

**CITY OF WOBURN  
FEBRUARY 7, 2013 – 7:00 P.M.  
COUNCIL CHAMBERS, WOBURN CITY HALL  
SPECIAL MEETING OF THE CITY COUNCIL**

Roll Call

Anderson	Gately
DiTucci	Haggerty
Drapeau	Mercer-Bruen
Gaffney	Raymond
Denaro	

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Motion made and 2<sup>nd</sup> to appoint Assistant City Clerk Joyce M. Gray as Clerk of the Council, Pro Tem, Anderson – Yes, DiTucci – Yes, Drapeau – Yes, Gaffney – Yes, Gately – Yes, Haggerty – Yes, Mercer-Bruen – Yes, Raymond – Yes, Denaro – Yes, Motion Passes.

I, Joyce M. Gray, accept the office of Clerk of the Council, Pro Tem, subject to the statutes and ordinances, and do solemnly swear to perform the duties of said office to the best of my ability and understanding. So help me, God.

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Joyce M. Gray

I hereby certify that the oath of office was subscribed and sworn before me on this date.

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Paul J. Denaro, President

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Pursuant to Title III, Section 12 of the Charter of the City of Woburn, His Honor the Mayor has called a Special Meeting of the City Council to be held in the Council Chamber, Woburn City Hall, 10 Common Street, Woburn, on Thursday, February 7, 2013 at 7:00 p.m. for a second reading on an Order for an appropriation in the amount of \$3,450,235.69 from the Debt Service Reserve Fund to be applied to the planned advance refunding of the \$30,000,000.00 general obligation bond dated November 15, 2005 and to approve the Order.

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Motion made and 2<sup>nd</sup> to take from the table the Order for an appropriation in the amount of \$3,450,235.69 from the Debt Service Reserve Fund to be applied to the planned advance refunding of the \$30,000,000.00 general obligation bond dated November 15, 2005, all in favor, 9-0. Mayor Galvin appeared and stated that the Order to appropriate funds requires a two-thirds

vote of the City Council and introduced the city's financial representative Cynthia McNerney. Cynthia McNerney, Managing Director, First Southwest Company, 54 Canal Street, Suite 320, Boston, Massachusetts 02114 stated that the city has refinanced other bonds in the past, that the city has to include the bonds issued for the high school project for the bonds to be tax exempt, that the refinancing has to produce 3% savings in order to justify refinancing, that the market is strong, that if the city starts now to get everything in place it will be in position to obtain a lower interest rate, that the bonds are sold by competitive bids, that very extensive reporting is conducted and that the city will know what the market is when they bonds go out to bid, that the city has the right to reject any bids, that her company has been looking at refunding for years on refinanced dated bonds, that they look hard at the detail of the debt service reserve fund, that considerable analysis has been conducted to arrive at this proposed Order, that if interest rates increase tomorrow all of the planning is lost, that there is a twenty day referendum procedure that would have to expire before the action of the City Council was final, the market changed in December and again in January, and that due to the twenty day referendum period time is of the essence in this matter. Motion made and 2<sup>nd</sup> for a one minute recess, all in favor, 9-0. President Denaro called the meeting back to order. City Clerk William Campbell arrived and assumed the position of Clerk of the Council and Clerk of the Council, Pro Tem Joyce Gray stepped down. Ms. McNerney stated that the bonds have current coupon rates of between 4% and 4.75% which will be replaced with 2% debt, that the debt can be called in FY2016, that the savings realized will be at \$500,000.00 for multiple years and the last years at \$200,000.00, that most savings come in after the call date, that the city will not be able to do another advance refunding, that the rates will not likely continue to go down, that typically in the market the city should look for 3% savings, that the city through this proposed Order positions itself to achieve these savings, that there will be approximately \$200,000.00 in fees, that this will be a \$13,000,000.00 bond deal, that the rates seem to be generally trending up, that the rates on the informational sheet filed are would could be anticipated if the bonds went out today, that the savings is real when comparing the old principal and interest with the new principal and interest, that the more the city can ear on the investment then the less there is to sell, that the face value is typically higher, that the city can earn up to 1¾ in escrow and typically have to sell more bonds to effect this, that the city is selling more bonds at a lower rate and therefore saving, that an escrow is used to call in the old bonds on the call date and are invested until that time, that it is difficult to understand the concept, that typically this is explained as if taking out a mortgage although the process is more complicated, that the sequestration issues in Washington, D.C. affects the financial market, that there is an urgency to position the city, that there is a lot of work to go through, that the proposed Order only positions the city, that she is urging all her clients to position themselves, that the city is refunding \$15,000,000.00 worth of bonds with \$13,000,000.00 in refunding bonds, that several steps have been taken to bring the city to this point, that bond counsel drafted the proposed Order, that once the refunding is authorized it allows the city to go forward with refunding, that there have been waves of refunding over the last ten years, that the city has already created a debt service reserve fund, that there is no concern about risk, that the matter will be locked in by midnight on the day of sale, that all number are independently verified, that the estimated savings will be \$1,500,000.00, and that this would be similar to having a 5% mortgage which a homeowner refinanced despite the closing costs because the new rate would be 2% however under this situation the mortgage cannot be paid off for 2½ years. Ms. McNerney offered a document entitled "City of Woburn, Massachusetts, General Obligation Unlimited Tax Bonds originally dated November 15, 2005, First Interest Payment due 11/15/13" for the City

