

COUNCIL ACTION FORM

SUBJECT: RESOLUTION APPROVING OFFICIAL STATEMENT FOR GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2012 AND SETTING DATE OF SALE FOR AUGUST 28, 2012

BACKGROUND:

The 2012/13 budget included General Obligation (G.O.) Bond funded capital improvement projects in the amount of \$13,215,000. The City Council has held a public hearing on issuance of these bonds. Council action is now required to set the date of sale for August 28, 2012, and to approve the official statement. Council adjusted the bond issuance amount at the July 24th meeting to reflect a delay in the project to extend utilities to the east industrial area.

The Official Statement, or "Preliminary Official Statement", is the offering document for municipal securities, in preliminary form, which does not contain pricing information. The Statement provides several financial disclosures and information about the City. This "Preliminary Official Statement" is on file in the City Clerk's Office and can be viewed on the City's Website.

Projects to be funded by this issue include the following:

2012/2013 CIP G.O. Bond Issue as adjusted:

Woodview Drive Water & Sewer Project (Assessment Project)	\$ 357,000
Extension of Utilities North (Abated by Water and Sewer)	1,401,000
Flood Response & Mitigation Projects	820,000
Collector Street Pavement Improvements	850,000
Asphalt Street Reconstruction Program	928,000
CyRide Route Pavement Improvements	1,420,000
Arterial Street Pavement Improvements	219,000
Concrete Pavement Improvements	600,000
Downtown Street Improvements	950,000
Asphalt/Seal Coat Street Rehabilitation	620,500
Squaw Creek Bridge	400,000
	<i>Subtotal Debt Issue</i> \$ 8,565,500
Library Expansion/Renovation (Referendum)	4,500,000
Subtotal	\$ 13,065,500
Issuance Cost / Allowance for Sale at Premium	149,500
Total Debt Issue	\$ 13,215,000

ALTERNATIVES:

1. Adopt a resolution approving the Official Statement for General Obligation Corporate Purpose Bonds, Series 2012 and setting the date of sale for August 28, 2012.
2. Refer the Official Statement back to City staff for modifications.

MANAGER'S RECOMMENDED ACTION:

Issuance of these bonds is necessary in order to accomplish the City's scheduled capital improvements during the upcoming year.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby adopting a resolution approving the Official Statement for General Obligation Corporate Purpose Bonds, Series 2012 and setting the date of sale for August 28, 2012.

New Issue

Moody's Investors Service Application Made

In the opinion of Dorsey & Whitney LLP, Bond Counsel, according to present laws, rulings and decisions and assuming compliance with certain covenants the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) will be excluded from gross income for federal income tax purposes and such interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, but will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). The City will NOT designate the Bonds as "qualified tax exempt obligations". See "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein for more information.

CITY OF AMES, IOWA

\$13,215,000* General Obligation Corporate Purpose Bonds, Series 2012

BIDS RECEIVED: Tuesday, August 28, 2012, 11:00 o'clock A.M., Central Time

AWARD: Tuesday, August 28, 2012, 7:00 o'clock P.M., Central Time

Dated: Date of Delivery (October 1, 2012)

Minimum Bid: \$13,100,280

Principal Due: June 1, 2013-2032

Good Faith Deposit: Required of Purchaser Only

The \$13,215,000* General Obligation Corporate Purpose Bonds, Series 2012 (the "Bonds") are being issued pursuant to Division III of Chapter 384 of the Code of Iowa and a resolution to be adopted by the City Council of the City of Ames, Iowa (the "City"). The Bonds are being issued for the purpose of paying the cost of constructing improvements to streets, water and sanitary sewer lines; carrying out flood mitigation projects; rehabilitating city parks; and replacing a city park bicycle/pedestrian bridge that was damaged by flooding. In addition, the Bonds are being issued to pay cost to expand the Ames Public Library in accordance with a referendum passed by voters on November 8, 2011. The purchaser of the Bonds agrees to enter into a loan agreement (the "Loan Agreement") with the City pursuant to authority contained in Section 384.24A of the Code of Iowa. The Bonds are issued in evidence of the City's obligations under the Loan Agreement. The Bonds are general obligations of the City, for which the City will pledge to levy ad valorem taxes against all property within the City without limitation as to rate or amount.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry-only form, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. The City's Treasurer as Registrar/Paying Agent (the "Registrar") will pay principal on the Bonds, payable annually on June 1, beginning June 1, 2013, and interest on the Bonds payable initially on December 1, 2012 and thereafter on each June 1 and December 1 to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursements to the beneficial owners of the Bonds as described herein. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the 15th day of the month next preceding the interest payment date (the "Record Date").

MATURITY: June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2013	\$790,000	2023	\$1,060,000
2014	800,000	2024	1,095,000
2015	810,000	2025	240,000
2016	835,000	2026	250,000
2017	865,000	2027	255,000
2018	895,000	2028	265,000
2019	925,000	2029	275,000
2020	955,000	2030	285,000
2021	990,000	2031	295,000
2022	1,025,000	2032	305,000

***PRINCIPAL**

ADJUSTMENT:

The City reserves the right to increase or decrease the aggregate principal amount of the Bonds. Such change will be in increments of \$5,000 and may be made in any of the maturities. The purchase price will be adjusted proportionately to reflect any change in issue size.

REDEMPTION:

Bonds due after June 1, 2020 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call.

The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and subject to the unqualified approving legal opinion of Dorsey & Whitney LLP, Bond Counsel, of Des Moines, Iowa, to be furnished upon delivery of the Bonds. It is expected that the Bonds will be available for delivery on or about October 1, 2012. This Preliminary Official Statement will be further supplemented by offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with any other information required by law, and shall constitute a "Final Official Statement" of the City with respect to the Bonds, as defined in Rule 15c2-12.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure.

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to prospective bidders. Its primary purpose is to disclose information regarding the Bonds to prospective bidders in the interest of receiving competitive bids in accordance with the TERMS OF OFFERING contained herein. Unless an addendum is received prior to the sale, this document shall be deemed the “Near Final Official Statement”.

Review Period: This Preliminary Official Statement has been distributed to City staff as well as to prospective bidders for an objective review of its disclosure. Comments, omissions or inaccuracies must be submitted to Public Financial Management, Inc. (the “Financial Advisor”) at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a bid received. If there are any changes, corrections or additions to the Preliminary Official Statement, prospective bidders will be informed by an addendum at least one business day prior to the sale.

Final Official Statement: Upon award of sale of the Bonds, the legislative body will authorize the preparation of a Final Official Statement that includes the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the underwriter (the “Syndicate Manager”) and syndicate members. Copies of the Final Official Statement will be delivered to the Syndicate Manager within seven business days following the bid acceptance.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations, other than those contained in the Preliminary Official Statement. This Preliminary Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. This Preliminary Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Preliminary Official Statement and any addenda thereto were prepared relying on information from the City and other sources, which are believed to be reliable.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

Compensation of the Financial Advisor, payable entirely by the City, is contingent upon the sale of the issue.

