

COUNCIL ACTION FORM

SUBJECT: RESOLUTION APPROVING OFFICIAL STATEMENT FOR GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2013 AND SETTING DATE OF SALE FOR MAY 14, 2013

BACKGROUND:

The FY 2013/14 budget includes General Obligation (G.O.) Bond funded capital improvement projects in the amount of \$21,034,370. The City Council previously held a public hearing on issuance of these bonds. City staff also identified outstanding bonds that could be refunded at a savings to the City and have included that with the 2013 bond issuance. Council action is now required to set the date of sale for May 14, 2013, and to approve the official statement.

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 bond issue include the following:

Street Improvements	\$ 6,200,000
Library Renovation and Addition	13,479,000
Resource Recovery Improvements (abated debt)	1,355,370
Subtotal	\$ 21,034,370
Refunding Bonds	2,250,000
Issuance Cost / Allowance for Sale at Premium	215,630
Total Debt Issue	\$ 23,500,000

ALTERNATIVES:

1. Adopt a resolution approving the Official Statement for General Obligation Corporate Purpose Bonds, Series 2013 and setting the date of sale for May 14, 2013.
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 approved capital improvements during this coming year and to realize savings by refunding outstanding bonds.

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 2013 and setting the date of sale for May 14, 2013.

New & Refunding Issues**Rating: 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. Interest on the Bonds 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, provided, however, such interest is 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**\$23,365,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2013**

BIDS RECEIVED: Tuesday, May 14, 2013, 10:00 o'clock A.M., Central Time

AWARD: Tuesday, May 14, 2013, 7:00 o'clock P.M., Central Time

Dated: Date of Delivery (May 30, 2013)**Minimum Bid:** \$23,124,073**Principal Due:** June 1, 2014-2032**Good Faith Deposit:** Required of Purchaser Only

The \$23,365,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2013 (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, solid waste disposal facilities and to pay the costs to expand the Ames Public Library in accordance with a referendum passed by voters on November 8, 2011. In addition, a portion of the Bonds are being issued to provide funds to pay costs to current refund on June 14, 2013, \$690,000 of the City's outstanding General Obligation Corporate Purpose Bonds, Series 2004 dated October 15, 2004 (the "Series 2004 Bonds") and \$1,440,000 of the City's outstanding General Obligation Corporate Purpose and Refunding Bonds, Series 2005A dated September 13, 2005 (the "Series 2005A Bonds"). 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, 2014, and interest on the Bonds payable initially on December 1, 2013 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>
2014	\$2,140,000	2024	\$1,405,000
2015	1,550,000	2025	1,450,000
2016	1,580,000	2026	750,000
2017	1,600,000	2027	775,000
2018	1,245,000	2028	800,000
2019	1,270,000	2029	825,000
2020	1,285,000	2030	855,000
2021	1,310,000	2031	885,000
2022	1,340,000	2032	920,000
2023	1,380,000		

PRINCIPAL*ADJUSTMENT:**

The City reserves the right to increase or decrease the aggregate principal amount of the Bonds in such amount as it determines to be necessary to accomplish the refunding of the Series 2004 Bonds and the Series 2005A Bonds. However, the maximum par amount will not exceed \$23,500,000. 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, 2021 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. 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.

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, Des Moines, Iowa, to be furnished upon delivery of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about May 30, 2013. The Preliminary Official Statement will be further supplemented by offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with 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 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

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, selling compensation, 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.

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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 3, 2006	December 31, 2013
Peter Orazem	Council Member – At Large	January 4, 2010	December 31, 2013
Matthew Goodman	Council Member – At Large	January 1, 2004	December 31, 2015
Tom Wacha	Council Member – 1 st Ward	January 4, 2010	December 31, 2013
Jami Larson*	Council Member – 2 nd Ward	November 14, 2006	December 31, 2013
Jeremy Davis	Council Member – 3 rd Ward	January 4, 2010	December 31, 2013
Victoria Szopinski*	Council Member – 4 th Ward	January 1, 2012	December 31, 2013
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

Vacant
Ames, Iowa

Bond Counsel

Dorsey & Whitney LLP
Des Moines, Iowa

Financial Advisor

Public Financial Management, Inc.
Des Moines, Iowa

* Redistricting from the 2010 census resulted in council members Jami Larson and Victoria Szopinski residing in the same ward. Both had regular terms scheduled to expire December 31, 2015, but the terms will now expire December 31, 2013 due to the redistricting.