Council to review. Motion made and 2<sup>nd</sup> that the document be received and made part of the record, all in favor, 9-0. Mayor Galvin stated that the city is borrowing more money but paying back less money. Alderman Gately stated that no one in the city does not want to save money however he does not want to receive information one day and be expected to vote on the matter two days later, and that some of this information is confusing. Mayor Galvin stated that the information was out since Friday but no call was made by the Alderman for information before this meeting, that there is no hidden agenda, and that the purpose of the proposed Order is to save taxpayers money. Alderman Gately stated that the matter could have been presented to the City Council two weeks ago. Alderman DiTucci stated that she has to understand what she is being asked to vote on, that expecting the Aldermen to go to the City Auditor to obtain the information independently is not reasonable, and that the process involves committee meetings to allow adequate time to review these matters. Mayor Galvin stated that the Alderman had the opportunity to review the matter but did not. Alderman DiTucci stated that her review of matters such as this involved talking to people in the industry as well as department heads. Mayor Galvin stated that the bottom line is a \$1,400,000.00 savings. Alderman DiTucci stated that there is an urgency over the long-term but not an urgency to review this in committee, and that the City Council has to have the opportunity to review this proposal. Mayor Galvin stated that he recommends that prior to reading of the proposed Order by the Clerk that the City Council suspend Rule 25 by a two-thirds vote and then approve the Order on a two-thirds vote. Alderman Haggerty stated that there is a process in place which can be adjusted to take advantage of opportunities such as this, that twelve additional days makes a difference, that he is comfortable with moving forward with the proposal at this meeting, that the city will realize a savings of approximately \$1,400,000.00, and that this is a chance to give flexibility to the city's financial team. Motion made and 2<sup>nd</sup> to suspend City Council Rule 25, ROLL CALL: Anderson – Yes, DiTucci – No, Drapeau – Yes, Gaffney – Yes, Gately – No, Haggerty – Yes, Mercer-Bruen – Yes, Raymond – Yes, Denaro – No, Motion Passes. The City Clerk read the Order in its entirety. Motion made and 2<sup>nd</sup> that the ORDER be ADOPTED, ROLL CALL: Anderson – Yes, DiTucci – Yes, Drapeau – Yes, Gaffney – Yes, Gately – Yes, Haggerty – Yes, Mercer-Bruen – Yes, Raymond – Yes, Denaro – Yes, Motion Passes.

**Presented to the Mayor: February 9, 2013**

**s/Scott D. Galvin February 9, 2013**

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Motion made and 2<sup>nd</sup> to ADJOURN, all in favor, 9-0. Meeting adjourned at 8:02 p.m.

A TRUE RECORD ATTEST:

William C. Campbell  
City Clerk and Clerk of the City Council

Joyce M. Gray  
Assistant City Clerk and  
Clerk of the City Council, Pro Tem