TABLE OF CONTENTS

TERMS OF OFFERING	i
SCHEDULE OF BOND YEARS	vi
INTRODUCTION	1
Authority and Purpose; Optional Redemption; Interest on the Bonds.....	1
Payment of and Security for the Bonds	2
Book-Entry-Only Issuance.....	2
Future Financing.....	4
Litigation; Debt Payment History	4
Legal Matters	4
Tax Exemption and Related Considerations	4
Rating.....	5
Financial Advisor.....	5
Continuing Disclosure	6
Certification	6
CITY PROPERTY VALUATIONS	7
Iowa Property Valuations	7
1/1/2011 Valuations (Taxes payable July 1, 2012 through June 30, 2013).....	7
2011 Gross Taxable Valuation by Class of Property.....	7
Trend of Valuations	8
Larger Taxpayers	8
Legislation	8
CITY INDEBTEDNESS	9
Debt Limit.....	9
Direct Debt.....	9
Other Debt	10
Overlapping Debt.....	11
Debt Ratios	11
Levies and Tax Collections.....	11
Tax Rates	12
Levy Limits.....	12
General Fund Budgets (Accrual Basis).....	13
Funds on Hand (Cash and Investments as of June 30, 2012).....	13
THE CITY	14
City Government.....	14
Employees And Pensions.....	14
Union Contracts; Other Post-Employment Benefits	14
Insurance.....	16
GENERAL INFORMATION	17
Location and Transportation	17
Larger Employers	17
Building Permits	18
U.S. Census Data	18
Unemployment Rates.....	18
Education	18
Financial Services; Financial Statements.....	19
APPENDIX A - FORM OF LEGAL OPINION	
APPENDIX B - JUNE 30, 2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT	
APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE	
OFFICIAL BID FORM	

City of Ames, Iowa

Mayor/City Council

<u>Member</u>	<u>Office</u>	<u>Initial Term Commenced</u>	<u>Term Expires</u>
Ann Campbell	Mayor	January 03, 2006	December 31, 2013
Peter Orazem	Council Member – At Large	January 04, 2010	December 31, 2013
Matthew Goodman	Council Member – At Large	January 01, 2004	December 31, 2015
Tom Wacha	Council Member – 1 st Ward	January 04, 2010	December 31, 2013
Jami Larson	Council Member – 2 nd Ward	November 14, 2006	December 31, 2015
Jeremy Davis	Council Member – 3 rd Ward	January 04, 2010	December 31, 2013
Victoria Szopinski	Council Member – 4 th Ward	January 01, 2012	December 31, 2015
Sawyer Baker	Ex-Officio		

Administration

Steven Schainker, City Manager
Duane Pitcher, Director of Finance
Diane Voss, City Clerk
Roger Wisecup II, City Treasurer
John Dunn, Director of Water and Pollution Control
John Joiner, Director of Public Works
Don Kom, Director of Electric Utility

City Attorney

Doug Marek
Ames, Iowa

Bond Counsel

Dorsey & Whitney LLP
Des Moines, Iowa

Financial Advisor

Public Financial Management, Inc.
Des Moines, Iowa

TERMS OF OFFERING

CITY OF AMES, IOWA

Bids for the purchase of the General Obligation Corporate Purpose Bonds, Series 2012 (the “Bonds”) will be received on Tuesday, August 28, 2012, before 11:00 o’clock A.M. Central Time after which time they will be tabulated. The City Council will consider award of the Bonds at 7:00 o’clock P.M. Central Time, on the same day. Questions regarding the sale of the Bonds should be directed to the City’s Financial Advisor at 515-243-2600. The following section sets forth the description of certain terms of the Bonds as well as the TERMS OF OFFERINGS with which all bidders and bid proposals are required to comply, as follows:

DETAILS OF THE BONDS

GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2012, in the principal amount of \$13,215,000* to be dated October 1, 2012, in the denomination of \$5,000 or multiples thereof, will mature on June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2013	\$790,000	2023	\$1,060,000
2014	800,000	2024	1,095,000
2015	810,000	2025	240,000
2016	835,000	2026	250,000
2017	865,000	2027	255,000
2018	895,000	2028	265,000
2019	925,000	2029	275,000
2020	955,000	2030	285,000
2021	990,000	2031	295,000
2022	1,025,000	2032	305,000

*Preliminary; subject to change. The City reserves the right to increase or decrease the aggregate principal amount of the Bonds. Such change will be in increments of \$5,000 and may be made in any of the maturities. The purchase price will be adjusted proportionately to reflect any change in issue size.

OPTIONAL REDEMPTION

Bonds due after June 1, 2020 will be subject to call on said date or any date thereafter upon terms of par plus accrued interest to the date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

INTEREST ON THE BONDS

Interest on the Bonds will be payable on December 1, 2012 and semiannually on the 1st day of June and December thereafter. Principal and interest shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the 15th day of the month next preceding the interest payment date (the “Record Date”). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

GOOD FAITH DEPOSIT

A good faith deposit (the “Deposit”) in the amount of \$132,150 is required of the lowest bidder only for the Bonds. The lowest bidder is required to submit such Deposit payable to the order of the City in the form of either (i) a cashier’s check provided to the City or its Financial Advisor prior to the opening of bids or (ii) a wire transfer as instructed by the City’s Financial Advisor not later than 1:00 P.M. Central Time on the day of sale of the Bonds. If not so received, the bid of that lowest bidder may be rejected and the City may direct the second lowest bidder for the Bonds to submit a Deposit and thereafter may award the sale of the Bonds to the same. No interest on a Deposit will accrue to a successful bidder (the “Purchaser”). The Deposit will be applied to the purchase price of the Bonds. In the event a Purchaser fails to honor its accepted bid proposal, the Deposit will be retained by the City.

BOOK-ENTRY-ONLY ISSUANCE

The Bonds will be issued by means of a book-entry-only system with no physical distribution of bond certificates made to the public. The Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners.

FORM OF BIDS AND AWARD

All bids shall be unconditional for the Bonds for a price not less than \$13,100,280, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth under the “RATES OF INTEREST” section. Bids must be submitted on or in substantial compliance with the OFFICIAL BID FORM provided by the City. The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (“TIC”) basis assuming compliance with the “GOOD FAITH DEPOSIT” section. The TIC shall be determined by the present value method, i.e., by ascertaining the semiannual rate, compounded semiannually, necessary to discount to present value as of the dated date of the Bonds, the amount payable on each interest payment date and on each stated maturity date or earlier mandatory redemption, so that the aggregate of such amounts will equal the aggregate purchase price offered therefore. The TIC shall be stated in terms of an annual percentage rate and shall be that rate of interest, which is twice the semiannual rate so ascertained (also known as the Canadian Method). The TIC shall be as determined by the Financial Advisor based on the TERMS OF OFFERING and all amendments, and on the bids as submitted. The Financial Advisor’s computation of the TIC of each bid shall be controlling. In the event of tie bids for the lowest TIC, the Bonds will be awarded by lot.

The City will reserve the right to: (i) waive non-substantive informalities of any bid or of matters relating to the receipt of bids and award of the Bonds, (ii) reject all bids without cause and (iii) reject any bid which the City determines to have failed to comply with the terms herein.

RATES OF INTEREST

The rates of interest specified in the bidder’s proposal must conform to the following limitations:

1. Each annual maturity must bear a single rate of interest from the dated date of the Bonds to the date of maturity.
2. Rates of interest bid must be in multiples of one-eighth or one-twentieth of one percent.
3. Each rate of interest specified for any annual maturity shall not be less than a rate of interest specified for any earlier maturity. Rates must be level or in ascending order.

