

## **TOWN OF STRATFORD, CONNECTICUT**

### **NOTICE OF PASSAGE OF ORDINANCE**

Notice is hereby given that at the Meeting of the Town Council of the Town of Stratford, Connecticut held on May 13, 2013, the following entitled ordinance was adopted:

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT MORE THAN \$220,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF STRATFORD GENERAL OBLIGATION PENSION BONDS (FEDERALLY TAXABLE) TO DISCHARGE ALL OR PORTIONS OF THE TOWN'S UNFUNDED ACTUARIAL ACCRUED LIABILITY WITH RESPECT TO THE RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN**

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**WHEREAS**, pursuant to Chapter 25, Article V of the Administrative Code (the "Administrative Code") of the Town of Stratford, Connecticut (the "Town"), there is created and maintained in the Town, a system of pensions for disability and retirement from service for members of the Town's fire department and police department and Town and Board of Education employees known as the Retirement Plan (the "Retirement Plan"); and

**WHEREAS**, pursuant to the Retirement Plan and Section 14-32 of the Administrative Code, the Town is obligated to make total contributions each year into a Retirement Fund established by the Town in such amounts, as actuarially determined, as shall be sufficient to fully amortize the Town's unfunded actuarial accrued liability; and

**WHEREAS**, pursuant to the Retirement Plan, the contributions described above, including the unfunded actuarial accrued liability and interest thereon, are a liability and obligation of the Town which must be funded and paid by the Town in accordance with such requirements and as such constitutes a financial burden imposed upon the Town and its taxpayers; and

**WHEREAS**, the Town's actuaries have projected that the Town's unfunded actuarial accrued liability is approximately \$183,000,000 as of July 1, 2012; and

**WHEREAS**, Section 7-374c of the Connecticut General Statutes authorizes the Town to issue municipal pension deficit funding bonds to fund, in whole or in part, the Town's unfunded actuarial accrued liability; and

**WHEREAS**, Section 7-374c of the Connecticut General Statutes requires that, as long as any pension deficit funding bonds of the Town are outstanding, the Town must annually appropriate sufficient funds to meet the actuarially required contribution for the Retirement Plan and annually contribute such amount to the Retirement Plan; and

**WHEREAS**, the Town Council of the Town (the "Council") has determined that it can reduce its overall required contributions to the Retirement Plan by issuing its General Obligation Pension Bonds (Federally Taxable) (the "Pension Bonds") to discharge all or a portion of the Town's unfunded actuarial accrued liability, all under the authority of Chapter 109 of the Connecticut General Statutes, the Town of Stratford Charter, and the Administrative Code (collectively, the "Act"), and that such issuance of the Pension Bonds and application of the proceeds thereof and the investment earnings on such proceeds serves a valid public and municipal purpose in accordance with the Act; and

**WHEREAS**, the specific terms of the Pension Bonds, the awards of the Pension Bonds, the approval of any Bond Purchase Agreement, an Official Statement and any other related documents, shall be approved by the Mayor and the Director of Finance, as provided below; and

**WHEREAS**, for reasons more fully set forth herein, the Council finds and determines it to be in the best interest of the Town to authorize the sale of the Pension Bonds;

**NOW, THEREFORE, BE IT DULY ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF STRATFORD, CONNECTICUT:**

Section 1. General Obligation Pension Bonds of the Town in a principal amount of not more than \$220,000,000 are hereby authorized to be issued in such amount or such lesser amount as shall be necessary to discharge all or portion of the Town's unfunded actuarial accrued liability with respect to the Retirement Plan as determined by the Mayor and Director of Finance to be in the best interest of the Town (provided that the issuance of any such Pension Bonds shall be issued in an amount sufficient to discharge at least eighty percent (80%) of the Town's unfunded actuarial accrued liability) and to finance such additional costs and expenses related thereto, as the Mayor and Director of Finance shall approve for the funding of necessary and appropriate financing and/or issuance costs including, but not limited to, legal, advisory, escrow fees, credit enhancement, verification fees, investment fees, net temporary interest, trustee, underwriters' discount and printing and administrative expenses.

Section 2. The Pension Bonds shall be issued as federally taxable bonds in fully registered form, be executed in the name and on behalf of the Town by the facsimile or manual signatures of the Mayor and Director of Finance, bear the Town seal or a facsimile thereof, be certified by a bank or trust company, which bank or trust company may be

designated the registrar and transfer agent, be payable at a bank or trust company, and be approved as to their legality by Pullman & Comley, LLC, Attorneys-at-Law. The Pension Bonds shall be general obligations of the Town and each of the Pension Bonds shall recite that every requirement of law relating to its issue has been duly complied with, that such Pension Bond is within every debt and other limit prescribed by law, and that the full faith and credit of the Town are pledged to the payment of the principal thereof and interest thereon. The Town shall levy taxes in each year to meet principal and interest due and payable on the Pension Bonds issued pursuant to this ordinance.