TERMS OF OFFERING

CITY OF AMES, IOWA

Bids for the purchase of the City of Ames, Iowa's (the "City") \$23,365,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2013 (the "Bonds") will be received on Tuesday, May 14, 2013, before 10:00 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, 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. 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 AND REFUNDING BONDS, SERIES 2013, in the principal amount of \$23,365,000* to be dated May 30, 2013, 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>
2014	\$2,140,000	2024	\$1,405,000
2015	1,550,000	2025	1,450,000
2016	1,580,000	2026	750,000
2017	1,600,000	2027	775,000
2018	1,245,000	2028	800,000
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2021	1,310,000	2031	885,000
2022	1,340,000	2032	920,000
2023	1,380,000		

*Preliminary; subject to change. The City reserves the right to increase or decrease the aggregate principal amount of the Bonds in such amount as it determines to be necessary to accomplish the refunding of the Series 2004 Bonds and the Series 2005A Bonds. However, the maximum par amount will not exceed \$23,500,000. 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, 2021 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. 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

Interest on the Bonds will be payable on December 1, 2013 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 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 \$233,650 for the Bonds 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 12:00 o'clock P.M. Central Time on the day of sale of the Bonds. If not so received, the bid of the lowest bidder may be rejected and the City may direct the second lowest bidder to submit a Deposit and thereafter may award the sale of the Bonds to the same. No interest on a Deposit will accrue to the successful bidder (the "Purchaser"). The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the Deposit will be retained by the City.

FORM OF BIDS AND AWARD

All bids shall be unconditional for the entire issue of Bonds for a price not less than \$23,124,073, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations as set forth in 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 (the "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 an 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.

Electronic facsimile bids received after the deadline will be rejected. Bidders electing to submit bids via 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 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 prospective 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 numbers prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile operator receiving the bids.

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. The Purchaser, as a condition of delivery of the Bonds, will be required to deposit the bond certificates with DTC.

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. 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 via Fast Automated Securities Transfer ("FAST") delivery with the Registrar holding the Bonds on behalf of DTC, 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 the date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw their bid and thereafter their interest in and liability for the Bonds will cease. When the Bonds are ready for delivery, the City will give the Purchaser five working days notice of the delivery date and the City will expect payment in full on that date; otherwise reserving the right at its option to determine that the Purchaser 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 sales to 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 will be further supplemented by offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with 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 the 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 event (the “Disclosure Covenants”). 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 Disclosure Covenants.

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, Iowa
515 Clark Avenue
Ames, Iowa 50010

SCHEDULE OF BOND YEARS

\$23,365,000*

City of Ames, Iowa

General Obligation Corporate Purpose and Refunding Bonds, Series 2013

Bonds Dated: May 30, 2013
Interest Due: December 1, 2013 and each June 1 and December 1 to maturity
Principal Due: June 1, 2014-2032

<u>Year</u>	<u>Principal *</u>	<u>Bond Years</u>	<u>Cumulative Bond Years</u>
2014	\$2,140,000	2,145.94	2,145.94
2015	1,550,000	3,104.31	5,250.25
2016	1,580,000	4,744.39	9,994.64
2017	1,600,000	6,404.44	16,399.08
2018	1,245,000	6,228.46	22,627.54
2019	1,270,000	7,623.53	30,251.07
2020	1,285,000	8,998.57	39,249.64
2021	1,310,000	10,483.64	49,733.28
2022	1,340,000	12,063.72	61,797.00
2023	1,380,000	13,803.83	75,600.83
2024	1,405,000	15,458.90	91,059.74
2025	1,450,000	17,404.03	108,463.76
2026	750,000	9,752.08	118,215.85
2027	775,000	10,852.15	129,068.00
2028	800,000	12,002.22	141,070.22
2029	825,000	13,202.29	154,272.51
2030	855,000	14,537.38	168,809.89
2031	885,000	15,932.46	184,742.35
2032	920,000	17,482.56	202,224.90

Average Maturity (dated date): 8.655 Years

* Preliminary; subject to change.