RECEIPT OF BIDS

Forms of Bids: Bids must be submitted on or in substantial compliance with the TERMS OF OFFERING and OFFICIAL BID FORM provided by the City or through PARITY[®] competitive bidding system (the “Internet Bid System”). The City shall not be responsible for malfunction or mistake made by any person, or as a result of the use of the electronic bid or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be accepted after the time specified in the OFFICIAL BID FORM. The time as maintained by the Internet Bid System shall constitute the official time with respect to all bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Sealed Bidding: Sealed bids may be submitted and will be received at the office of the Director of Finance, City Hall, 515 Clark Avenue, Ames, Iowa 50010.

Electronic Internet Bidding: Electronic internet bids must be submitted through the Internet Bid System. Information about the Internet Bid System may be obtained by calling 212-404-8102.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purposes of submitting its internet bid in a timely manner and in compliance with the requirements of the TERMS OF OFFERING and OFFICIAL BID FORM. The City is permitting bidders to use the services of the Internet Bid System solely as a communication mechanism to conduct the Internet bidding and the Internet Bid System is not an agent of the City. Provisions of the TERMS OF OFFERING and OFFICIAL BID FORM shall control in the event of conflict with information provided by the Internet Bid System.

Electronic Facsimile Bidding: Electronic facsimile bids will be received at the office of the City’s Financial Advisor, Public Financial Management, Inc. (facsimile number: 515-243-6994). Electronic facsimile bids will be sealed and treated as sealed bids.

Facsimile transmissions received after the deadline will be rejected. Bidders electing to submit bids via electronic facsimile transmission bear full responsibility for the transmission of such bid. Neither the City nor its agents shall be responsible for malfunction or mistake made by any person, or as a result of the use of the electronic facsimile facilities or any other means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the bidder who shall be bound by the terms of the bid as received. Neither the City nor its agents will assume liability for the inability of the bidder to reach the above named facsimile number prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile operator receiving the bids.

MUNICIPAL BOND INSURANCE AT PURCHASER’S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that initial rating fee. Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds. The City reserves the right in its sole discretion to accept or deny changes to the financing documents requested by the insurer selected by the Purchaser.

DELIVERY

The Bonds will be delivered to the Purchaser through DTC in New York, New York, against full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within forty-five days after the sale. Should delivery be delayed beyond sixty days from date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw his bid and thereafter his interest in and liability for the Bonds will cease. When the Bonds are ready for delivery, the City may give the successful bidder five working days notice of the delivery date and the City will expect payment in full on that date, otherwise reserving the right of its option to determine that the bidder has failed to comply with the offer of purchase.

INFORMATION FROM PURCHASER

The Purchaser will be required to certify to the City immediately after the opening of bids: (i) the initial public offering price of each maturity of the Bonds (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds (not less than 10% of each maturity) were sold to the public; or (ii) if less than 10% of any maturity has been sold, the price for that maturity determined as of the time of the sale based upon the reasonably expected initial offering price to the public; and (iii) that the initial public offering price does not exceed their fair market value of the Bonds on the sale date. The Purchaser will also be required to provide a certificate at closing confirming the information required by this paragraph.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds. The Preliminary Official Statement when further supplemented with maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a Final Official Statement of the City with respect to the Bonds, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). By awarding the Bonds to any underwriter or underwriting syndicate submitting an OFFICIAL BID FORM therefore, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 20 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to the Participating Underwriter. Any underwriter executing and delivering an OFFICIAL BID FORM with respect to the Bonds agrees thereby that if its bid is accepted by the City, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CONTINUING DISCLOSURE

In order to assist bidders in complying with paragraph (b)(5) of the Rule, the City will undertake, pursuant to the resolution for the Bonds and the Continuing Disclosure Certificate for the Bonds, to provide certain annual financial information and notices of the occurrence of certain material events. A description of these undertakings is set forth in APPENDIX C of this Preliminary Official Statement. The City will deliver the Continuing Disclosure Certificate at closing, and any failure on the part of the City to deliver the same shall relieve the Purchaser of its obligation to purchase the Bonds. The City has complied in all material respects with its previous continuing disclosure undertakings.

CUSIP NUMBERS

It is anticipated that Committee on Uniform Security Identification Procedures (“CUSIP”) numbers will be printed on the Bonds and the Purchaser must agree in the bid proposal to pay the cost thereof. In no event will the City, Bond Counsel or Financial Advisor be responsible for the review or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said Bonds shall not be cause for the Purchaser to refuse to accept delivery of said Bonds.

BY ORDER OF THE CITY COUNCIL
Diane Voss, City Clerk
City of Ames
515 Clark Avenue
Ames, Iowa 50010

DRAFT

SCHEDULE OF BOND YEARS

\$13,215,000*

City of Ames, Iowa

General Obligation Corporate Purpose Bonds, Series 2012

Bonds Dated: October 1, 2012
Interest Due: December 1, 2012 and each June 1 and December 1 to maturity
Principal Due: June 1, 2013-2032

<u>Year</u>	<u>Principal</u> *	<u>Bond Years</u>	<u>Cumulative Bond Years</u>
2013	\$790,000	526.67	526.67
2014	800,000	1,333.33	1,860.00
2015	810,000	2,160.00	4,020.00
2016	835,000	3,061.67	7,081.67
2017	865,000	4,036.67	11,118.33
2018	895,000	5,071.67	16,190.00
2019	925,000	6,166.67	22,356.67
2020	955,000	7,321.67	29,678.33
2021	990,000	8,580.00	38,258.33
2022	1,025,000	9,908.33	48,166.67
2023	1,060,000	11,306.67	59,473.33
2024	1,095,000	12,775.00	72,248.33
2025	240,000	3,040.00	75,288.33
2026	250,000	3,416.67	78,705.00
2027	255,000	3,740.00	82,445.00
2028	265,000	4,151.67	86,596.67
2029	275,000	4,583.33	91,180.00
2030	285,000	5,035.00	96,215.00
2031	295,000	5,506.67	101,721.67
2032	305,000	5,998.33	107,720.00

Average Maturity (dated date): 8.151 Years

* Preliminary; subject to change.

OFFICIAL STATEMENT

CITY OF AMES, IOWA

\$13,215,000* General Obligation Corporate Purpose Bonds, Series 2012

INTRODUCTION

This Preliminary Official Statement contains information relating to the City of Ames, Iowa (the “City”) and its issuance of \$13,215,000* General Obligation Corporate Purpose Bonds, Series 2012 (the “Bonds”). This Preliminary Official Statement has been executed on behalf of the City and may be distributed in connection with the sale of the Bonds authorized therein. Inquiries may be made to Public Financial Management, Inc., 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309 or by telephoning 515-243-2600. Information can also be obtained from Mr. Duane Pitcher, Director of Finance, City of Ames, 515 Clark Avenue, Ames, Iowa 50010, or by telephoning 515-239-5114.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Division III of Chapter 384 of the Code of Iowa and a resolution to be adopted by the City Council of the City of Ames, Iowa (the “City”). The Bonds are being issued for the purpose of paying the cost of constructing improvements to streets, water and sanitary sewer lines; carrying out flood mitigation projects; rehabilitating city parks; and replacing a city park bicycle/pedestrian bridge that was damaged by flooding. In addition, the Bonds are being issued to pay cost to expand the Ames Public Library in accordance with a referendum passed by voters on November 8, 2011. The Bonds are being issued for the purpose of paying the cost of constructing street improvements and making improvements to City Hall. The Purchaser of the Bonds agrees to enter into a loan agreement (the “Loan Agreement”) with the City pursuant to authority contained in Section 384.24A of the Code of Iowa. The Bonds are issued in evidence of the City’s obligations under the Loan Agreement.

