000.00		\$ 6,087,250.00	\$ 21,087,250.00	

City of Cinder, Massachusetts

Projected Interest Rate Notes:
 Projected Interest Rate on Bonds:

3.00%
 5.00%

Financing Plan #1 (General Fund)

	A	B	C	D	E	F	G	H	I	J
Fiscal Year	Total Existing Debt Service	Less Existing Self-Supporting Debt Service	Equals Existing Tax-Supported Debt Service	Plus Short-Term Interest and Paydowns (See BAN Schedule)	Plus \$2,401,000 Bonds Dated October 15, 2011 (See LT Bond Schedule)	Plus \$7,032,000 Bonds Dated October 15, 2012 (See LT Bond Schedule)	Plus \$3,000,000 Bonds Dated January 15, 2013 (See LT Bond Schedule)	Plus \$2,000,000 Bonds Dated June 15, 2013 (See LT Bond Schedule)	Plus \$3,000,000 Bonds Dated October 15, 2013 (See LT Bond Schedule)	Equals Projected Debt Service
2011	7,231,991	635,974	6,596,018	325,424	-	-	-	-	-	6,921,442
2012	7,098,434	606,075	6,492,359	554,428	60,025	-	-	-	-	7,106,812
2013	6,990,781	589,825	6,400,956	604,464	291,650	175,800	-	-	-	7,472,871
2014	6,817,419	576,013	6,241,406	90,000	252,625	709,425	545,000	170,000	75,000	8,083,456
2015	6,613,344	563,013	6,050,331	-	250,250	669,625	540,250	171,500	252,375	7,934,331
2016	6,537,269	545,013	5,992,256	-	228,125	686,500	559,750	172,750	252,000	7,891,381
2017	6,320,494	532,213	5,788,281	-	236,000	618,750	207,250	168,750	251,375	7,270,406
2018	6,255,906	516,213	5,739,694	-	199,250	597,375	196,250	169,750	255,375	7,157,694
2019	6,177,019	495,213	5,681,806	-	193,250	605,500	195,500	170,500	254,000	7,100,556
2020	5,968,356	479,463	5,488,894	-	182,375	592,875	194,500	171,000	252,375	6,882,019
2021	5,916,675	463,713	5,452,963	-	186,375	584,875	183,250	171,250	255,375	6,834,088
2022	3,143,019	449,931	2,693,088	-	180,125	591,000	147,250	171,250	253,000	4,035,713
2023	2,775,819	435,756	2,340,063	-	169,000	576,375	147,750	171,000	250,375	3,654,563
2024	2,653,663	421,188	2,232,475	-	172,750	571,250	148,000	170,500	252,375	3,547,350
2025	515,975	401,225	114,750	-	180,875	555,625	148,000	169,750	253,875	1,422,875
2026	491,500	386,500	105,000	-	173,625	554,375	147,750	173,750	254,875	1,409,375
2027	461,250	366,000	95,250	-	171,250	552,125	147,250	172,250	250,500	1,388,625
2028	356,500	350,750	5,750	-	173,500	544,000	146,500	170,500	250,750	1,291,000
2029	341,000	335,500	5,500	-	165,500	544,875	145,500	173,500	250,500	1,285,375
2030	325,500	320,250	5,250	-	11,250	559,125	149,250	171,000	254,625	1,150,500
2031	-	-	-	-	10,750	79,000	147,500	173,250	253,125	663,625
2032	-	-	-	-	10,250	75,500	5,500	-	251,125	342,375
2033	-	-	-	-	-	76,875	5,250	-	-	82,125
Total	82,991,914	9,469,824	73,522,090	1,574,316	3,498,800	10,520,850	4,107,250	3,082,250	4,623,000	100,928,556

Assumptions:

- ✦ Bond structures based on level debt service.
- ✦ Assumes State Qualified Bond Act.

City of Cinder, Massachusetts

Bond Anticipation Note Schedule
Financing Plan #1 (General Fund)

DATED	DUE	AMOUNT	TYPE	TERM (IN DAYS)	30/360 Day Count RATE	INTEREST/ PAYDOWNS	FY TOTAL	
10/19/2009	10/17/2010	\$ 1,906,836	Renewal BANs originally issued 10/20/2006*	358	4.00%	\$ 75,850		
10/19/2009	10/17/2010	\$ 420,000	Renewal BANs originally issued 4/20/2007*	358	4.00%	\$ 16,707		
10/19/2009	10/17/2010	\$ 4,368,500	New Money BANs originally issued 10/19/2007*	358	4.00%	\$ 173,769		
4/18/2010	10/17/2010	\$ 4,412,909	New Money BANs originally issued 4/18/2008*	179	2.40%	\$ 52,661		
10/17/2010	1/30/2011	\$ 600,000	Renewal BANs originally issued 10/20/2006 (separate airport issue)*	103	3.75%	\$ 6,438		
							\$ 325,424	FISCAL 2011
10/17/2010	10/16/2011	\$ 1,952,100	Renewal BANs originally issued 10/20/2006*	359	3.75%	\$ 73,000		
	10/16/2011		Paydown Required**			\$ 55,740		
10/17/2010	10/16/2011	\$ 420,000	Renewal BANs originally issued 4/20/2007*	359	3.75%	\$ 15,706		
	10/16/2011		Paydown Required**			\$ 14,752		
10/17/2010	10/16/2011	\$ 4,368,500	Renewal BANs originally issued 10/19/2007*	359	3.75%	\$ 163,364		
10/17/2010	10/16/2011	\$ 2,900,500	Renewal BANs originally issued 4/18/2008*	359	3.75%	\$ 108,467		
1/30/2011	1/29/2012	\$ 3,000,000	New Money BANs originally issued 1/30/2009*	359	2.00%	\$ 59,833		
1/30/2011	7/30/2011	\$ 234,915	Renewal BANs originally issued 10/20/2006 (separate airport issue)*	180	2.50%	\$ 2,936		
6/15/2011	6/15/2012	\$ 2,000,000	New Money BANs	360	3.00%	\$ 60,000		
7/30/2011	10/16/2011	\$ 99,392	Renewal BANs originally issued 10/20/2006 (separate airport issue)***	76	3.00%	\$ 629		
							\$ 554,428	FISCAL 2012
10/16/2011	10/15/2012	\$ 4,368,500	Renewal BANs originally issued 10/19/2007	359	3.00%	\$ 130,691		
	10/15/2012		Paydown Required**			\$ 135,125		
10/16/2011	10/15/2012	\$ 2,900,500	Renewal BANs originally issued 4/18/2008	359	3.00%	\$ 86,773		
	10/15/2012		Paydown Required**			\$ 101,875		
10/16/2011	10/15/2012	\$ 3,000,000	New Money BANs					
1/29/2012	1/29/2013	\$ 3,000,000	Renewal BANs originally issued 1/30/2009	360	3.00%	\$ 90,000		
6/15/2012	6/15/2013	\$ 2,000,000	Renewal BANs originally issued 6/15/09	360	3.00%	\$ 60,000		
							\$ 604,464	FISCAL 2013
10/15/2012	10/15/2013	\$ 3,000,000	Renewal BANs originally issued 10/16/09	360	3.00%	\$ 90,000		
							\$ 90,000	FISCAL 2014

* Actual.

** Paydowns are based on a level debt service structure at 5.00%.

***Assumes the City uses the \$135,523 grant received 2/13/09 to reduce the \$234,915 BANs due 7/30/09 to the \$99,392 being rolled.