OFFICIAL STATEMENT

CITY OF AMES, IOWA

\$23,365,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2013

INTRODUCTION

This Preliminary Official Statement contains information relating to the City of Ames, Iowa (the “City”) and its issuance of \$23,365,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2013 (the “Bonds”). This Preliminary Official Statement has been authorized by the City and may be distributed in connection with the sale of the Bonds authorized therein. Inquiries may be made to the City’s Financial Advisor, 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 for the purpose of paying the cost of constructing improvements to streets, solid waste disposal facilities and to pay the costs to expand the Ames Public Library in accordance with a referendum passed by voters on November 8, 2011. In addition, a portion of the Bonds are being issued to provide funds to pay costs to current refund on June 14, 2013, \$690,000 of the City’s outstanding General Obligation Corporate Purpose Bonds, Series 2004 dated October 15, 2004 (the “Series 2004 Bonds”) and \$1,440,000 of the City’s outstanding General Obligation Corporate Purpose and Refunding Bonds, Series 2005A dated September 13, 2005 (the “Series 2005A Bonds”). 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.

<u>Name of Issue to be Refunded</u>	<u>Call Date</u>	<u>Call Price</u>	<u>Maturities to be Refunded</u>	<u>Principal Amount</u>	<u>Coupon</u>
Series 2004 Bonds	June 14, 2013	100%	June 1, 2014	\$690,000	3.250%
Series 2005A Bonds	June 14, 2013	100%	June 1, 2014	\$340,000	3.500%
			June 1, 2015	355,000	3.550%
			June 1, 2016	365,000	3.550%
			June 1, 2017	<u>380,000</u>	3.650%
				\$1,440,000	

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

Sources of Funds

Par Amount of Bonds	\$23,365,000.00*
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Uses of Funds

Deposit to Project Fund	\$20,905,370.00
Redemption of Series 2004 Bonds and Series 2005A Bonds	2,132,656.97
Underwriter’s Discount	240,927.50
Cost of Issuance	<u>86,045.53</u>
Total Uses	\$23,365,000.00*

* Preliminary; subject to change.

OPTIONAL REDEMPTION

Bonds due after June 1, 2021 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. 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, 2013 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 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.

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.

LEGALITY

The Bonds are subject to approval as to certain matters by Dorsey & Whitney LLP of Des Moines, Iowa as Bond Counsel. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify, any of the financial or statistical statements, or data contained in this Preliminary Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out as Appendix A to this Preliminary Official Statement, will be delivered at closing.

TAX EXEMPTION AND RELATED CONSIDERATIONS

Federal Income Tax Exemption: The opinion of Bond Counsel will state that under present laws and rulings, the 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 and is not an item of tax preference for purpose of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986 (the "Code") provided, however, that such interest must 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.

Tax Accounting Treatment of Original Issue Discount (OID): The Bonds maturing in the years ____ - ____ (collectively, the “Discount Bonds”) are being sold at a discount from the principal amount payable on such Bonds at maturity. The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the “Issue Price”) and the principal amount payable at maturity constitutes “original issue discount” under the Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Code is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under section 1288 is added to the owner’s federal tax basis in determining gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity).

Interest in the form of original issue discount accrues under section 1288 pursuant to a constant yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the Issue Price for such Discount Bonds the original issue discount that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

An owner of an Discount Bond who disposes of such Discount Bond prior to maturity should consult owner’s tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bond prior to maturity.