The estimated Sources and Uses of the Bonds are as follows:

Sources of Funds

Par Amount of Bonds	\$13,215,000.00*
---------------------	------------------

Uses of Funds

Deposit to Project Fund	\$13,027,880.00
Underwriter’s Discount	114,720.00
Cost of Issuance	<u>72,400.00</u>
Total Uses	\$13,215,000.00

OPTIONAL REDEMPTION

Bonds due after June 1, 2020 will be subject to call on said date or any date thereafter upon terms of par plus accrued interest to the date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

INTEREST ON THE BONDS

Interest on the Bonds will be payable on December 1, 2012 and semiannually on the 1st day of June and December thereafter. Principal and interest shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the 15th day of the month next preceding the interest payment date (the “Record Date”). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

* Preliminary; subject to change.

PAYMENT OF AND SECURITY FOR THE BONDS

The Bonds constitute valid and binding general obligations of the City, and all taxable property within the corporate boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds. If the amount credited to the debt service fund for payment of the Bonds is insufficient to pay principal and interest, whether from transfers or from original levies, the City must use funds in its treasury and is required to levy ad valorem taxes upon all taxable property in the City sufficient to pay the debt service deficiency without limit as to rate or amount.

BOOK-ENTRY-ONLY ISSUANCE

The information contained in the following paragraphs of this subsection “Book-Entry-Only System” has been extracted from a schedule prepared by Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE.” The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants”). DTC has Standard & Poor’s rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (the “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co., nor any other DTC nominee, will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date identified in a listing attached to the Omnibus Proxy.

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FUTURE FINANCING

The City does not anticipate any additional general obligation bonding needs within 90 days of the date of this Preliminary Official Statement. However, the City is participating in the State Revolving Loan Programs to fund improvements to its water and sewer plants. Repayment will be made solely from water and sewer revenues and no pledge of property tax revenue is made for participating in the programs.

LITIGATION

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

DEBT PAYMENT HISTORY

The City knows of no instance in which they have defaulted in the payment of principal and interest on its debt.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt or taxable status of the interest thereon (see "TAX EXEMPTION AND RELATED TAX CONSIDERATIONS" herein) are subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, a form of which is attached hereto as APPENDIX A. Signed copies of the opinion, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Purchaser at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel.

The legal opinion will express the professional judgment of Bond Counsel and by rendering a legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction.

Bond Counsel has not been engaged, nor has it undertaken, to prepare or to independently verify the accuracy of the Preliminary Official Statement, including but not limited to financial or statistical information of the City and risks associated with the purchase of the Bonds, except Bond Counsel has reviewed and/or prepared the information and statements contained in the Preliminary Official Statement under "AUTHORITY AND PURPOSE", "PAYMENT OF AND SECURITY FOR THE BONDS", "TAX EXEMPTION AND RELATED CONSIDERATIONS" and "CONTINUING DISCLOSURE" insofar as such statements contained under such captions purport to summarize certain provisions of the Internal Revenue Code of 1986, the Bonds and any opinions rendered by Bond Counsel. Bond Counsel has prepared the documents contained in APPENDIX A and APPENDIX C.

TAX EXEMPTION AND RELATED CONSIDERATIONS

Federal Income Tax Exemption: The opinion of Bond Counsel will state that under present laws and rulings, interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986 (the "Code"), and such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes).

The opinion set forth in the preceding sentence will be subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. In the resolution for the Bonds, the City will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the Bonds by certain taxpayers, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to other federal tax consequences to owners of the Bonds. Prospective purchasers of such bonds should consult with their tax advisors as to such matters.

Not Qualified Tax-Exempt Obligations: The City will **NOT** designate the Bonds as qualified tax-exempt obligations under Section 265(b)(3) of the Code; therefore the Bonds will **NOT** be bank qualified.

Information Reporting and Back-up Withholding: In general, information reporting requirements will apply with respect to payments to an owner of principal and interest (and with respect to annual accruals of OID) on the Bonds and with respect to payments to an owner of any proceeds from a disposition of the Bonds. This information reporting obligation, however, does not apply with respect to certain owners including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that an owner subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the Internal Revenue Service (the “Service”) that it has failed to properly report payments of interest and dividends, a backup withholding tax (currently at a rate of 28%) generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the owner on or with respect to the Bonds.

Any amounts withheld under the backup withholding provisions may be credited against the United States federal income tax liability of the beneficial owner, and may entitle the beneficial owner to a refund, provided that the required information is furnished to the Service.

Disclaimer Regarding Federal Tax Discussion: The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a beneficial owner’s particular situation. Beneficial owners should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership, and disposition of the Bonds, including the tax consequences under state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.

State Tax Considerations: In addition to the federal income tax consequences described above, potential investors should consider the state income tax consequences of the acquisition, ownership, and disposition of the Bonds. State income tax law may differ substantially from the corresponding federal law, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to the various state tax consequences of an investment in Bonds.

RATING

The City has requested a rating on the Bonds from Moody’s Investors Service (“Moody’s”). Currently, Moody’s rates the City’s outstanding General Obligation long-term debt ‘Aaa’. The existing rating on long-term debt reflects only the view of the rating agency and with any explanation of the significance of such rating may only be obtained from Moody’s. There is no assurance that such rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of the rating may have an effect on the market price of the Bonds.

FINANCIAL ADVISOR

The City has retained Public Financial Management, Inc., Des Moines, Iowa as financial advisor (the “Financial Advisor”) in connection with the preparation of the issuance of the Bonds. In preparing the Preliminary Official Statement, the Financial Advisor has relied on government officials, and other sources to provide accurate information for disclosure purposes. The Financial Advisor is not obligated to undertake, and has not undertaken, an independent verification of the accuracy, completeness, or fairness of the information contained in this Preliminary Official Statement. Public Financial Management, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other Participating Underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the resolution for the Bonds and the Continuing Disclosure Certificate, to provide annual reports of specified information and notice of the occurrence of certain material events as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the events as to which notice is to be given, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth as APPENDIX C to this Preliminary Official Statement. The City has complied in all material respects with its previous continuing disclosure undertakings.

Breach of the Disclosure Covenants will not constitute a default or an "Event of Default" under the Bonds or the resolution for the Bonds. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the City to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

CERTIFICATION

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. I have reviewed the information contained within the Preliminary Official Statement prepared on behalf of the City of Ames, Iowa, by Public Financial Management, Inc., Des Moines, Iowa, and said Preliminary Official Statement does not contain any material misstatements of fact nor omission of any material fact regarding the issuance of \$13,215,000* General Obligation Corporate Purpose Bonds, Series 2012.

CITY OF AMES, IOWA
/s/ Duane Pitcher, Director of Finance

* Preliminary; subject to change.

CITY PROPERTY VALUATIONS

IOWA PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs the county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The 2011 final Actual Values were adjusted by the Story County Auditor. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy. For assessment year 2011, the Taxable Value rollback rate was 50.7518% of Actual Value for residential property; 57.5411% of Actual Value for agricultural property; and 100% of Actual Value for commercial, industrial, railroad and utility property.

The Legislature's intent has been to limit the growth of statewide taxable valuations for the specific classes of property to 4% annually. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board, in order to continue to fund present services.