City of Cinder, Massachusetts

Bonds Dated October 15, 2011

DATE	Departmental Equipment - Police Cruisers (I)	Departmental Equipment - Crane Truck (I)	Departmental Equipment - Inspector's Car (I)	Departmental Equipment - Truck (I)	Departmental Equipment - Trailblazer (I)	Surfaces Drainage (I)	Streetscape Phase #2 (I)	Software (I)	Police Dispatch Center (I)	City Hall Stairwell (I)	Columbus Ave. Garage (I)	New Road Bridge (I)	Traffic Signal (I)	Morningside School Roof (I)	Morningside School Roof 2 (I)	Floor Tile Abatement (I)	Crosby Chimney Repair (I)	Airport (O)	TOTAL
10/15/2012	23,445.00	9,909.00	745.00	8,771.00	4,122.00	7,483.00	6,312.00	12,541.00	11,657.00	6,403.00	16,478.00	9,558.00	8,595.00	2,190.00	15,248.00	5,785.00	7,366.00	19,392.00	176,000.00
10/15/2013	20,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	10,000.00	10,000.00	5,000.00	15,000.00	5,000.00	5,000.00	5,000.00	15,000.00	5,000.00	5,000.00	15,000.00	145,000.00
10/15/2014	20,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	15,000.00	10,000.00	5,000.00	15,000.00	5,000.00	5,000.00	5,000.00	15,000.00	5,000.00	5,000.00	15,000.00	150,000.00
10/15/2015	-	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	15,000.00	10,000.00	-	15,000.00	5,000.00	5,000.00	5,000.00	20,000.00	5,000.00	5,000.00	20,000.00	135,000.00
10/15/2016	-	10,000.00	5,000.00	10,000.00	5,000.00	5,000.00	5,000.00	15,000.00	10,000.00	-	20,000.00	5,000.00	5,000.00	5,000.00	20,000.00	5,000.00	5,000.00	20,000.00	150,000.00
10/15/2017	-	10,000.00	-	-	-	5,000.00	5,000.00	-	15,000.00	-	20,000.00	5,000.00	5,000.00	5,000.00	20,000.00	5,000.00	5,000.00	20,000.00	120,000.00
10/15/2018	-	10,000.00	-	-	-	5,000.00	5,000.00	-	15,000.00	-	20,000.00	5,000.00	5,000.00	5,000.00	20,000.00	5,000.00	5,000.00	20,000.00	120,000.00
10/15/2019	-	10,000.00	-	-	-	5,000.00	5,000.00	-	15,000.00	-	20,000.00	5,000.00	-	5,000.00	20,000.00	5,000.00	5,000.00	20,000.00	115,000.00
10/15/2020	-	10,000.00	-	-	-	5,000.00	5,000.00	-	15,000.00	-	20,000.00	5,000.00	-	5,000.00	25,000.00	5,000.00	5,000.00	25,000.00	125,000.00
10/15/2021	-	10,000.00	-	-	-	5,000.00	5,000.00	-	15,000.00	-	20,000.00	5,000.00	-	5,000.00	25,000.00	5,000.00	5,000.00	25,000.00	125,000.00
10/15/2022	-	-	-	-	-	5,000.00	5,000.00	-	15,000.00	-	25,000.00	5,000.00	-	5,000.00	25,000.00	5,000.00	5,000.00	25,000.00	120,000.00
10/15/2023	-	-	-	-	-	10,000.00	5,000.00	-	15,000.00	-	25,000.00	5,000.00	-	5,000.00	25,000.00	10,000.00	5,000.00	25,000.00	130,000.00
10/15/2024	-	-	-	-	-	10,000.00	5,000.00	-	20,000.00	-	25,000.00	5,000.00	-	5,000.00	30,000.00	10,000.00	5,000.00	30,000.00	145,000.00
10/15/2025	-	-	-	-	-	10,000.00	5,000.00	-	20,000.00	-	25,000.00	5,000.00	-	5,000.00	30,000.00	10,000.00	5,000.00	30,000.00	145,000.00
10/15/2026	-	-	-	-	-	10,000.00	10,000.00	-	20,000.00	-	30,000.00	5,000.00	-	5,000.00	30,000.00	10,000.00	-	30,000.00	150,000.00
10/15/2027	-	-	-	-	-	10,000.00	10,000.00	-	20,000.00	-	30,000.00	5,000.00	-	5,000.00	35,000.00	10,000.00	-	35,000.00	160,000.00
10/15/2028	-	-	-	-	-	10,000.00	10,000.00	-	20,000.00	-	30,000.00	10,000.00	-	-	35,000.00	10,000.00	-	35,000.00	160,000.00
10/15/2029	-	-	-	-	-	10,000.00	-	-	-	-	-	-	-	-	-	-	-	-	10,000.00
10/15/2030	-	-	-	-	-	10,000.00	-	-	-	-	-	-	-	-	-	-	-	-	10,000.00
10/15/2031	-	-	-	-	-	10,000.00	-	-	-	-	-	-	-	-	-	-	-	-	10,000.00
Total	\$63,445.00	\$84,909.00	\$20,745.00	\$33,771.00	\$24,122.00	\$147,483.00	\$101,312.00	\$67,541.00	\$256,657.00	\$16,403.00	\$371,478.00	\$94,558.00	\$38,595.00	\$77,190.00	\$405,248.00	\$115,785.00	\$72,366.00	\$409,392.00	\$2,401,000.00
BANs Outstanding	66,600.00	88,000.00	21,500.00	35,000.00	25,000.00	150,000.00	105,000.00	70,000.00	266,000.00	17,000.00	385,000.00	98,000.00	40,000.00	80,000.00	420,000.00	120,000.00	75,000.00	409,392.00	2,471,492.00
Required Paydown	3,155.00	3,091.00	755.00	1,229.00	878.00	2,517.00	3,688.00	2,459.00	9,343.00	597.00	13,522.00	3,442.00	1,405.00	2,810.00	14,752.00	4,215.00	2,634.00	-	70,492.00

FirstSouthwest
Public Finance

City of Cinder, Massachusetts

Bond Dated October 15, 2012

DATE	Surfaces Drainage 2 (l)	Streetscape Phase #2 2 (l)	New Road Bridge 2 (l)	Traffic Signal 2 (l)	Public Lighting (l)	Resurfacing and Reconstruction of Streets (l)	Resurfacing and Reconstruction of Streets 2 (l)	Front Mall Slab/Floor Repair Taconic High (l)	Elevator Upgrade Taconic High School (l)	PHS Classroom Renovation (l)	Replacement of Doors ADA Compliant (l)	Asbestos Replacement/ Floor Tile Repair (l)	Temperature Control System at Athenaeum (l)	Record Storage Room Construction (l)	Garage Floor Repair Pecks Road Fire Station (l)	Library Renovations Local History Department (l)
10/15/2013	33,184.00	6,663.00	8,417.00	8,327.00	43,121.00	36,633.00	77,998.00	3,771.00	963.00	3,244.00	4,298.00	2,368.00	2,541.00	2,893.00	6,488.00	9,731.00
10/15/2014	30,000.00	5,000.00	5,000.00	5,000.00	40,000.00	35,000.00	80,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
10/15/2015	30,000.00	5,000.00	5,000.00	10,000.00	45,000.00	40,000.00	85,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
10/15/2016	35,000.00	5,000.00	5,000.00	10,000.00	45,000.00	40,000.00	90,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
10/15/2017	35,000.00	5,000.00	5,000.00	10,000.00	45,000.00	45,000.00	90,000.00	5,000.00	5,000.00	5,000.00	-	-	5,000.00	5,000.00	5,000.00	5,000.00
10/15/2018	40,000.00	5,000.00	5,000.00	10,000.00	50,000.00	45,000.00	95,000.00	5,000.00	5,000.00	5,000.00	-	-	5,000.00	5,000.00	5,000.00	5,000.00
10/15/2019	40,000.00	5,000.00	5,000.00	10,000.00	50,000.00	45,000.00	100,000.00	5,000.00	5,000.00	5,000.00	-	-	5,000.00	5,000.00	5,000.00	10,000.00
10/15/2020	40,000.00	5,000.00	5,000.00	10,000.00	55,000.00	50,000.00	105,000.00	-	5,000.00	5,000.00	-	-	5,000.00	5,000.00	5,000.00	10,000.00
10/15/2021	45,000.00	5,000.00	5,000.00	10,000.00	60,000.00	50,000.00	115,000.00	-	5,000.00	5,000.00	-	-	5,000.00	5,000.00	5,000.00	10,000.00
10/15/2022	45,000.00	5,000.00	5,000.00	10,000.00	60,000.00	55,000.00	120,000.00	-	5,000.00	5,000.00	-	-	5,000.00	5,000.00	5,000.00	10,000.00
10/15/2023	50,000.00	5,000.00	5,000.00	10,000.00	65,000.00	60,000.00	125,000.00	-	5,000.00	-	-	-	5,000.00	5,000.00	5,000.00	10,000.00
10/15/2024	50,000.00	5,000.00	5,000.00	10,000.00	65,000.00	60,000.00	130,000.00	-	5,000.00	-	-	-	5,000.00	5,000.00	5,000.00	10,000.00
10/15/2025	55,000.00	5,000.00	5,000.00	10,000.00	70,000.00	65,000.00	140,000.00	-	-	-	-	-	5,000.00	-	5,000.00	10,000.00
10/15/2026	55,000.00	5,000.00	5,000.00	15,000.00	75,000.00	65,000.00	145,000.00	-	-	-	-	-	5,000.00	-	5,000.00	10,000.00
10/15/2027	60,000.00	5,000.00	5,000.00	15,000.00	80,000.00	70,000.00	150,000.00	-	-	-	-	-	-	-	5,000.00	10,000.00
10/15/2028	60,000.00	5,000.00	10,000.00	15,000.00	80,000.00	75,000.00	160,000.00	-	-	-	-	-	-	-	10,000.00	10,000.00
10/15/2029	65,000.00	10,000.00	10,000.00	15,000.00	85,000.00	80,000.00	170,000.00	-	-	-	-	-	-	-	10,000.00	10,000.00
10/15/2030	70,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10/15/2031	70,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10/15/2032	75,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$983,184.00	\$91,663.00	\$98,417.00	\$183,327.00	\$1,013,121.00	\$916,633.00	\$1,977,998.00	\$33,771.00	\$55,963.00	\$48,244.00	\$19,298.00	\$17,368.00	\$67,541.00	\$57,893.00	\$96,488.00	\$144,731.00
BANs Outstanding	1,000,000.00	95,000.00	102,000.00	190,000.00	1,050,000.00	950,000.00	2,050,000.00	35,000.00	58,000.00	50,000.00	20,000.00	18,000.00	70,000.00	60,000.00	100,000.00	150,000.00
Required Paydown	16,816.00	3,337.00	3,583.00	6,673.00	36,879.00	33,367.00	72,002.00	1,229.00	2,037.00	1,756.00	702.00	632.00	2,459.00	2,107.00	3,512.00	5,269.00