Owners who purchase Discount Bonds in the initial public offering but at a price different than the Issue Price should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Bonds.

The Code contains provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Original issue discount that accrues in each year to an owner of a Discount Bond may result in collateral federal income tax consequences to certain taxpayers. No opinion is expressed as to state and local income tax treatment of original issue discount. All owners of Discount Bonds should consult their own tax advisors with respect to the federal, state, local and foreign tax consequences associated with the purchase, ownership, redemption, sale or other disposition of Discount Bonds.

Tax Accounting Treatment of Original Issue Premium: The Bonds maturing in the years ____ through ____ are being issued at a premium to the principal amount payable at maturity. Except in the case of dealers, which are subject to special rules, bondholders who acquire Bonds at a premium must, from time to time, reduce their federal tax bases for the Bonds for purposes of determining gain or loss on the sale or payment of such Bonds. Premium generally is amortized for federal income tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Bondholders who acquire any Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their any original cost. Amortized premium is not deductible for federal income tax purposes. Bondholders who acquire any Bonds at a premium should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling the Bonds acquired at a premium.

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.

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

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 "Rule"), 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 of 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 Disclosure Covenants under the Rule.

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 \$23,365,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2013.

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 2012 final Actual 100% Valuations were adjusted by the Story County Auditor. The reduced values, determined after the application of rollback percentages, are the Taxable Valuations subject to tax levy. For assessment year 2012, the Taxable Valuations rollback rate was 52.8166% of Actual 100% Valuation for residential property; 59.9334% of Actual 100% Valuation for agricultural property; and 100% of Actual 100% Valuation 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.

1/1/2012 VALUATIONS (Taxes Payable July 1, 2013 through June 30, 2014) ¹⁾

	<u>100% Actual Value</u>	<u>Taxable Value (With Rollback)</u>
Residential	\$2,543,682,613	\$1,343,486,699
Commercial	836,448,468	836,448,468
Industrial	130,392,785	130,392,785
Railroads	5,146,404	5,146,404
Utilities w/o Gas & Electric	<u>7,502,477</u>	<u>7,502,477</u>
Gross valuation	\$3,523,172,747	\$2,322,976,833
Less military exemption	<u>(2,667,806)</u>	<u>(2,667,806)</u>
Net valuation	\$3,520,504,941	\$2,320,309,027
Taxed separately		
Ag. Land & Building	\$2,728,775 ²⁾	\$1,635,448 ¹⁾
Gas & Electric Utilities	\$15,782,757	\$5,660,624

1) The City's 1/1/2012 valuations are now available from the State of Iowa and become effective July 1, 2013.

2) Does not include \$447,669 of TIF in Ag Land.

2012 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY ^{1) 2)}

	<u>Taxable Valuation</u>	<u>Percent of Total</u>
Residential	\$1,343,486,699	57.70%
Gas & Electric Utilities	5,660,624	0.24%
Commercial, Industrial, Railroads and Utility	<u>979,490,134</u>	<u>42.06%</u>
Total Gross Taxable Valuation	\$2,328,637,457	100.00%

1) The City's 1/1/2012 valuations are now available from the State of Iowa and become effective July 1, 2013.

2) 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>
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
2012 ¹⁾	2013-14	3,539,464,142	2,325,969,651	447,669

1) The City's 1/1/2012 valuations are now available from the State of Iowa and becomes effective July 1, 2013.

The 100% Actual Valuation, before rollback and after the reduction of military exemption, includes Ag. Land & Buildings, Taxable 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

Set forth in the following table are the persons or entities which represent larger taxpayers within the boundaries of the City, as provided by the City Assessor's Office. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City. With the exception of the electric and natural gas provider noted below (which is subject to an excise tax in accordance with Iowa Code chapter 437A), the City's mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the City from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

<u>Taxpayer</u>	<u>Type of Property/Business</u>	<u>1/1/2012 Taxable Valuation</u>
Campus Investors IS LLC	Commercial	\$48,098,010
Barilla America Inc.	Industrial	36,199,000
Jensen Development Corporation	Residential	33,076,100
Iowa State University Research	Commercial	30,786,100
Campus Crest at Ames LLC	Residential	28,168,375
University West Property Owner	Residential	27,617,600
Haverkamp Properties, Inc.	Commercial	25,828,300
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.