1/1/2011 VALUATIONS (Taxes Payable July 1, 2012 through June 30, 2013)

	<u>100% Actual Value</u>	<u>Taxable Value (With Rollback)</u>
Residential	\$2,510,877,896	\$1,274,315,462
Commercial	817,189,995	817,189,995
Industrial	132,577,960	132,577,960
Railroads	4,450,703	4,450,703
Utilities w/o Gas & Electric	<u>7,837,724</u>	<u>7,837,724</u>
Gross valuation	\$3,472,934,278	\$2,236,371,844
Less military exemption	<u>(2,727,070)</u>	<u>(2,727,070)</u>
Net valuation	\$3,470,207,208	\$2,233,644,774
Taxed separately		
Ag. Land & Building	\$2,723,800 ¹⁾	\$1,567,308 ¹⁾
Gas & Electric Utilities	\$15,328,954	\$6,202,160

¹⁾ Does not include \$7,370 of TIF in Ag Land.

2011 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY ¹⁾

	<u>Taxable Valuation</u>	<u>Percent of Total</u>
Residential	\$1,274,315,462	56.82%
Gas & Electric Utilities	6,202,160	0.28%
Commercial, Industrial, Railroads and Utility	<u>962,056,382</u>	<u>42.90%</u>
Total Gross Taxable Valuation	\$2,242,574,004	100.00%

¹⁾ Excludes Taxable TIF Increment and Ag. Land & Buildings.

TREND OF VALUATIONS

<u>Assessment Year</u>	<u>Payable Fiscal Year</u>	<u>100% Actual Valuation</u>	<u>Taxable Valuation (With Rollback)</u>	<u>Taxable TIF Increment</u>
2007	2008-09	\$3,225,950,114	\$1,941,794,882	\$0
2008	2009-10	3,329,113,783	2,030,775,716	0
2009	2010-11	3,433,705,284	2,126,174,883	0
2010	2011-12	3,455,460,220	2,168,260,590	7,370
2011	2012-13	3,488,267,332	2,239,846,934	7,370

The 100% Actual Valuation, before rollback and after the reduction of military exemption, includes Ag. Land & Buildings, TIF Increment and Gas & Electric Utilities. The Taxable Valuation, with the rollback and after the reduction of military exemption, includes Gas & Electric Utilities and excludes Ag. Land & Buildings and Taxable TIF Increment. Iowa cities certify operating levies against Taxable Valuation excluding Taxable TIF Increment and debt service levies are certified against Taxable Valuation including the Taxable TIF Increment.

LARGER TAXPAYERS

<u>Taxpayer</u>	<u>Type of Property/Business</u>	<u>1/1/2011 Taxable Valuation</u>
Campus Investors IS LLC	Commercial	\$48,098,010
Barilla America Inc.	Industrial	41,429,000
Jensen Development Corporation	Residential	33,076,100
Iowa State University Research	Commercial	30,786,100
University West Property Owner	Residential	29,638,600
Campus Crest at Ames LLC	Residential	28,146,400
West Towne LC	Commercial	24,713,700
North Grand Mall Partners LLC	Commercial	24,535,400
Clinic Building Company, Inc.	Commercial	22,055,300
Wessex LLC	Residential	21,078,800

LEGISLATION

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for taxes levied by the City or have an adverse impact on the future tax collections of the City. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed federal or state tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation debt: "The governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding the applicable period of time specified in section 76.1. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full." Iowa Code section 76.1 provides that the annual levy shall be sufficient to pay the interest and approximately such portion of the principal of the bonds as will retire them in a period not exceeding twenty years from the date of issue, except for certain bonds issued for disaster purposes and bonds issued to refund or refinance bonds issued for such disaster purposes which may mature and be retired in a period not exceeding thirty years from date of issue.

CITY INDEBTEDNESS

DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the Actual Value of all taxable property within the corporate limits, as taken from the last state and county tax list. The debt limit for the City, based on its 2011 Actual Valuation currently applicable to the fiscal year 2012-13, is as follows:

2011 Gross Actual Valuation of Property	\$3,490,994,402
Less: Military Exemption	<u>(2,727,070)</u>
Subtotal	\$3,488,267,332
Legal Debt Limit of 5%	<u>0.05</u>
Legal Debt Limit	\$174,413,367
Less: G.O. Debt Subject to Debt Limit	<u>(58,455,000)*</u>
Net Debt Limit	\$115,958,367

DIRECT DEBT

The City has general obligation debt payable from taxes, tax increment, water, sewer and other revenues as follows:
(Includes the Bonds)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 10/1/12</u>
10/04	\$6,030,000	Capital Improvement Plan	6/14	\$1,355,000
9/05	5,495,000	Street Improvements, Fire Equipment and Refunding Series 1997A	6/17	1,765,000
10/06	5,285,000	Street and Storm Sewer Improvements	6/18	3,020,000
11/07A	9,630,000	Street Improvements & Aquatic Center	6/19	6,465,000
10/08A	8,355,000	Street Improvements & Aquatic Center	6/20	6,100,000
4/09A	6,995,000	Refunding Series 1998A, 1999, 2000, 2001A and 2001B	6/13	980,000
10/09B	11,165,000	Capital Improvement Projects	6/21	8,935,000
9/10A	6,690,000	Capital Improvement Projects	6/22	5,795,000
5/11A	5,980,000	Refunding Series 2002A, 2002B and 2003	6/21	4,720,000
11/11B	6,675,000	Corporate Purpose Improvements	6/23	6,105,000
10/12	13,215,000*	Corporate Purpose Improvements	6/32	<u>13,215,000</u> *
Total				\$58,455,000

* Preliminary; subject to change.

Annual Fiscal Year Debt Service Payments (Includes the Bonds)

Fiscal Year	Existing Debt		Bonds*		Total Outstanding	
	Principal	Principal and Interest	Principal	Principal and Interest	Principal	Principal and Interest
2012-13	\$7,080,000	\$8,397,893	\$790,000	\$1,082,937	\$7,870,000	\$9,480,830
2013-14	6,265,000	7,388,630	800,000	1,219,655	7,065,000	8,608,285
2014-15	5,155,000	6,108,530	810,000	1,209,655	5,965,000	7,318,185
2015-16	4,800,000	5,607,345	835,000	1,214,405	5,635,000	6,821,750
2016-17	4,960,000	5,624,930	865,000	1,215,180	5,825,000	6,840,110
2017-18	4,735,000	5,248,888	895,000	1,214,905	5,630,000	6,463,793
2018-19	4,335,000	4,700,538	925,000	1,213,580	5,260,000	5,914,118
2019-20	3,400,000	3,629,518	955,000	1,211,205	4,355,000	4,840,723
2020-21	2,610,000	2,731,755	990,000	1,212,780	3,600,000	3,944,535
2021-22	1,270,000	1,315,650	1,025,000	1,213,130	2,295,000	2,528,780
2022-23	<u>630,000</u>	645,120	1,060,000	1,212,255	1,690,000	1,857,375
2023-24			1,095,000	1,210,155	1,095,000	1,210,155
2024-25			240,000	316,830	240,000	316,830
2025-26			250,000	318,430	250,000	318,430
2026-27			255,000	314,680	255,000	314,680
2027-28			265,000	315,755	265,000	315,755
2028-29			275,000	316,480	275,000	316,480
2029-30			285,000	316,718	285,000	316,718
2030-31			295,000	316,600	295,000	316,600
2031-32			<u>305,000</u>	315,980	<u>305,000</u>	315,980
Total	\$45,240,000		\$13,215,000		\$58,455,000	

* Preliminary; subject to change.