DATE	Streetscape Work (l)	Parking Lot Improvements (l)	Medical Dispatch Software (l)	Handheld Radios Police Department (l)	Oil/Water Separator Pecks Road Fire Station (l)	Streetsweeper (l)	Snow Fighter Plow Truck (l)	Snow Blower Attachment/Front Loader (l)	Skid Steer with Plow (l)	Police Cruisers (l)	Inspection Vehicle Health Department (l)	One Ton Van (l)	4 Wheel Drive Park Security Vehicle (l)	Generator (l)	TOTAL
10/15/2014	11,219.00	7,671.00	3,771.00	2,148.00	9,380.00	5,258.00	9,380.00	5,961.00	1,490.00	31,488.00	9,122.00	9,122.00	9,298.00	1,052.00	367,000.00
10/15/2015	10,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	30,000.00	5,000.00	5,000.00	5,000.00	5,000.00	345,000.00
10/15/2016	10,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	35,000.00	10,000.00	10,000.00	5,000.00	5,000.00	380,000.00
10/15/2017	10,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	-	-	-	-	5,000.00	330,000.00
10/15/2018	10,000.00	5,000.00	5,000.00	5,000.00	10,000.00	5,000.00	10,000.00	5,000.00	5,000.00	-	-	-	-	-	325,000.00
10/15/2019	10,000.00	5,000.00	5,000.00	5,000.00	10,000.00	5,000.00	10,000.00	5,000.00	5,000.00	-	-	-	-	-	350,000.00
10/15/2020	15,000.00	5,000.00	-	5,000.00	10,000.00	5,000.00	10,000.00	5,000.00	5,000.00	-	-	-	-	-	365,000.00
10/15/2021	15,000.00	10,000.00	-	-	10,000.00	10,000.00	10,000.00	5,000.00	5,000.00	-	-	-	-	-	390,000.00
10/15/2022	15,000.00	10,000.00	-	-	10,000.00	10,000.00	10,000.00	5,000.00	-	-	-	-	-	-	395,000.00
10/15/2023	15,000.00	10,000.00	-	-	10,000.00	10,000.00	10,000.00	5,000.00	-	-	-	-	-	-	410,000.00
10/15/2024	15,000.00	10,000.00	-	-	10,000.00	10,000.00	10,000.00	5,000.00	-	-	-	-	-	-	415,000.00
10/15/2025	15,000.00	10,000.00	-	-	10,000.00	10,000.00	10,000.00	10,000.00	-	-	-	-	-	-	435,000.00
10/15/2026	20,000.00	10,000.00	-	-	10,000.00	10,000.00	10,000.00	10,000.00	-	-	-	-	-	-	455,000.00
10/15/2027	20,000.00	10,000.00	-	-	10,000.00	10,000.00	10,000.00	10,000.00	-	-	-	-	-	-	470,000.00
10/15/2028	20,000.00	10,000.00	-	-	10,000.00	10,000.00	10,000.00	10,000.00	-	-	-	-	-	-	495,000.00
10/15/2029	20,000.00	10,000.00	-	-	15,000.00	10,000.00	15,000.00	10,000.00	-	-	-	-	-	-	535,000.00
10/15/2030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70,000.00
10/15/2031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70,000.00
10/15/2032	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,000.00
Total	\$241,219.00	\$132,671.00	\$33,771.00	\$37,148.00	\$154,380.00	\$130,258.00	\$154,380.00	\$110,961.00	\$41,490.00	\$96,488.00	\$24,122.00	\$24,122.00	\$19,298.00	\$26,052.00	\$7,032,000.00
BANs Outstanding	250,000.00	137,500.00	35,000.00	38,500.00	160,000.00	135,000.00	160,000.00	115,000.00	43,000.00	100,000.00	25,000.00	25,000.00	20,000.00	27,000.00	7,269,000.00
Required Paydown	8,781.00	4,829.00	1,229.00	1,352.00	5,620.00	4,742.00	5,620.00	4,039.00	1,510.00	3,512.00	878.00	878.00	702.00	948.00	237,000.00

City of Cinder, Massachusetts
Bonds Dated January 15, 2013

DATE	Former South Landfill Drainage Projects (l)	Landfill Engineering (l)	Blacktop Reclaimer (l)	5-Ton Snow Fighter Truck (l)	PHS Roof Replacement (l)	Asbestos Abatement/Re placement (l)	Police Station Roof Replacement (l)	Holmes Rd. Fire Station (l)	City Hall Boiler Replacement (l)	Library Retrofit Lighting	1-Ton 4x4 Pickup w/ Platform Body (l)	Replacement Body 5-Ton Dump Truck w/ Sander (l)	GMC 1-Ton 4x4 Pickup w/ Plow (l)	1-Ton 4x4 Pickup w/ Plow (l)	(2) 1-Ton Cargo Vans (l)	Trackless Series B Snow Tractor (l)	Tyler St. Fire Station (l)	Emergency Warning Sirens (l)	(45) SCBA Bottle Replacements (l)	Video Monitoring System Replacement (l)	Telephone System Upgrade (l)	Livescan Fingerprint Machine (l)	(4) Cruisers (l)	TOTAL
01/15/2014	5,000.00	30,000.00	12,000.00	50,000.00	55,000.00	15,000.00	5,000.00	5,000.00	20,000.00	7,000.00	10,000.00	11,500.00	14,000.00	14,000.00	16,000.00	37,000.00	15,000.00	2,500.00	10,000.00	7,000.00	3,000.00	10,000.00	41,000.00	395,000.00
01/15/2015	5,000.00	35,000.00	10,000.00	50,000.00	60,000.00	15,000.00	5,000.00	5,000.00	25,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	20,000.00	35,000.00	15,000.00	5,000.00	10,000.00	5,000.00	5,000.00	15,000.00	40,000.00	410,000.00
01/15/2016	5,000.00	35,000.00	15,000.00	50,000.00	60,000.00	20,000.00	5,000.00	5,000.00	25,000.00	10,000.00	10,000.00	15,000.00	10,000.00	20,000.00	40,000.00	20,000.00	5,000.00	15,000.00	10,000.00	5,000.00	15,000.00	45,000.00	45,000.00	450,000.00
01/15/2017	5,000.00	-	-	-	65,000.00	20,000.00	5,000.00	5,000.00	-	10,000.00	-	-	-	-	-	-	-	5,000.00	-	-	5,000.00	-	-	120,000.00
01/15/2018	5,000.00	-	-	-	65,000.00	20,000.00	5,000.00	5,000.00	-	10,000.00	-	-	-	-	-	-	-	5,000.00	-	-	-	-	-	115,000.00
01/15/2019	5,000.00	-	-	-	70,000.00	20,000.00	5,000.00	5,000.00	-	10,000.00	-	-	-	-	-	-	-	5,000.00	-	-	-	-	-	120,000.00
01/15/2020	5,000.00	-	-	-	75,000.00	20,000.00	5,000.00	5,000.00	-	10,000.00	-	-	-	-	-	-	-	5,000.00	-	-	-	-	-	125,000.00
01/15/2021	5,000.00	-	-	-	75,000.00	20,000.00	5,000.00	5,000.00	-	10,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	120,000.00
01/15/2022	5,000.00	-	-	-	80,000.00	-	5,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,000.00
01/15/2023	5,000.00	-	-	-	85,000.00	-	5,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	95,000.00
01/15/2024	5,000.00	-	-	-	90,000.00	-	5,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000.00
01/15/2025	5,000.00	-	-	-	95,000.00	-	5,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	105,000.00
01/15/2026	5,000.00	-	-	-	100,000.00	-	5,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	110,000.00
01/15/2027	5,000.00	-	-	-	105,000.00	-	5,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115,000.00
01/15/2028	5,000.00	-	-	-	110,000.00	-	5,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120,000.00
01/15/2029	5,000.00	-	-	-	115,000.00	-	5,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	125,000.00
01/15/2030	5,000.00	-	-	-	120,000.00	-	10,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	135,000.00
01/15/2031	5,000.00	-	-	-	125,000.00	-	10,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	140,000.00
01/15/2032	5,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000.00
01/15/2033	5,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000.00
Total	\$100,000.00	\$100,000.00	\$37,000.00	\$150,000.00	\$1,550,000.00	\$150,000.00	\$100,000.00	\$40,000.00	\$70,000.00	\$77,000.00	\$30,000.00	\$36,500.00	\$34,000.00	\$34,000.00	\$56,000.00	\$112,000.00	\$50,000.00	\$32,500.00	\$35,000.00	\$22,000.00	\$18,000.00	\$40,000.00	\$126,000.00	\$3,000,000.00