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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>(79,135,000)*</u>
Net Debt Limit	\$95,278,367*

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 5/30/13</u>
10/04	\$6,030,000	Capital Improvement Plan	6/13	\$665,000 ¹⁾
9/05	5,495,000	Street Improvements, Fire Equipment & Refunding Series 1997A	6/13	325,000 ²⁾
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 & 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	12,660,000	Corporate Purpose Improvements	6/32	12,660,000
5/13	23,365,000*	Corporate Purpose Improvements/Refunding	6/32	<u>23,365,000</u> *
Total				\$79,135,000 *

1) The 2014 maturity will be current refunded on June, 14, 2013 by the Bonds.

2) The 2014-2017 maturities will be current refunded on June, 8, 2013 by the Bonds.

* Preliminary; subject to change.

Annual Fiscal Year Debt Service Payments (Includes the Bonds)

Fiscal Year	<u>Existing Debt</u>		<u>Bonds</u>		<u>Total Outstanding</u>	
	<u>Principal</u>	<u>Principal and Interest</u>	<u>Principal*</u>	<u>Principal and Interest*</u>	<u>Principal*</u>	<u>Principal and Interest*</u>
2012-13	\$ 7,925,000	\$ 8,755,759			\$7,925,000	\$8,755,759
2013-14	6,005,000	7,387,433	\$ 2,140,000	\$2,709,911	8,145,000	10,097,344
2014-15	5,585,000	6,814,828	1,550,000	2,083,023	7,135,000	8,897,851
2015-16	5,230,000	6,310,368	1,580,000	2,087,448	6,810,000	8,397,816
2016-17	5,400,000	6,335,010	1,600,000	2,081,378	7,000,000	8,416,388
2017-18	5,580,000	6,353,238	1,245,000	1,699,978	6,825,000	8,053,216
2018-19	5,200,000	5,799,538	1,270,000	1,704,435	6,470,000	7,503,973
2019-20	4,290,000	4,727,568	1,285,000	1,697,210	5,575,000	6,424,778
2020-21	3,530,000	3,833,105	1,310,000	1,696,510	4,840,000	5,529,615
2021-22	2,270,000	2,469,400	1,340,000	1,697,035	3,610,000	4,166,435
2022-23	1,630,000	1,768,870	1,380,000	1,704,205	3,010,000	3,473,075
2023-24	1,000,000	1,093,750	1,405,000	1,693,325	2,405,000	2,787,075
2024-25	240,000	303,750	1,450,000	1,698,985	1,690,000	2,002,735
2025-26	245,000	301,550	750,000	955,485	995,000	1,257,035
2026-27	255,000	304,200	775,000	955,360	1,030,000	1,259,560
2027-28	260,000	301,550	800,000	954,010	1,060,000	1,255,560
2028-29	270,000	303,750	825,000	951,410	1,095,000	1,255,160
2029-30	275,000	300,650	855,000	952,123	1,130,000	1,252,773
2030-31	285,000	302,400	885,000	951,343	1,170,000	1,253,743
2031-32	<u>295,000</u>	303,850	<u>920,000</u>	954,040	<u>1,215,000</u>	1,257,890
Total	\$55,770,000		\$23,365,000		\$79,135,000	

* Preliminary; subject to change.