OTHER DEBT

The City has outstanding revenue debt payable from various revenue sources as follows:

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 10/1/12
6/03	\$29,385,000	Mary Greeley Medical Center	6/22	\$17,690,000
4/08	825,000	Iowa DNR Solid Waste Alternatives Program	7/15	452,279
3/11	87,500	Iowa Department of Transportation Loan	12/15	<u>70,000</u>
Total				\$18,212,279

Water Revenue Debt

The City has revenue debt payable solely from the net revenues of the water enterprise fund as follows:

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 10/1/12
3/12	\$11,425,000	Planning and Design SRF Loan	3/15	\$0 ¹⁾

¹⁾ As of the date of this preliminary official statement, the City hasn't drawn any funds on the planning and design loan.

OVERLAPPING DEBT

<u>Taxing District</u>	<u>1/1/2011 Taxable Valuation ¹⁾</u>	<u>Valuation Within the City</u>	<u>Percent Applicable</u>	<u>G.O. Debt</u>	<u>City's Proportionate Share</u>
Story County	\$3,702,940,861	\$2,241,421,612	60.53%	\$7,300,000	\$4,418,690
Ames CSD	2,106,559,692	2,063,992,286	97.98%	10,465,000	10,253,607
Gilbert CSD	361,187,314	174,672,108	48.36%	7,000,000	3,385,200
Nevada CSD	370,522,637	460,818	0.12%	3,090,000	3,708
United CSD	224,015,316	2,296,400	1.03%	25,018	258
DMACC	37,105,777,783	2,241,421,612	6.04%	74,630,000	<u>4,507,652</u>
City's share of total overlapping debt:					\$22,569,115

¹⁾ Taxable Valuation includes Ag. Land & Buildings, all Utilities and Taxable TIF Increment.

DEBT RATIOS

	<u>G.O. Debt</u>	<u>Debt/Actual Market Value (\$3,488,267,332) ¹⁾</u>	<u>Debt/58,965 Population ²⁾</u>
Total General Obligation Debt	\$58,455,000*	1.68%	\$991.35
City's Share of Overlapping Debt	\$22,569,115	0.65%	\$382.75

¹⁾ Based on the City's 2011 Actual Valuation; includes Ag. Land & Buildings, all Utilities and Taxable TIF Increment.

²⁾ Based on the City's 2010 U.S. Census.

* Preliminary; subject to change.

LEVIES AND TAX COLLECTIONS

<u>Fiscal Year</u>	<u>Levy</u>	<u>Collected During Collection Year</u>	<u>Percent Collected</u>
2007/08	\$20,175,738	\$20,147,655	99.86%
2008/09	21,480,892	21,317,823	99.24%
2009/10	21,960,516	21,780,828	99.18%
2010/11	23,000,700	22,837,227	99.29%
2011/12	23,453,005	--Information not available at this time--	
2012/13	23,952,198	-----In Process of Collection-----	

Collections include delinquent taxes from all prior years. Taxes in Iowa are delinquent each October 1 and April 1 and a late payment penalty of 1% per month of delinquency is enforced as of those dates. If delinquent taxes are not paid, the property may be offered at the regular tax sale on the third Monday of June following the delinquency date. Purchasers at the tax sale must pay an amount equal to the taxes, special assessments, interest and penalties due on the property and funds so received are applied to taxes. A property owner may redeem from the regular tax sale but, failing redemption within three years, the tax sale purchaser is entitled to a deed, which in general conveys the title free and clear of all liens except future tax installments.

TAX RATES

	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13
	<u>\$/1,000</u>	<u>\$/1,000</u>	<u>\$/1,000</u>	<u>\$/1,000</u>	<u>\$/1,000</u>
Story County	5.59701	5.81536	5.64515	5.49074	5.52837
Story County Hospital	0.42050	0.42050	0.42050	0.42050	0.57240
County Ag. Extension	0.08904	0.09053	0.08609	0.08340	0.08100
City of Ames	11.06239	10.85819	10.84579	10.84365	10.72125
City Assessor	0.41661	0.34391	0.41785	0.35075	0.39685
Ames Comm. School District	13.62557	13.58764	14.65339	14.51772	14.47262
Gilbert Comm. School District	19.79131	19.83048	19.99688	19.98282	17.98747
Nevada Comm. School District	16.43213	16.45943	17.03265	15.61389	15.61527
United Comm. School District	10.06277	9.68981	10.93599	11.72302	13.77425
Des Moines Area Comm. College	0.56386	0.56778	0.56008	0.59018	0.58466
State of Iowa	<u>0.00350</u>	<u>0.00300</u>	<u>0.00340</u>	<u>0.00320</u>	<u>0.00330</u>
Total Tax Rate:					
Ames CSD Resident	31.77848	31.68691	32.63225	32.30014	32.36045
Gilbert CSD Resident	37.94422	37.92975	37.97574	37.76524	35.87530
Nevada CSD Resident	34.58504	34.55870	35.01151	33.39631	33.50310
United CSD Resident	28.21568	27.78908	28.91485	29.50544	31.66208

LEVY LIMITS

A city's general fund tax levy is limited to \$8.10 per \$1,000 of taxable value, with provision for an additional \$0.27 per \$1,000 levy for an emergency fund which can be used for general fund purposes (Code of Iowa, Chapter 384, Division I). Cities may exceed the \$8.10 limitation upon authorization by a special levy election. Further, there are limited special purpose levies, which may be certified outside of the above-described levy limits (Code of Iowa, Section 384.12). The amount of the City's general fund levy subject to the \$8.10 limitation is \$5.83418 for FY 2012/13, and the City has levied no emergency levy. The City has certified special purpose levies outside of the above described levy limits as follows: \$0.70627 for police and fire retirement and \$0.65737 for the operation and maintenance of a public transit system. Debt service levies are not limited.

GENERAL FUND BUDGETS (ACCRUAL BASIS)

The table below represents a comparison between the final 2011/12 budget, the actual unaudited financial performance for 2011/12 and the adopted 2012/13 budget on an accrual basis.

	2011/12 <u>Final Budget</u>	2011/12 <u>Actual Unaudited</u>	2012/13 <u>Adopted Budget</u>
Revenues:			
Property taxes	\$14,361,388	\$14,265,845	\$14,504,525
Other City taxes	1,516,689	1,546,614	1,559,271
Licenses and permits	1,312,463	1,175,711	1,450,153
Use of money and property	409,404	406,477	521,768
Intergovernmental	319,797	296,424	320,405
Charges for fees and services	4,122,896	4,187,379	4,196,322
Miscellaneous	268,459	298,589	254,583
Transfers in	7,615,304	7,156,059	8,040,011
Total revenues	\$29,926,400	\$29,333,098	\$30,847,038
Expenditures:			
Public safety	\$15,045,953	\$14,749,649	\$15,670,810
Public works	1,902,874	1,638,486	1,604,435
Health and social services	-	-	-
Culture and recreation	6,748,437	6,454,091	6,777,690
Community & economic development	157,633	144,823	122,382
General government	3,123,449	3,015,143	3,174,725
Capital projects	800,000	42,964	-
Transfers out	3,496,777	3,526,776	3,487,996
Total expenditures	\$31,275,123	\$29,571,932	\$30,838,038
Excess (deficiency) of revenues over (under) expenditures	(\$1,348,723)	(\$238,834)	\$9,000
Fund balance at beginning of year	\$7,921,505	\$7,921,505	\$7,682,671
Fund balance at end of year	\$6,572,782	\$7,682,671	\$7,691,671

