APPROVED: Meeting No. 33-91

ATTEST: Sharon A. Gran

MAYOR AND COUNCIL
ROCKVILLE, MARYLAND
Meeting No. 31-91

August 6, 1991

The Mayor and Council of Rockville, Maryland, convened in Special Session in the Council Chamber, Rockville City Hall, Maryland Avenue at Vinson Street, Rockville, Maryland, on August 6, 1991, at 5:30 p.m.

PRESENT

Mayor Douglas M. Duncan

Councilmember James F. Coyle

Councilmember Viola D. Hovsepian

ABSENT

Councilmember James T. Marrinan

Councilmember David Robbins

In attendance: City Manager Bruce Romer, City Clerk Sharon Gran and City Attorney Paul Glasgow.

Re: Approval of the sale of $8,500,000 of General Obligation Bonds to be underwritten by the recommended bidder.

The City's financial advisor, Wayne Burggraaff of Evensen Dodge, Inc., briefed the Mayor and Council regarding the four bids received, which bids had also been reviewed by the City's bond counsel. The lowest responsive bid was submitted by Prudential-Bache Securities at an interest rate of 6.188135%. This is more than half a percent lower than the City's last bond sale in February 1990. Mr. Burggraaff indicated that, in terms of general market conditions for municipal bonds, you would have to go back to 1987 to find a better market.

The bids received by the City of Rockville compare very favorably with those received by the City of Annapolis for their bond sale today. Mr. Burggraaff cited the reasons for the City of Rockville receiving such low bids as market conditions, rating of City, and general perception of the City.

In Moody's Investors Service's press release announcing the revised rating of Rockville to Aa1 from Aa, it was noted that one of the reasons for the upgrade is "the city's consistently strong financial performance despite the regional economic pressure." In reviewing Maryland jurisdictions, Rockville is the only jurisdiction able to perform in FY91 as it had predicted from the standpoint of expenditures and revenues.

Mr. Burggraaff stated that people perceive the City of Rockville as a "AAA" city. It has a good name in the region, and people are comfortable with its ability and willingness to pay. He concluded by recommending that the bonds be awarded to Prudential-Bache Securities at an interest rate of 6.188135%.

Upon motion of Councilmember Hovsepian, duly seconded and unanimously passed by a vote of all those present, the four bids received from Prudential-Bache Securities, Ferris Baker Watts, Inc., Alex Brown & Sons, Inc. and Sovran Investment Corp. were accepted, and the bid for Rockville General Obligation Bonds in the amount of Eight Million Five Hundred Thousand Dollars ($8,500,000.00) was awarded to Prudential-Bache Securities at an interest rate of 6.188135%.

Re: Adjournment

There being no further business to come before the Mayor and Council, the meeting was adjourned at 5:42 p.m., to convene again in Worksession at 7:30 p.m. on September 10, 1991, or at the call of the Mayor.