

*Town of Weymouth
Massachusetts*

Robert L. Hedlund
Mayor

75 Middle Street
Weymouth, MA 02189



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MEMORANDUM

18009

TO: TOWN COUNCIL
FROM: ROBERT L. HEDLUND, MAYOR
RE: APPLICATION OF BOND PREMIUM
DATE: FEBRUARY 2, 2018

I hereby submit the following measure for consideration by Town Council:

"That the Town of Weymouth votes to supplement each prior vote of this Council that authorizes the borrowing of money to pay costs of capital projects to provide that, in accordance with Chapter 44, Section 20 of the General Laws, the premium received by the Town upon the sale of any bonds or notes thereunder, less any such premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to pay project costs and the amount authorized to be borrowed for each such project shall be reduced by the amount of any such premium so applied."

This measure requires a legal notice and public hearing.



Referral Dte. _____ PH Dte. _____
Comm. Referral _____ TC Vote _____
Comm. Vote _____ TC Vote Dte. _____
Comm. Vote Dte. _____

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TOWN OF WEYMOUTH
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Brian J. Connolly
Chief Financial Officer

75 Middle St.
Weymouth, MA 02189

(781) 682-3632

***Town of Weymouth
Massachusetts***



Robert L. Hedlund
Mayor

75 Middle Street
Weymouth, MA 02189

(781) 335-2000

To: Robert Hedlund, Mayor

From: Brian Connolly, CFO

Re: Bond premium measure

Date: February 2, 2018

Contained within the Municipal Modernization Act is a recommended change in the recognition and use of bond premiums. Bond premiums are paid to Towns as a way to offset the debt issuance costs (legal, financial, administrative, and marketing). The costs of these services will fluctuate according to complexity of the debt issuance with the resulting net proceeds typically being recognized as general fund revenue. By adopting the recommended change in the attached measure, all net bond premiums paid to the Town will be applied to pay project costs rather than being applied for non-capital project purposes.

FY17 net bond premiums totaling \$31,615 were from three debt issues: road/sidewalk repairs, field/park improvements, and a bond refunding. Upon approval of this measure these funds will be apportioned to each project accordingly. Prior year bond premiums included the following:

FY16 \$789K (the last year that bond premiums were recorded to the general fund)

FY15 \$14,933

FY14 \$797K (bond premium fund liquidated and funds transferred to general fund per order of DOR)

FY10 thru FY13 the Town recorded \$50K annually to the general fund

Thank you for your review and consideration of this measure. If you have any questions please do not hesitate to contact me.