FUNDS ON HAND (CASH AND INVESTMENTS AS OF JUNE 30, 2012)

Governmental	
General Fund	\$7,166,691
Debt Service Fund	1,629,455
Capital Projects Fund	9,823,563
Other Governmental Funds	15,308,158
Business-type	
Mary Greeley Medical Center	\$218,116,018
Electric Utility	43,033,724
Sewer Utility	5,190,704
Water Utility	8,157,010
Other Enterprise Funds	8,605,675
Internal Service Funds	<u>14,401,735</u>
Total all funds	\$331,432,733

THE CITY

CITY GOVERNMENT

The City of Ames, Iowa (the “City”) is governed under and operates under a Mayor-Council form of government with a City Manager. The principle of this type of government is that the Council sets policy and the City Manager carries it out. The six members of the Council are elected for staggered four-year terms. One member is elected from each of the four wards and two are elected at large. The Council appoints the City Manager as well as the City Attorney. The City Manager is the chief administrative officer of the City. The Mayor is elected for a four-year term, presides at council meetings and appoints members of various City boards, commissions and committees with the approval of the Council.

EMPLOYEES AND PENSIONS

The City has 1,321 full-time employees of which 495 are governmental employees and 826 are employees of the Mary Greeley Medical Center and 979 part-time employees (including seasonal employees) of which 449 are governmental employees and 530 are employees of the Mary Greeley Medical Center. Included in the City’s full-time employees are 54 sworn police officers and 54 firefighters.

The City contributes to the Iowa Public Employees Retirement System (IPERS), a cost sharing multiple-employer public employees’ retirement system designed as a supplement to Social Security. The pension plan provides retirement and death benefits, which are established by State statute. The City is current in its obligation to IPERS, which has been as follows: \$4,965,440 in FY 2009-10, \$5,240,892 in FY 2010-11 and \$6,120,067 in FY 2011-12.

The City also contributes to the Municipal Fire and Police Retirement System of Iowa (MFPRSI), a benefit plan administered by a Board of Trustees. MFPRSI provides retirement, disability and death benefits that are established by State statute to plan members and beneficiaries. Plan members are required to contribute 9.4% of their earnable compensation and the City’s contribution rate is 17% of earnable compensation. The City is current in its obligation to MFPRSI, which has been as follows: \$1,024,282 in FY 2009-10, \$1,253,345 in FY 2010-11 and \$1,630,807 in FY 2011-12.

UNION CONTRACTS

City employees are represented by the following five bargaining units:

<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
International Association of Firefighters	June 30, 2014
Public, Professional and Maintenance Employees	June 30, 2013
International Brotherhood of Electrical Workers	June 30, 2013
International Union of Operating Engineers (Local 234C)	June 30, 2014
International Union of Operating Engineers (Local 234D)	June 30, 2014

OTHER POST EMPLOYMENT BENEFITS

Plan Descriptions and Funding Policy: The City and Mary Greeley Medical Center (the “Medical Center”) sponsor single-employer health care plans that provide self-insured medical and prescription drug coverage to all active and retired employees and their eligible dependents. The Medical Center also provides a life insurance benefit to retired employees. Employees must be a minimum of 55 years old, have been employed for the preceding four years, and currently be enrolled in a sponsored health insurance plan at the time of retirement. Benefits terminate upon attaining Medicare eligibility.

Eligible retirees receive health care coverage through the same plans that are available for active employees. The Medical Center also provides a flat \$2,500 life insurance benefit to eligible retired employees. Contributions are required for both retiree and dependent coverage. The retiree contributions are based on and equal to the historical full cost of active members. Retiree expenses are then offset by monthly contributions.

Funding Policy: The City and the Medical Center, with assistance from their third-party administrators, establish and amend contribution requirements for both active and retiree members on an annual basis. The current funding policy is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB for current GASB reporting.

The required contribution is based on pay-as-you-go financing. For fiscal years ending June 30, 2011 and 2010, the City contributed \$(25,579) and \$(13,872), respectively. Retirees receiving benefits contributed \$208,887 and \$214,440, respectively, through their required contributions. The Medical Center contributed approximately \$63,000 and \$172,000, respectively. Retirees receiving benefits contributed approximately \$181,000 and \$174,000, respectively, through their required contributions.

Annual OPEB Cost and Net OPEB Obligation: The City’s and the Medical Center’s annual other post-employment benefit (“OPEB”) cost (expense) is based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement 45. Fiscal year 2008 is the year of implementation for GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following schedule shows the components of the annual OPEB cost for the years ended June 30, 2011 and 2010, the amount actually contributed to the plans, and changes in the net OPEB obligation.

Funded Status and Funding Progress: As of July 1, 2010 and July 1, 2009, the most recent actuarial valuation dates, the actuarial accrued liability (“AAL”) and unfunded actuarial accrued liability (“UAAL”) for benefits was \$5,302,219. The City’s and Medical Center’s plans are considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis. Because the plans are unfunded, the AAL and UAAL are equal. The covered payrolls (fiscal year payroll of active employees covered by the plans) were \$81,335,406, and the ratio of the UAAL to the covered payrolls was 6.52%.

	<u>City</u>	<u>Medical Center</u>	<u>Total</u>
Annual required contribution	\$172,000	\$344,595	\$516,595
Interest on net OPEB obligation	16,000	96,000	112,000
Adjustment to annual required contribution	<u>(14,000)</u>	-----	<u>(14,000)</u>
Annual OPEB cost/expense	174,000	440,595	614,595
Contributions and payments made	<u>(26,579)</u>	<u>63,194</u>	<u>36,615</u>
Increase in net OPEB obligation	200,579	377,401	577,980
Net OPEB obligation, July 1, 2010	<u>357,378</u>	<u>1,919,985</u>	<u>2,277,363</u>
Net OPEB obligation, June 30, 2011	<u>\$557,957</u>	<u>\$2,297,386</u>	<u>\$2,855,343</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2011, 2010, & 2009:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$1,128,950	5.9%	\$1,824,717
June 30, 2010	\$610,831	25.9%	\$2,277,363
June 30, 2011	\$614,595	5.9%	\$2,855,343

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress is required to be presented as supplementary information following the notes to the financial statements.

INSURANCE

The City's insurance coverage is as follows:

<u>Type of Insurance</u>	<u>All Limits</u>
General Liability	\$12,000,000
Auto Liability	\$12,000,000
Wrongful Acts	\$12,000,000
Excess (over all other coverage except Iowa liquor liability)	\$12,000,000
Law Enforcement	\$12,000,000
Public Official	\$12,000,000
Employee Benefit	\$1,000,000
Medical Malpractice	\$12,000,000
Underinsured Motorist	\$1,000,000
Uninsured Motorist	\$1,000,000
Commercial Property	
Commercial Property & Boiler and Machinery, Power Generation related	\$200,000,000
Municipal Properties & Boiler and Machinery, Non-Power Generation	\$144,698,842
Terrorism – TRIA (Federally defined terrorist acts)	Included in both of above
Airport Liability	\$3,000,000

GENERAL INFORMATION

LOCATION AND TRANSPORTATION

The City is located in Story County in central Iowa. It is approximately thirty miles north of Des Moines, Iowa, the State capital and largest city in the state. The City is located on Interstate Highways 35 and 30. The City was incorporated in 1869 under the laws of the State of Iowa, later amended in July, 1975 under the Home Rule City Act.