Section 3. The Mayor and Director of Finance are hereby authorized to determine the aggregate principal amount of the Pension Bonds, the annual installments of principal, dated date, maturity date, amortization schedule, prices, interest rates (whether fixed or variable), form, redemption provisions, if any, the certifying registrar and transfer agent, the manner of sale or other terms and conditions of the Pension Bonds, including the terms of any reserve that might be established as authorized herein, all in such a manner as the Mayor and Director of Finance shall determine to be in the best interests of the Town and in accordance with the General Statutes of Connecticut, Revision of 1958, as amended (the "Connecticut General Statutes"), and to take such actions and to execute such documents, or designate other officials or employees of the Town to take such actions and to execute such documents, as deemed to be necessary or advisable and in the best interests of the Town by the Mayor and Director of Finance in order to issue, sell and deliver the Pension Bonds. The Pension Bonds may be issued in or more series as determined by the Mayor and the Director of Finance.

Section 4. The Pension Bonds are to be sold by the Mayor and Director of Finance in a competitive offering or by negotiation in their discretion. If sold in a competitive offering, the Pension Bonds shall be sold at not less than par and accrued interest on the basis of the lowest net or true interest cost to the Town. If the Pension Bonds are sold by negotiation, the provisions of the bond purchase agreement shall be approved by the Mayor and Director of Finance.

Section 5. The Mayor and Director of Finance are hereby authorized, if they determine it is in the Town's best interests, to acquire, on behalf of the Town, bond insurance or other forms of credit enhancement guaranteeing the Pension Bonds on such terms as the Mayor and Director of Finance determine to be appropriate, such terms to include, but not be limited to, those relating to fees, premiums and other costs and expenses incurred in connection with such credit enhancement, the terms of payment of such expenses and costs and such other undertakings as the issuer of the credit enhancement shall require; and the Mayor and Director of Finance, if they determine that it is appropriate, are authorized, on the Town's behalf, to grant security to the issuer of the credit enhancement to secure the Town's obligations arising under the credit enhancement, including the establishment of a reserve from proceeds of the Pension Bonds.

Section 6. In connection with the issuance of the Pension Bonds authorized herein, the Town may exercise any power delegated to municipalities pursuant to Section 7-370b, including the authority to enter into agreements managing interest rate risk. The Mayor and Director of Finance, on behalf of the Town, shall execute and deliver such

reimbursement agreements, line of credit agreement, credit facilities, remarketing, standby marketing agreements, standby bond purchase agreements, and any other commercially necessary or appropriate agreements which are necessary, appropriate or desirable in connection with or incidental to the sale and issuance of the Pension Bonds.

Section 7. The Mayor and Director of Finance are hereby authorized, on behalf of the Town, to enter into agreements or otherwise covenant for the benefit of bondholders to provide information on an annual or other periodic basis to the Municipal Securities Rulemaking Board (“MSRB”) and to provide notices to the MSRB of material events as enumerated in Securities and Exchange Commission Exchange Act Rule 15c2-12, as amended, as may be necessary, appropriate or desirable to effect the sale of the Pension Bonds authorized by this ordinance. Any agreements or representations to provide information to the MSRB made prior hereto are hereby confirmed, ratified and approved.

Section 8. The net proceeds of the sale of the Pension Bonds, after payment of costs of issuance, shall be deposited in the Retirement Plan and invested in appropriate legal investments permitted by the Connecticut General Statutes in accordance with the terms of the Retirement Plan.

Section 9. As long as the Pension Bonds remain outstanding, for each Fiscal Year of the Town, beginning in the Fiscal Year that the Pension Bonds are issued, the Town hereby agrees (i) if the funded ratio of the Retirement Plan is less than 110%, to appropriate funds in an amount sufficient to meet the greater of the Town’s actuarially required contribution for the Retirement Plan or the Retirement Plan’s normal costs plus expenses, and to contribute such amount to the Retirement Plan, or (ii) if the funded ratio of the Retirement Plan is equal to or greater than 110%, to appropriate funds in an amount sufficient to meet the actuarially required contribution for the Retirement Plan, and to contribute such amount to the Retirement Plan,.

Section 10. The Mayor and Director of Finance are hereby authorized to take all action necessary and proper for the sale, issuance and delivery of the Pension Bonds in accordance with the provisions of the Connecticut General Statutes and the laws of the United States.

Section 11. This ordinance shall become effective thirty days after its passage pursuant to Section 2.2.9 of the Town Charter.

Enacted by Town Council: \_\_\_\_\_, 2013