FirstSouthwest
Public Finance

City of Peter, Massachusetts

Financing Plan - Summary Page (General Fund Debt)

Debt Service Reserve Stabilization Fund- (Level Debt All Bonds)

	A	B	C	D	E	F		G
Fiscal Year	Total Existing and Projected Tax Supported Debt Service	Yearly Deposit of \$600,000 to Debt Service Reserve Fund to Pay Future Debt Service	Use of Debt Service Reserve Funds to Reduce Subsequent Debt Service	Cumulative Balance in Debt Service Reserve	Interest Earnings on Balance Remaining in Debt Service Reserve @ 4.00%	Total Cumulative Balance in Debt Service Reserve		Revised Net Cost to City
2011	3,243,747	2,245,658	-	2,245,658	-	2,245,658	(1)	3,243,747
2012	3,648,502	600,000	(918,502)	1,927,156	77,086	2,004,242		2,730,000
2013	3,682,329	600,000	(952,329)	1,651,913	66,077	1,717,990		2,730,000
2014	3,836,591	600,000	(1,111,591)	1,206,399	48,256	1,254,655		2,725,000
2015	3,774,116	600,000	(1,049,116)	805,539	32,222	837,760		2,725,000
2016	3,617,296	600,000	(892,296)	545,464	21,819	567,283		2,725,000
2017	3,573,848	600,000	(848,848)	318,435	12,737	331,172		2,725,000
2018	3,514,232	600,000	(789,232)	141,941	5,678	147,618		2,725,000
2019	3,468,646	600,000	(743,646)	3,972	159	4,131		2,725,000
2020	3,243,425	600,000	(518,425)	85,706	3,428	89,135		2,725,000
2021	3,205,227	600,000	(615,227)	73,908	2,956	76,864		2,590,000
2022	2,960,229	600,000	(640,229)	36,635	1,465	38,100		2,320,000
2023	2,930,957	600,000	(610,957)	27,143	1,086	28,229		2,320,000
2024	2,880,671	600,000	(590,671)	37,558	1,502	39,060		2,290,000
2025	2,856,074	600,000	(616,074)	22,986	919	23,906		2,240,000
2026	2,771,070	600,000	(596,070)	27,836	1,113	28,949		2,175,000
2027	2,598,853	600,000	(598,853)	30,096	1,204	31,300		2,000,000
2028	2,296,687	600,000	(601,687)	29,613	1,185	30,797		1,695,000
2029	2,148,026	600,000	(618,026)	12,771	511	13,282		1,530,000
2030	2,132,029	600,000	(602,029)	11,253	450	11,703		1,530,000
2031	1,888,056	600,000	(600,056)	11,647	466	12,113		1,288,000
2032	1,883,083	600,000	(600,083)	12,030	481	12,512		1,283,000
2033	1,870,610	600,000	(600,610)	11,902	476	12,378		1,270,000
2034	1,293,000	600,000	(600,000)	12,378	495	12,873		693,000
2035	1,294,250	600,000	(601,250)	11,623	465	12,088		693,000
2036	1,288,250	600,000	(596,250)	15,838	634	16,471		692,000
2037	1,295,250	600,000	(603,250)	13,221	529	13,750		692,000
2038	1,289,500	600,000	(598,500)	15,250	610	15,860		691,000
2039	1,291,500	600,000	(600,500)	15,360	614	15,974		691,000
2040	1,300,750	600,000	(609,750)	6,224	249	6,473		691,000
2041	1,296,750	600,000	(606,473)	-	-	-		690,277
	78,373,552	20,245,658	(20,530,530)		284,872			57,843,023

(1) Debt Service Reserve Balance as of March 31, 2009, including interest income.

Anytown, Massachusetts

Construction Cash Flow / Issue Proceeds / Investment Earnings

INTEREST RATES SUBJECT TO CHANGE

Financing Plan #5 (24-year Bonds)

Date	Note/Bond Proceeds	Assumed MSBA Reimbursement	Available Funds	Projected Construction Phase	Total Draw	Funds Available for Investment	Investment Earnings @ 2.00%	Investment Earnings by Fiscal Year
Jun-09	14,335,000	-	20,335,000	3,161,051	3,161,051	17,173,949	28,623	28,623
Jul-09	-	1,661,266	18,835,215	56,082	56,082	18,779,133	31,299	
Aug-09	-	29,473	18,808,607	635,324	635,324	18,173,283	30,289	
Sep-09	-	333,890	18,507,172	1,008,463	1,008,463	17,498,709	29,165	
Oct-09	-	529,990	18,028,699	994,620	994,620	17,034,079	28,390	
Nov-09	-	522,715	17,556,794	994,620	994,620	16,562,174	27,604	
Dec-09	-	522,715	17,084,889	994,620	994,620	16,090,269	26,817	
Jan-10	-	522,715	16,612,984	2,408,821	2,408,821	14,204,163	23,674	
Feb-10	-	1,265,938	15,470,101	2,408,821	2,408,821	13,061,280	21,769	
Mar-10	-	1,265,938	14,327,217	2,408,821	2,408,821	11,918,396	19,864	
Apr-10	-	1,265,938	13,184,334	2,808,826	2,808,826	10,375,508	17,293	
May-10	-	1,476,157	11,851,665	2,808,826	2,808,826	9,042,839	15,071	
Jun-10	15,024,000	1,476,157	25,542,996	2,808,826	2,808,826	22,734,170	37,890	309,123
Jul-10	-	1,476,157	24,210,327	2,706,119	2,706,119	21,504,208	35,840	
Aug-10	-	1,422,180	22,926,389	2,706,119	2,706,119	20,220,270	33,700	
Sep-10	-	1,422,180	21,642,450	2,706,119	2,706,119	18,936,331	31,561	
Oct-10	-	1,422,180	20,358,511	2,766,056	2,766,056	17,592,455	29,321	
Nov-10	-	1,453,680	19,046,135	2,766,056	2,766,056	16,280,079	27,133	
Dec-10	-	1,453,680	17,733,758	2,766,056	2,766,056	14,967,702	24,946	
Jan-11	-	1,453,680	16,421,382	2,589,044	2,589,044	13,832,338	23,054	
Feb-11	-	1,360,652	15,192,990	2,589,044	2,589,044	12,603,946	21,007	
Mar-11	-	1,360,652	13,964,599	2,589,044	2,589,044	11,375,555	18,959	
Apr-11	-	1,360,652	12,736,207	2,526,353	2,526,353	10,209,854	17,016	
May-11	-	1,327,706	11,537,560	2,526,353	2,526,353	9,011,207	15,019	
Jun-11	-	1,327,706	10,338,912	2,526,354	2,526,354	7,812,558	13,021	290,578
Jul-11	-	1,327,706	9,140,264	2,754,238	2,754,238	6,386,026	10,643	
Aug-11	-	1,447,469	7,833,495	2,754,238	2,754,238	5,079,257	8,465	
Sep-11	-	1,447,469	6,526,726	2,754,239	2,754,239	3,772,487	6,287	
Oct-11	-	1,447,469	5,219,956	3,874,807	3,874,807	1,345,149	2,242	
Nov-11	-	2,036,375	3,381,525	3,874,807	3,874,807	(493,282)	-	
Dec-11	-	2,036,375	1,543,093	3,120,544	3,120,544	(1,577,451)	-	
Jan-12	-	1,639,978	62,527	557,017	557,017	(494,490)	-	
Feb-12	-	292,736	(201,754)	557,017	557,017	(758,771)	-	
Jul-12	-	292,736	(466,035)	557,018	557,018	(1,023,053)	-	
Aug-12	-	292,737	(730,316)	418,291	418,291	(1,148,607)	-	
Sep-12	-	219,830	(928,778)	418,291	418,291	(1,347,069)	-	
Oct-12	-	219,830	(1,127,239)	418,292	418,292	(1,545,531)	-	
Nov-12	-	219,830	(1,325,701)	423,108	423,108	(1,748,809)	-	
Dec-12	-	222,361	(1,526,448)	423,108	423,108	(1,949,556)	-	
Jan-13	-	222,361	(1,727,195)	423,108	423,108	(2,150,303)	-	
Feb-13	-	222,361	(1,927,941)	183,468	183,468	(2,111,409)	-	
Mar-13	-	96,420	(2,014,989)	183,468	183,468	(2,198,457)	-	
Apr-13	-	96,420	(2,102,037)	183,468	183,468	(2,285,505)	-	
May-13	-	2,285,505	0	-	-	0	0	
Jun-13	-	-	0	-	-	0	0	0
Jul-13	-	-	0	-	-	0	0	
Aug-13	-	-	0	-	-	0	0	
Sep-13	-	-	0	-	-	0	0	
Oct-13	-	-	0	-	-	0	0	
Nov-13	-	-	0	-	-	0	0	
Dec-13	-	-	0	-	-	0	0	
Jan-14	-	-	0	-	-	0	0	0
	29,359,000	43,779,965		79,138,965	79,138,965		655,962	628,324