OTHER DEBT

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

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 5/30/13</u>
6/03	\$29,385,000	Mary Greeley Medical Center	6/13	\$1,420,000 ¹⁾
4/08	825,000	Iowa DNR Solid Waste Alternatives Program	7/15	326,831
3/11	87,500	Iowa Department of Transportation Loan	12/15	52,500
10/11	65,000,000	Mary Greeley Medical Center	6/36	65,000,000
11/12	26,000,000	Mary Greeley Medical Center	6/27	<u>26,000,000</u>
Total				\$92,799,331

1) The 2014-2022 maturities were advance refunded by the Mary Greeley Medical Center's Series 2012 Bonds.

Water Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 5/30/13</u>
3/12	\$11,425,000	Planning and Design SRF Loan	3/15	\$1,746,555 ¹⁾
11/12	3,121,000	Clean Water SRF Loan	6/33	<u>350,884</u> ²⁾
Total				\$2,097,439

1) As of the date of this Official statement, the City has drawn \$1,746,555 on the planning and design loan.

2) As of the date of this Official statement, the City has drawn \$350,884 on the Clean Water SRF Loan.

OVERLAPPING DEBT

<u>Taxing District</u>	<u>1/1/2012 Taxable Valuation</u> ¹⁾	<u>Valuation Within the City</u>	<u>Percent Applicable</u>	<u>G.O. Debt</u>	<u>City's Proportionate Share</u>
Story County	\$3,868,587,381	\$2,328,052,768	60.18%	\$7,300,000	\$4,393,140
Ames CSD	2,182,138,227	2,138,277,536	97.99%	10,220,000	10,014,578
Gilbert CSD	384,409,627	188,486,213	49.03%	17,725,000	8,690,568
Nevada CSD	387,698,970	447,815	0.12%	9,490,000	11,388
United CSD	239,127,545	841,204	0.35%	25,018	88
DMACC	38,538,891,860	2,328,038,564	6.04%	83,595,000	<u>5,049,138</u>
City's share of total overlapping debt:					\$28,158,900

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 (\$3,539,464,142)</u> ¹⁾	<u>Debt/58,965 Population</u> ²⁾
Total General Obligation Debt	\$79,135,000*	2.24%*	\$1,342.07*
City's Share of Overlapping Debt	\$28,158,900	0.80%	\$477.55

1) Based on the City's 2012 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>
2008/09	\$21,484,466	\$21,125,479	98.33%
2009/10	22,054,085	21,908,298	99.34%
2010/11	23,064,211	22,546,083	97.75%
2011/12	23,516,201	23,211,397	98.70%
2012/13	24,018,714	-----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.

Source: The City and the City's June 30, 2012 Comprehensive Annual Financial Report.

TAX RATES

	<u>FY 2008/09 \$/\$1,000</u>	<u>FY 2009/10 \$/\$1,000</u>	<u>FY 2010/11 \$/\$1,000</u>	<u>FY 2011/12 \$/\$1,000</u>	<u>FY 2012/13 \$/\$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>
<u>Total Tax Rate:</u>					
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.

FUNDS ON HAND (CASH AND INVESTMENTS AS OF February 28, 2013)

Governmental	
General Fund	\$5,296,871
Debt Service Fund	5,529,739
Capital Projects Fund	18,475,666
Other Governmental Funds	15,806,640
Business-type	
Mary Greeley Medical Center	244,038,992
Electric Utility	44,796,214
Sewer Utility	4,338,676
Water Utility	10,086,746
Other Enterprise Funds	8,166,757
Internal Service Funds	<u>14,770,836</u>
Total all funds	<u>\$371,307,137</u>

GENERAL FUND BUDGETS (ACCRUAL BASIS)

The table below represents a comparison between the final 2011/12 actual financial performance, the amended 2012/13 budget and the adopted 2013/14 budget on an accrual basis.

