

ITEM # 23
 DATE: 10-25-11

COUNCIL ACTION FORM

SUBJECT: SALE AND ISSUANCE OF ESSENTIAL CORPORATE PURPOSE GENERAL OBLIGATION BONDS PER THE CITY'S CAPITAL IMPROVEMENT PROGRAM, SERIES 2011B ISSUE IN AN AMOUNT NOT TO EXCEED \$6,675,000

BACKGROUND:

The 2011/12 budget included General Obligation Bond funded capital improvement projects in the amount of \$6,675,000. All projects were reviewed and issuance amounts adjusted based on timing of projects and current price estimates.

Projects to be funded by this issue include the following:

2011/2012 CIP G.O. Bond Issue:

West Lincoln Way Intersection Improvements	\$ 150,000
S. Duff/ 16 th Street Frontage and Hickory Drive Reconstruction	300,000
Arterial Street Pavement Improvements	60,000
Collector Street Pavement Improvements	1,898,500
Asphalt Pavement Improvement Program	2,576,000
Downtown Pavement Improvements	750,000
Asphalt Resurfacing	765,500
City Hall Improvements General Corporate Purpose	70,000
Subtotal	<u>\$ 6,570,000</u>

Issuance Cost / Allowance for Sale at Premium	105,000
Total Debt Issue	<u>\$ 6,675,000</u>

On the morning of October 25, 2011, the City 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, by bond counsel, and by City staff to recommend award to the bidder with the lowest cost. A report of bids will be provided to Council at its October 25 meeting. Council may then adopt a resolution accepting bids and authorizing that the sale of bonds be awarded to the chosen bidder.

ALTERNATIVES:

1. City Council can adopt a resolution accepting bids and authorizing the sale and issuance of Essential Corporate Purpose General Obligation Bonds in an amount not to exceed \$6,675,000.
2. The Council can reject the bond sale resolution and delay the capital projects.

MANAGER'S RECOMMENDED ACTION:

Issuance of these bonds is necessary in order to accomplish the City's approved capital improvements during this fiscal year.

Therefore, it is the recommendation of the City Manager that the City Council accept Alternative No. 1, thereby adopting a resolution accepting bids and authorizing the sale and issuance of Essential Corporate Purpose General Obligation Bonds in an amount not to exceed \$6,675,000.

It is important to note that these General Obligation Bonds have received a Aaa rating. As you know, this rating is the highest level that is offered by the independent rating agencies. It places the City of Ames in an elite group of cities who have been adjudged to have an excellent financial condition.