Municipal Bond Insurers Ratings Summary

As of Friday, January 18, 2013 9:00 A.M. ET

Insurer	Legend		
	Stable	Negative Outlook	Positive Outlook
	Watch Negative / Review for Possible Downgrade / R (Regulatory Intervention)	Developing Watch / Review With Direction Uncertain	Watch Positive / On Review for Possible Upgrade
Significant Recent Actions: On January 17, 2013, Moody's downgraded Assured Guaranty and Assured Guaranty Municipal's ratings to "A2" from "Aa3;" rating was removed from "Review for a Possible Downgrade" and a "Stable" outlook was assigned. On July 23, 2012, S&P assigned an "AA" rating and "Stable" outlook to Build America Mutual.			
Insurer	Moody's	Standard & Poor's	Fitch
Berkshire Hathaway (Columbia and National Insurance Co. "NICO")	Aa1 / Stable Outlook (as of 7/22/10)	AA+ / Negative Outlook (as of 8/08/11)	No Rating
Build America Mutual	No Rating	AA / Stable Outlook (as of 7/23/12)	No Rating
Assured Guaranty	A2 / Stable Outlook (as of 1/17/13)	AA- / Stable Outlook (as of 11/30/11)	Ratings Withdrawn (as of 2/24/10)
Assured Guaranty Municipal (formerly FSA)	A2 / Stable Outlook (as of 1/17/13)	AA- / Stable Outlook (as of 11/30/11)	Ratings Withdrawn (as of 2/24/10)
National Public Finance (formerly MBIA Illinois)	Baa2 / Negative Outlook (as of 12/19/11)	BBB / Developing (as of 06/21/12)	Ratings Withdrawn (as of 6/26/08)
Radian	Ba1 / Negative Outlook (as of 4/17/12)	B+ / Negative Outlook (as of 8/2/12)	Ratings Withdrawn (as of 5/02/08)
MBIA	Caa2 / Developing (as of 11/19/12)	B / Negative Outlook (as of 6/21/12)	Ratings Withdrawn (as of 6/26/08)
Syncora	Ratings Withdrawn (as of 11/8/12)	Ratings Withdrawn (as of 7/28/10)	Ratings Withdrawn (as of 9/05/08)
Ambac	Ratings Withdrawn (as of 4/7/11)	Ratings Withdrawn (as of 11/30/10)	Ratings Withdrawn (as of 6/26/08)
FGIC (Certain Policies Covered by National)	Ratings Withdrawn (as of 3/24/09)	Ratings Withdrawn (as of 4/22/09)	Ratings Withdrawn (as of 11/24/08)
CIFG	Ratings Withdrawn (as of 11/11/09)	Ratings Withdrawn (as of 02/16/10)	Ratings Withdrawn (as of 10/21/08)
ACA	No Rating	Ratings Withdrawn (as of 12/15/08)	No Rating

Disclosure: This is a summary of the current outstanding ratings and outlooks of monoline bond insurers as reported by Moody's Investors Service (Moody's), Standard and Poor's Corporation (S&P), and Fitch Ratings (Fitch) as of the approximate date and time set forth on this summary. FirstSouthwest does not guarantee the accuracy or completeness of the data set forth herein. For the most accurate and current information, contact Moody's, S&P, and Fitch. Certain of the insurers' parent companies are currently operating under Chapter 11 of the US Bankruptcy code or other plans of reorganization under applicable insurance regulators. In addition there maybe relationships among insurers that could also affect credit quality.

General Credit Rating Services

Long-Term Obligation Ratings

Moody's long-term ratings are opinions of the relative credit risk of financial obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings use Moody's Global Scale and reflect both the likelihood of default and any financial loss suffered in the event of default.

Aaa	Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
A	Obligations rated A are considered upper-medium grade and are subject to low credit risk.
Baa	Obligations rated Baa are subject to moderate credit risk. They are considered medium grade and as such may possess certain speculative characteristics.
Ba	Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.
B	Obligations rated B are considered speculative and are subject to high credit risk.
Caa	Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.
Ca	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C	Obligations rated C are the lowest rated class and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Sector Specific Credit Rating Services

US Municipal Short-Term Debt and Demand Obligation Ratings

SHORT-TERM OBLIGATION RATINGS

There are three rating categories for short-term municipal obligations that are considered investment grade. These ratings are designated as Municipal Investment Grade (MIG) and are divided into three levels — MIG 1 through MIG 3. In addition, those short-term obligations that are of speculative quality are designated SG, or speculative grade. MIG ratings expire at the maturity of the obligation.

MIG 1	This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.
MIG 2	This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.
MIG 3	This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.
SG	This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

DEMAND OBLIGATION RATINGS

In the case of variable rate demand obligations (VRDOs), a two-component rating is assigned; a long or short-term debt rating and a demand obligation rating. The first element represents Moody's evaluation of the degree of risk associated with scheduled principal and interest payments. The second element represents Moody's evaluation of the degree of risk associated with the ability to receive purchase price upon demand ("demand feature"), using a variation of the MIG rating scale, the Variable Municipal Investment Grade or VMIG rating.

When either the long- or short-term aspect of a VRDO is not rated, that piece is designated NR, e.g., Aaa/NR or NR/VMIG 1.

VMIG rating expirations are a function of each issue's specific structural or credit features.

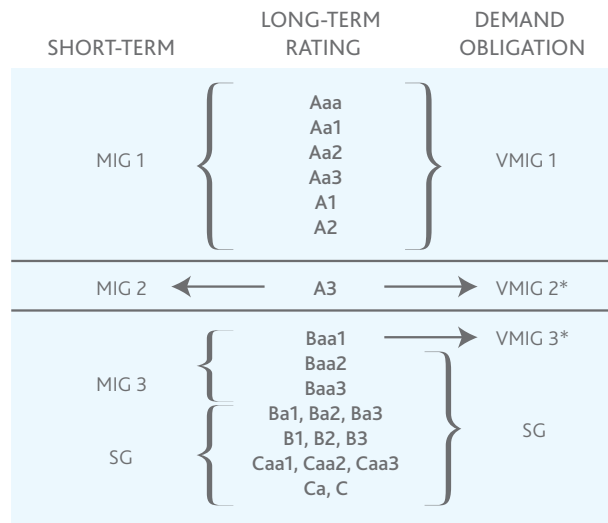
- VMIG 1** This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

- VMIG 2** This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

- VMIG 3** This designation denotes acceptable credit quality. Adequate protection is afforded by the satisfactory short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

- SG** This designation denotes speculative-grade credit quality. Demand features rated in this category may be supported by a liquidity provider that does not have an investment grade short-term rating or may lack the structural and/or legal protections necessary to ensure the timely payment of purchase price upon demand.