The City, with a United States Census Bureau 2010 population of 58,965, is known for its excellent quality of life which includes a relatively crime-free environment, an extensive park system, superior cultural/recreations facilities and a nationally recognized school system. The City is the home of Iowa State University ("ISU"). ISU was established in 1859 and is an integral part of the community.

The City operates a mass transit system to provide efficient and economical transportation to all members of the community. A fixed routing service is available on a daily basis to most residents and a Dial-A-Ride service is available for elderly or handicapped residents. The City operates a municipal airport, which handles primarily charter services. National air service is available at the Des Moines International Airport, approximately thirty miles south of the City. The City is also provided freight services through the Union Pacific Railroad line.

LARGER EMPLOYERS

A representative list of larger employers in the City is as follows:

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u> ¹⁾
Iowa State University	Higher Education	14,427
Mary Greeley Medical Center	Health Care	1,356
Iowa Department of Transportation	Public Transportation	962
City of Ames	Municipal Government	944
McFarland Clinic, P.C.	Health Care	920
Hy-Vee Food Stores	Grocery	738
Sauer-Danfoss Company	Hydro-Transmissions	650
Ames Community School District	Education	650
Ames Laboratories	Research	472
Wal-Mart	Retail	440
3M Company	Manufacturing	400
AG. Research	Research	400
National Veterinary Service Lab	USDA Veterinary Research	387
Hach Company	Water Analysis Equipment	295
National Animal Disease Center	USDA Research	250
WebFilings	Software	200

¹⁾ Includes full-time, part-time and seasonal employees.

Source: The City and phone interviews conducted in August 2012.

BUILDING PERMITS

Permits for the City are reported on a calendar year basis. City officials reported most recently available construction activity for a portion of the current calendar year, as of June 30, 2012. The figures below include both new construction and remodeling.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Residential Construction:</u>					
Number of units:	462	466	487	451	232
Valuation:	\$25,656,078	\$20,084,857	\$22,855,260	\$19,710,497	\$10,078,419
<u>Commercial Construction:</u>					
Number of units:	175	173	175	224	112
Valuation:	\$61,157,671	\$24,655,737	\$32,918,202	\$59,896,534	\$51,090,094
Total Permits	637	639	662	675	344
Total Valuations	\$86,813,749	\$44,740,594	\$55,773,462	\$79,607,031	\$61,168,513

U.S. CENSUS DATA

Population Trend

1980 U.S. Census	43,775
1990 U.S. Census	47,198
2000 U.S. Census	50,731
2010 U.S. Census	58,965

Source: U.S. Census Bureau website.

UNEMPLOYMENT RATES

	<u>City of Ames</u>	<u>Story County</u>	<u>State of Iowa</u>
Annual Averages:			
2008	2.8%	3.1%	4.0%
2009	4.1%	4.6%	6.2%
2010	4.2%	4.8%	6.3%
2011	4.1%	4.5%	5.9%
2012(Jan-June)	3.6%	4.1%	5.2%

Source: Iowa Workforce Development Center website.

EDUCATION

Public education is provided by the Ames Community School District, with a certified enrollment for the 2010-11 school year of 4,280. The district, with approximately 650 employees, owns and operates one early childhood center, seven elementary schools, one middle school and one high school. Nevada Community School District, Gilbert Community School District and United Community School District all lie partially within the City and provide public education to portions of the City.

The Iowa State University ("ISU") 2011-2012 fall term enrollment was 30,893. ISU is the City's largest employer with faculty and staff totaling approximately 14,020, including teaching assistants and hourly part-time employees. ISU, in addition to its educational function, is a leading agricultural research and experimental institution.

The Iowa State Center, which is the cultural and athletic center of ISU and City, is a complex of five structures, all completed since 1969. It consists of two theaters, a football stadium, a coliseum and a continuing education building which attract major athletic, dramatic and musical events, as well as seminars and conferences to the City.

In addition to ISU located in the City, the following institutions provide higher education within 30 miles of the City: Des Moines Area Community College, Upper Iowa University, Simpson College, Hamilton College, Grand View College and Drake University.

FINANCIAL SERVICES

Financial services for the residents of the City are provided by First National Bank Ames, Iowa and Ames Community Bank, Ames, Iowa. In addition, the City is served by branch offices of Bank of the West, Bankers Trust Company, CoBank ACB, Exchange State Bank, Great Western, First American Bank, First Federal Savings Bank of Iowa, Midwest Heritage Bank, F.S.B., US Bank, N.A., Valley Bank and Wells Fargo Bank, N.A., as well as by several credit unions.

First National Bank reports the following deposits as of June 30th for each year:

<u>Year</u>	<u>First National Bank</u>	<u>Ames Community Bank¹⁾</u>
2007	\$349,319,000	\$136,487,000
2008	366,688,000	132,473,000
2009	365,058,000	279,468,000
2010	393,145,000	350,648,000
2011	427,328,000	356,457,000

¹⁾ Ames Community Bank was acquired by City State Bank in January 2009.

Source: Federal Deposit Insurance Corporation (FDIC) website.

FINANCIAL STATEMENTS

The City’s June 30, 2011 Comprehensive Annual Financial Report, as prepared by City management and audited by a certified public accountant, is reproduced as APPENDIX B. The City’s certified public accountant has not consented to distribution of the audited financial statements and has not undertaken added review of their presentation. Further information regarding financial performance and copies of the City’s prior Comprehensive Annual Financial Report may be obtained from Public Financial Management, Inc.

DRAFT

APPENDIX A

FORM OF LEGAL OPINION

APPENDIX B

JUNE 30, 2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT

DRAFT

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

DRAFT

OFFICIAL BID FORM

To: City Council of
City of Ames, Iowa

Sale Date: August 28, 2012
11:00 AM, CT

RE: \$13,215,000* General Obligation Corporate Purpose Bonds, Series 2012 (the "Bonds")

For all or none of the above Bonds, in accordance with the TERMS OF OFFERING, we will pay you \$ _____ (not less than \$13,100,280) plus accrued interest to date of delivery for fully registered bonds bearing interest rates and maturing in the stated years as follows:

<u>Coupon</u>	<u>Maturity</u>	<u>Coupon</u>	<u>Maturity</u>
_____	2013	_____	2023
_____	2014	_____	2024
_____	2015	_____	2025
_____	2016	_____	2026
_____	2017	_____	2027
_____	2018	_____	2028
_____	2019	_____	2029
_____	2020	_____	2030
_____	2021	_____	2031
_____	2022	_____	2032

*Preliminary; subject to change. The City reserves the right to increase or decrease the aggregate principal amount of the Bonds. Such change will be in increments of \$5,000 and may be made in any of the maturities. The purchase price will be adjusted proportionately to reflect any change in issue size.

In making this offer we accept all of the terms and conditions of the TERMS OF OFFERING published in the Preliminary Official Statement dated August 15, 2012. In the event of failure to deliver these Bonds in accordance with the TERMS OF OFFERING as printed in the Preliminary Official Statement and made a part hereof, we reserve the right to withdraw our offer. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$ _____

TRUE INTEREST COST: _____ % (Based on dated date of October 1, 2012)

Account Manager: _____ By: _____

Account Members: _____

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Ames, Iowa this 28th day of August, 2012.

Attest: _____ By: _____

Title: _____ Title: _____