

Old CAF 37

ITEM #: ~~29~~
DATE: ~~3/24-09~~

COUNCIL ACTION FORM

SUBJECT: SALE AND ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009A ISSUE IN AN AMOUNT NOT TO EXCEED \$8,000,000

BACKGROUND:

Historically low short-term interest rates have provided a debt service saving opportunity with a current refunding of five of the City's outstanding bond issues. The General Obligation Bond Series 1998A, 1999, 2000, 2001A and 2001B can now be refunded with an estimated net present value savings of \$316,000. This refunding will result in debt service savings of approximately \$80,000 per year from FY 09/10 through FY 12/13 when the refunding issue is retired.

On the morning of March 24, 2009, the City of Ames will accept bids for the bonds per the terms of our offering statement. The bids will be evaluated by our financial advisor, Public Financial Management, bond counsel, and City staff to recommend award to the bidder with the lowest cost. Council may then adopt a resolution accepting bids and authorizing that the sale of bonds be awarded to the recommended bidder.

ALTERNATIVES:

1. City Council can adopt a resolution accepting bids and authorizing the sale and issuance of General Obligation Refunding Bonds 2009A in an amount not to exceed \$8,000,000.
2. The Council can reject the bond sale resolution.

MANAGER'S RECOMMENDED ACTION:

Issuance of these bonds will provide significant savings in debt service costs over the next several years.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby adopting a resolution accepting bids and authorizing the sale and issuance of General Obligation Refunding Bonds 2009A in an amount not to exceed \$8,000,000.