US MUNICIPAL SHORT- TERM VS. LONG-TERM RATINGS

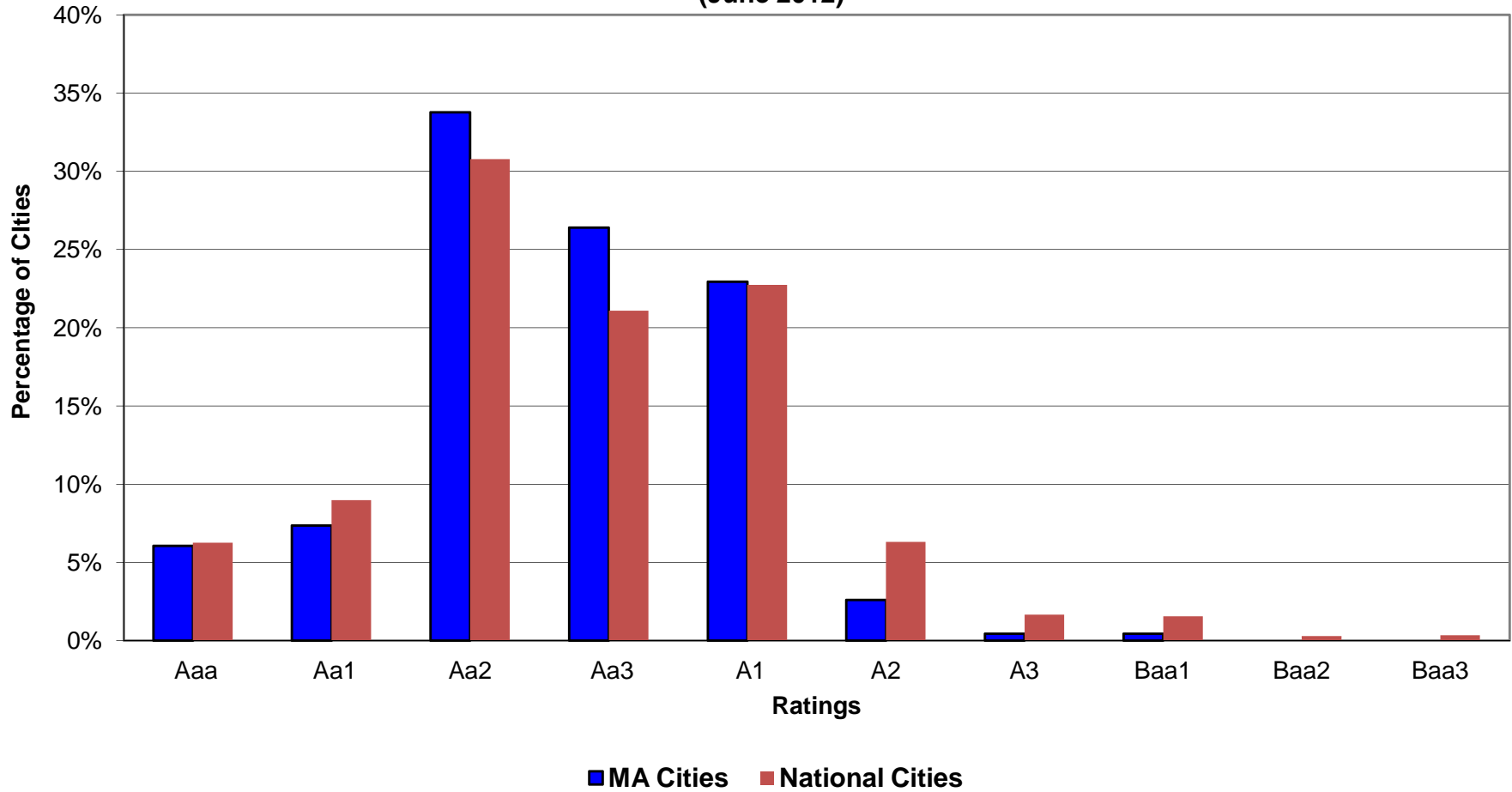


* For SBPA-backed VRDBs, The rating transitions are higher to allow for distance to downgrade to below investment grade due to the presence of automatic termination events in the SBPAs.

Moody's Massachusetts Local Government Ratings

MA vs National GSR Medians (Cities)

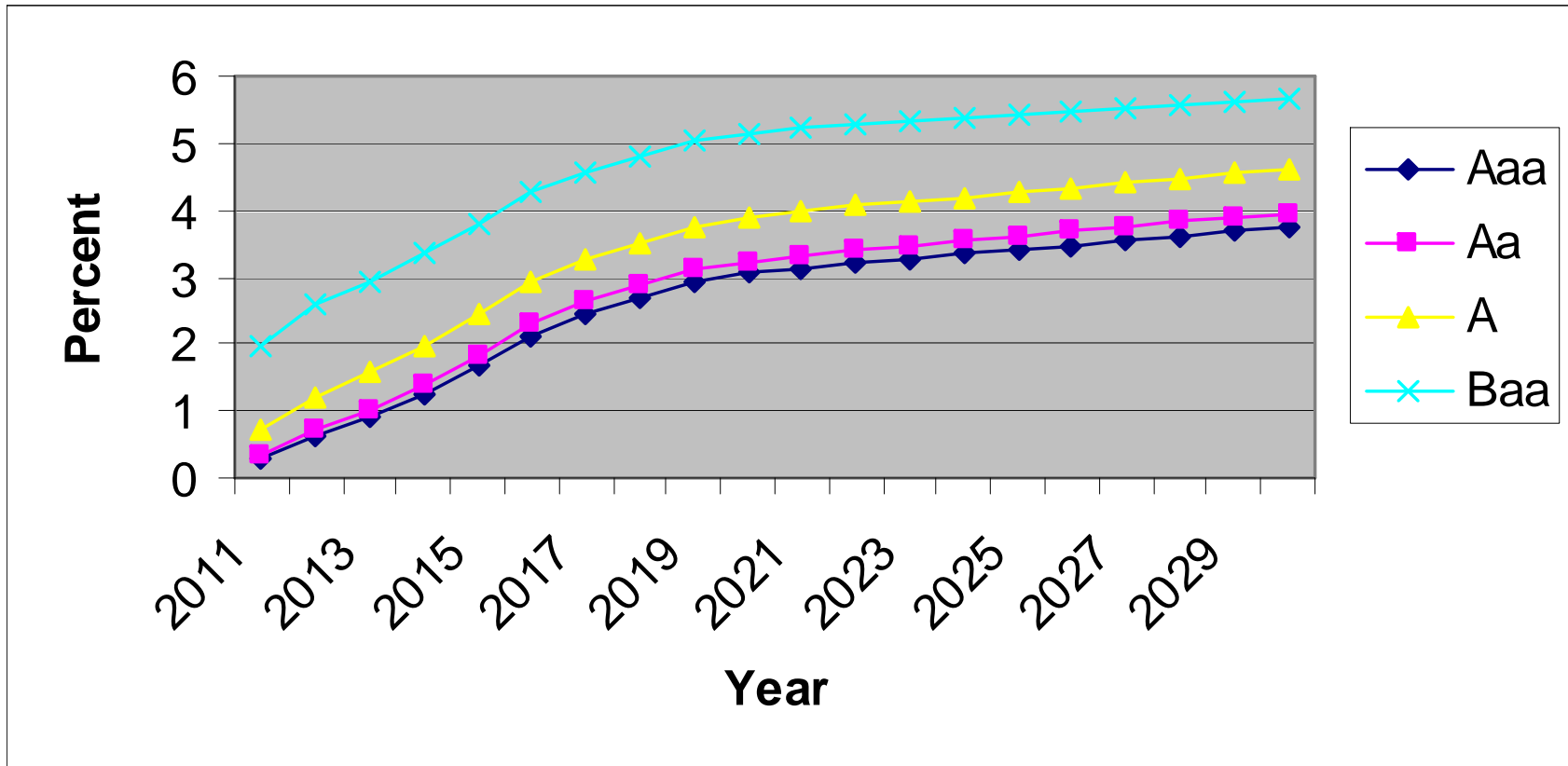
(June 2012)



Bond Ratings

<u>Moody's</u>	<u>Standard & Poor's</u>
Aaa	AAA
Aa1	AA+
Aa2	AA
Aa3	AA-
A1	A+
A2	A
A3	A-
Baa1	BBB+
Baa2	BBB
Baa3	BBB-

Yield Curves By Rating



TOWN OF DANA, MASSACHUSETTS
Credit Comparison with Massachusetts Aaa/AAA Communities

Economics										Debt				Finances						
Issuer	Moody's/ S&P	2010 Population	2000 Per Capita Income	2000 Median Family Income	August 2011 Unemploy- ment Rate	2010 Equalized Valuation	Per Capita EQV	FY 11 Residential AV as a % of Total AV	6/30/11 General Obligation Bonded Debt Outstanding	Bonded Debt Per Capita	Cumulative % of Principal Retired in 10 Years	7/1/10 Free Cash	6/30/10 Stabilization Fund Balance	FY 10 Total Fund Balance	FY 10 Undesignated General Fund Balance	FY 10 Total Revenues	Total Fund Balance as a % of Revenue	Undesignated and Stabilization Fund Balance as a % of Revenue	FY 11 Excess Lower Levy Limit Capacity	Cumulative Excess Lower Levy Limit Capacity for the past 10 years
Dana	Aa1/AAA	33,201	41,133	104,820	5.7%	7,405,664,700	223,055	79.5%	86,828,019	2,615	76.0%	1,609,854	4,433,141	4,458,198	3,250,042	133,365,479	3.34%	5.76%	70,925	2,153,110
A	Aaa/AAA	21,924	41,901	108,189	4.8%	3,988,811,200	181,938	87.2%	42,237,230	1,927	64.5%	4,650,574	-	10,293,296	6,457,560	78,677,472	13.08%	8.21%	293,210	1,022,245
B	Aa1/AAA	42,844	34,399	78,741	4.8%	7,388,658,200	172,455	94.0%	56,122,014	1,310	90.8%	770,498	2,546,031	6,315,285	1,171,918	119,130,107	5.30%	3.12%	23,955	315,165
C	NR/AAA	45,193	25,554	54,026	5.9%	14,945,861,000	330,712	88.4%	136,501,604	3,020	79.4%	10,746,572	11,638,017	17,718,451	13,947,168	128,536,305	13.78%	19.91%	97,966	797,910
D	Aaa/AAA	13,320	39,212	101,081	6.1%	3,009,721,800	225,955	77.9%	61,983,530	4,653	72.3%	2,394,874	3,403,858	7,110,308	2,217,840	65,528,825	10.85%	8.58%	630,829	10,144,025
E	Aaa/NR	24,729	42,485	95,057	5.1%	5,579,451,400	225,624	93.9%	62,526,450	2,528	56.8%	4,019,916	-	9,990,470	8,133,446	84,797,887	11.78%	9.59%	192,274	1,458,887
F	Aaa/NR	58,732	44,327	92,993	4.0%	16,024,896,500	272,848	90.8%	75,955,000	1,293	83.6%	7,105,288	5,398,393	17,922,815	11,883,429	221,305,104	8.10%	7.81%	33,911	197,408
G	Aa1/AAA	21,561	33,510	82,904	5.9%	4,386,215,300	203,433	76.6%	66,040,695	3,063	76.6%	990,878	3,234,212	10,158,471	1,959,548	72,298,605	14.05%	7.18%	118,466	4,832,681
H	Aa2/AAA	6,125	28,594	56,750	4.5%	6,915,743,700	1,129,101	93.0%	36,213,897	5,912	83.0%	814,322	1,760,452	5,064,637	2,353,415	34,040,760	14.88%	12.09%	73,683	2,009,255
I	Aaa/NR	17,668	51,477	115,839	4.5%	5,562,518,600	314,836	90.6%	80,557,680	4,560	71.8%	8,635,340	3,331,060	20,841,051	9,335,733	84,573,185	24.64%	14.98%	2,039,388	9,131,196
J	Aaa/AAA	5,589	64,899	157,168	3.8%	2,482,558,300	444,186	97.4%	12,368,800	2,213	88.3%	4,433,983	779,332	6,892,167	4,749,048	29,592,353	23.29%	18.68%	206,504	2,350,702
K	Aa1/AAA	15,059	40,242	106,245	5.2%	3,853,684,100	255,906	96.1%	19,861,565	1,319	87.8%	3,649,573	1,414,693	6,653,698	4,724,985	60,094,281	11.07%	10.22%	722,691	2,642,414
L	Aaa/AAA	22,157	41,703	98,598	4.4%	6,257,344,000	282,409	86.4%	65,885,742	2,974	75.8%	8,707,991	-	7,099,935	5,546,260	78,226,398	9.08%	7.09%	553,725	3,068,739
M	Aaa/NR	31,394	46,119	111,899	4.9%	8,647,848,600	275,462	87.2%	73,025,180	2,326	83.9%	7,125,000	7,528,148	20,903,768	10,974,725	156,802,523	13.33%	11.80%	57,462	1,279,872
N	NR/AAA	6,362	49,095	87,842	4.1%	2,014,226,600	316,603	96.2%	16,557,064	2,602	71.9%	3,340,722	-	6,656,780	3,667,864	28,838,769	23.08%	12.72%	12,974	514,235
O	NR/AAA	19,808	46,738	99,892	5.0%	5,580,750,300	281,742	94.7%	37,790,000	1,908	62.1%	4,595,434	-	9,789,024	4,912,140	67,381,658	14.53%	7.29%	4,179	139,782
P	Aa1/AAA	33,006	36,358	85,715	4.9%	7,121,910,600	215,776	76.5%	103,491,653	3,136	71.8%	5,899,906	2,880,813	11,786,978	4,478,478	103,353,709	11.40%	7.12%	38,982	351,163
Q	NR/AAA	28,886	44,549	107,570	4.9%	7,730,432,400	267,619	86.9%	91,953,197	3,183	74.7%	3,380,269	3,457,338	14,149,983	6,184,718	115,201,498	12.28%	8.37%	20,251	409,031
R	Aaa/NR	85,146	45,708	105,289	4.6%	22,520,035,100	264,487	89.5%	221,718,814	2,604	50.7%	8,018,399	15,783,210	19,312,545	10,891,149	311,993,223	6.19%	8.55%	16,898	387,798
S	NR/AAA	10,506	37,222	96,771	6.0%	2,614,682,100	248,875	83.7%	22,515,282	2,143	82.5%	1,359,573	2,165,141	7,223,465	2,734,240	42,110,478	17.15%	11.63%	17,985	781,325
T	Aa1/AAA	4,119	58,055	136,211	3.8%	1,209,091,300	293,540	95.4%	9,990,000	2,425	87.9%	1,109,546	514,239	2,815,740	1,549,398	21,627,346	13.02%	9.54%	43,373	804,066
U	Aa1/AAA	17,659	53,285	130,399	5.2%	4,256,033,800	241,012	92.9%	34,180,000	1,936	87.6%	249,418	1,910,113	9,375,050	1,236,002	80,624,767	11.63%	3.90%	20,789	1,123,990
V	Aaa/NR	12,994	52,717	113,671	4.5%	3,288,024,700	253,042	94.9%	78,269,366	6,024	57.0%	8,536,596	1,526,907	14,331,315	10,548,522	62,046,850	23.10%	19.46%	20,778	739,382
W	Aaa/AAA	27,982	52,866	134,769	4.3%	10,032,866,400	358,547	88.5%	123,079,506	4,399	64.0%	9,471,751	3,022,255	17,370,611	12,366,774	121,416,899	14.31%	12.67%	30,988	131,573
X	Aaa/AAA	11,261	79,640	181,041	3.8%	5,797,438,800	514,825	95.4%	67,690,004	6,011	78.3%	4,255,473	-	9,494,380	5,116,476	73,233,244	12.96%	6.99%	2,930,716	11,963,247
Y	Aaa/AAA	21,374	50,414	110,226	5.0%	5,775,099,500	270,193	94.5%	79,326,273	3,711	67.3%	5,761,181	8,190,784	11,619,011	7,398,799	82,585,138	14.07%	18.88%	42,921	349,679
Dana (1)		5	18	14	22	7	22	4	21	14	13	20	6	25	19	4	26	24	12	8

(1) Rank out of 26.

AGENDA

TOWN OF ANYWHERE, MASSACHUSETTS

RATING AGENCY PRESENTATION

11:00 Introduction of Town Officials

11:05 Presentation

A. Economics

1. Socio-economics trends (historic through current)
 - a. per capita income
 - b. median family income
 - c. per capita equalized valuations
 - d. % residential/commercial/industrial
2. Future Economic Growth (in works and potential)
 - a. Commercial growth
 - b. Industrial growth
 - c. Residential growth
3. Revenues from new construction

B. Finances

1. Financial Policy and the budget process
2. Five year revenue and expenditure forecast and current year budget
3. Debt and Capital Plan
 - a. Debt policy and designated revenue sources
 - b. Capital plan
 - c. Projected debt service and financial impact
 - d. Retirement system
 - e. OPEB
4. Collections and cash position
 - a. Procedures and policies
 - b. Property Tax Collections, tax titles, possessions and deferrals
 - c. Motor Vehicle excise and other
 - d. Cash flow and revenue forecasting
5. Most Recent audited results
 - a. Latest audited results (fiscal 2010)
 - b. Trend in fund balances, unreserved fund balances and free cash
 - c. Reserves and financial policies
 - d. Self-supporting operations

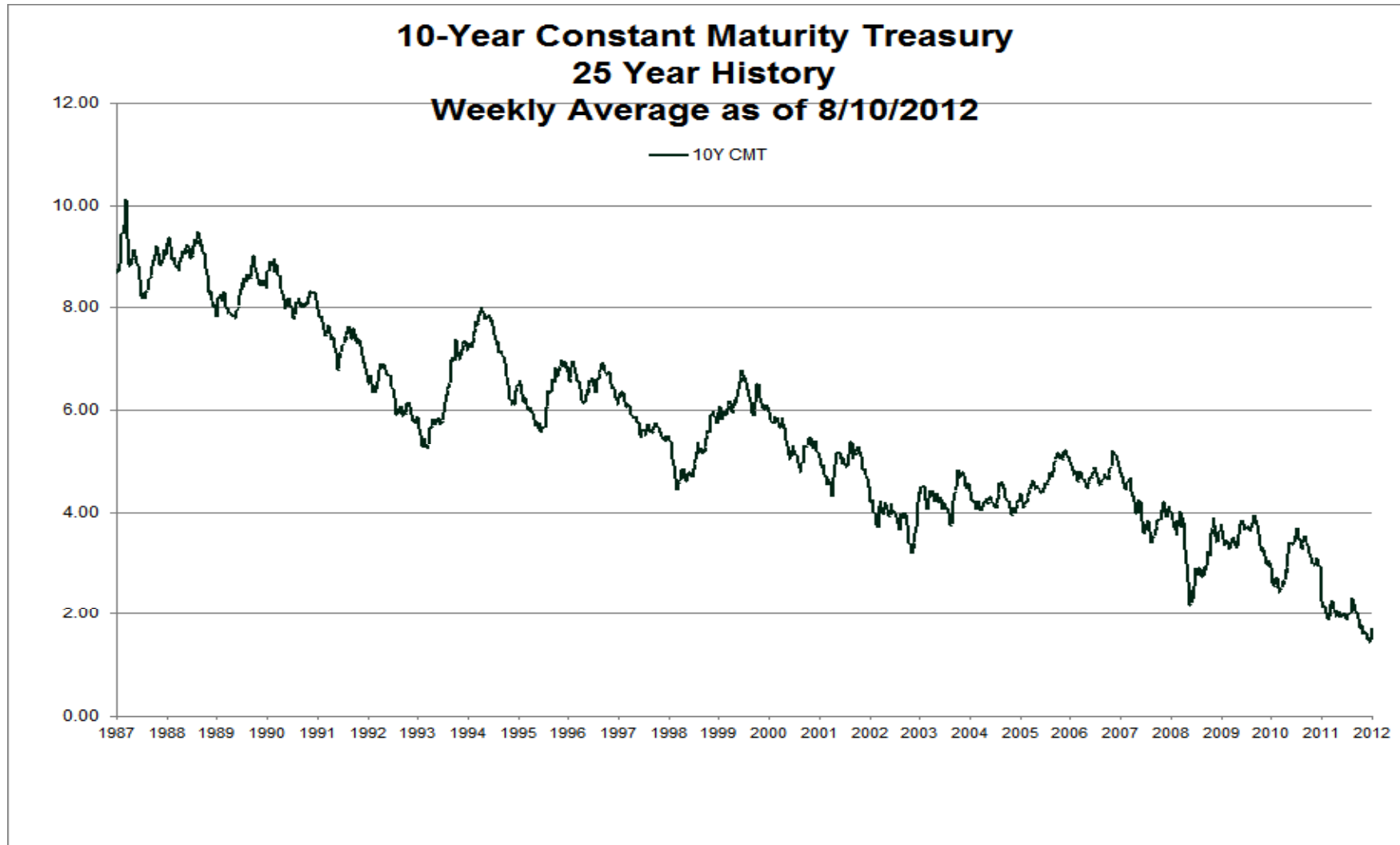
C. Overview Fiscal Year 2011 and Fiscal 2012 Budgets

1. Social and economic factors of Community –willingness of people to support community
2. Meeting challenges of the present and the future
 - a. budget, management and structural improvements
 - b. employee relations
 - c. stability and quality of financial management team
3. Future developments and impact on community

12:30 Question & Answer

1:00 Complete session

Interest Rate Trends



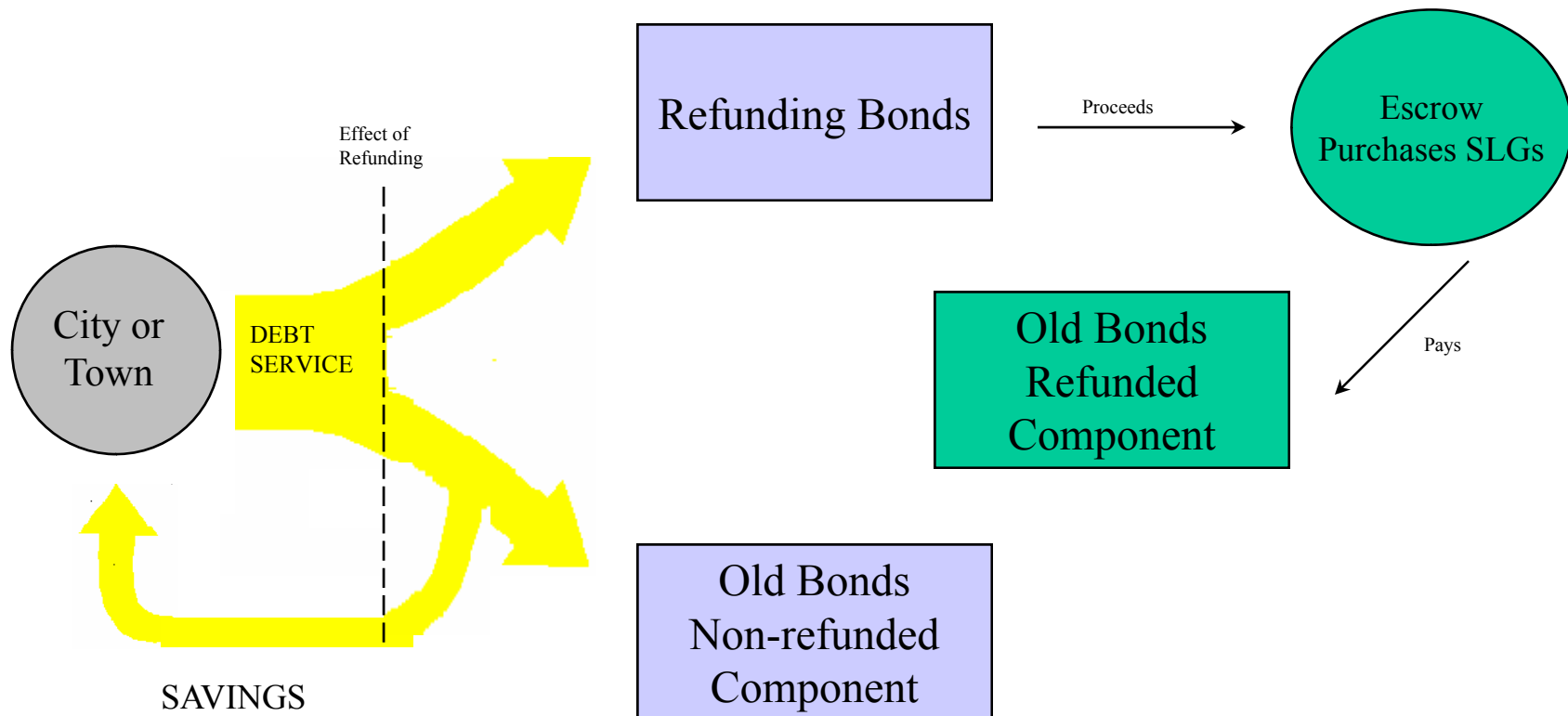
Typical Advance Refunding Cash Flow

Advantages of Refunding:

- √ Higher savings by issuing bonds with lower interest rates.
- √ Enhanced savings when blended with new money debt issues.

Use of Refunding Bond Proceeds:

- √ Proceeds of the refunding bonds are deposited in an interest bearing escrow account and invested in special U.S. government securities (SLGs) maturing semi-annually to meet debt service payments prior to and including the call date of the refunded bonds.
- √ At the call date, the escrow account pays principal, interest and call premium of the refunded bonds.



FREQUENTLY ASKED QUESTIONS REGARDING REFUNDING BONDS

Q: How does a refunding work?

A: There are different kinds of refundings and refunding bonds can be issued for different purposes. However, in Massachusetts, most refunding bonds are issued for the purpose of achieving debt service savings. Similar to the refinancing of a mortgage, savings is achieved by lowering interest costs. Usually a 2% differential in interest rates is necessary to make the refunding worthwhile. It is essential that the bonds being refunded are callable; i.e., able to be prepaid. The savings is a result of being able to call in high interest rate debt and substitute it with lower interest rate debt. The savings can be taken up front or evenly distributed throughout the remaining term of the bonds, depending on how the refunding bond is structured.

Q: What is the difference between an advance refunding and a current refunding?

A: Most bonds with terms longer than 10 years carry a call feature, which permits the issuer to call and prepay the bonds prior to maturity. The standard general obligation call feature is 10 years. In an advance refunding, the bonds being refunded are refunded more than 90 days in advance of being able to be called. In a current refunding, the refunded bonds are refunded within 90 days of the call date.

Q: Why are more principal amount of bonds required to be authorized to effect the refunding than there are principal amount of bonds to be refunded?

A: The yield on the escrow in which the refunding bond proceeds are deposited is restricted to the average reoffering yield of the refunding bonds. The escrow is invested in specially issued government securities bearing the permissible yield and structured to mature to match the debt service on the refunded bonds as it matures, semi-annually, to the call date. In effect, it takes more principal, invested at the lower permissible yield, to mature to meet the old debt service. The escrow pays the refunded debt service and the issuer pays the refunding debt service. Even though the principal amount of the refunding bond is higher, the interest cost is less than the additional principal, hence the savings.

Q: Are the savings net of the costs of issue?

A: Yes. All costs are built into the issue and savings is net of the costs. In today's market, present value savings from an advance refunding bond issue should equal at least 2.5% of the principal amount of the bonds being refunded, as federal law only permits issuers to advance refund bonds once. There is no limit on the number of current refundings which can be done.

Q: Will a refunding affect the bond credit rating?

A: In most cases refundings issued for savings purposes is viewed favorably by the rating agencies as it reduces debt service costs. The rating agencies do not double count the refunding and the refunded debt; rather they consider the refunded bonds to be provided for or defeased if the escrow fund is invested in direct obligations of the U.S. government.

Q: Do refunding bonds count against the Massachusetts debt limits?

A: Refunding bonds do to the extent the refunded bonds did, but the refunded bonds no longer do once the refunding bond is issued.

Q: Are there any risks?

A: No. The transaction is independently verified. The escrow is invested in the strongest investment available. All the rates and amounts are fixed. The savings are locked into place.