	<u>2011/12 Actual</u>	<u>2012/13 Amended</u>	<u>2013/14 Adopted</u>
Revenues:			
Property taxes	\$14,320,851	\$14,504,525	\$15,098,244
Other City taxes	1,548,002	1,559,271	1,600,812
Licenses and permits	1,292,368	1,450,153	1,305,400
Use of money and property	402,703	422,668	429,950
Intergovernmental	317,950	334,997	321,374
Charges for fees and services	4,019,534	4,204,958	4,319,067
Miscellaneous	518,627	263,125	249,793
Transfers in	7,616,489	7,830,521	8,487,818
Total revenues	<u>\$30,036,524</u>	<u>\$30,570,218</u>	<u>\$31,812,458</u>
Expenditures:			
Public safety	\$14,861,727	\$15,571,817	\$16,329,552
Public works	1,678,384	1,876,313	1,759,543
Health and social services	0	0	0
Culture and recreation	6,830,773	6,841,178	6,920,380
Community & economic development	667,608	850,271	903,408
General government	2,302,576	2,471,212	2,293,022
Capital projects	0	947,466	0
Transfers out	3,537,022	3,581,679	3,606,553
Total expenditures	<u>\$29,878,090</u>	<u>\$32,139,936</u>	<u>\$31,812,458</u>
Excess (deficiency) of revenues over (under) expenditures	\$158,434	(\$1,569,718)	\$0
Fund balance at beginning of year	\$8,623,818	\$8,782,252	\$7,212,534
Fund balance at end of year	\$8,782,252	\$7,212,534	\$7,212,534

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 1,344 full-time employees of which 485 are governmental employees and 859 are employees of the Mary Greeley Medical Center and 1,193 part-time employees (including seasonal employees) of which 676 are governmental employees and 517 are employees of the Mary Greeley Medical Center. Included in the City’s full-time employees are 52 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 \$6,211,558 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 26.12% 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, 2016
International Brotherhood of Electrical Workers	June 30, 2016
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 description: The City and hospital provide health and dental care benefits for retired employees and their beneficiaries through a single-employer, defined benefit plan. The hospital also provides a life insurance benefit. The City has the authority to establish and amend benefit provisions of the plan.

Funding policy: Participants must be at least 55 years old, have been employed by the City for the preceding four years, and be enrolled in a sponsored insurance plan at the time of retirement. Benefits terminate upon attaining Medicare eligibility. The contribution requirements of the City are established and may be amended by the City. Plan members are currently not required to contribute. The City funds on a pay-as-you go basis.

Annual OPEB cost and net OPEB obligation: The net OPEB obligation as of June 30, 2012, is determined as follows:

	<u>City</u>	<u>Medical Center</u>	<u>Total</u>
Annual required contribution	\$172,000	\$375,334	\$547,334
Interest on net OPEB obligation	16,000	114,869	130,869
Adjustment to annual required contribution	<u>(14,000)</u>	<u>(92,061)</u>	<u>(106,061)</u>
Annual OPEB cost/expense	\$174,000	\$398,142	\$572,142
Contributions and payments made	<u>(214,985)</u>	<u>(276,411)</u>	<u>(491,396)</u>
Decrease in net OPEB obligation	(\$40,985)	\$121,731	\$80,746
Net OPEB obligation, July 1, 2011	<u>\$557,957</u>	<u>\$2,297,386</u>	<u>\$2,855,343</u>
Net OPEB obligation, June 30, 2012	<u>\$516,972</u>	<u>\$2,419,117</u>	<u>\$2,936,089</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 2010, 2011, and 2012:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$610,831	25.9%	\$2,277,363
June 30, 2011	\$614,595	5.9%	\$2,855,343
June 30, 2012	\$572,142	85.89%	\$2,936,089

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.

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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
Commercial Property Flood Insurance	
Non-flood Plain Facilities	\$100,000,000
Flood Plain Facilities:	
Transit	\$6,000,000
Water Pollution Control	\$6,000,000
Airport	\$7,500,000
Intermodal Facility	\$10,000,000
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	15,211
Mary Greeley Medical Center	Health Care	1,376
City of Ames	Municipal Government	1,161
Iowa Department of Transportation	Public Transportation	962
McFarland Clinic, P.C.	Health Care	925
Hy-Vee Food Stores	Grocery	725
Sauer-Danfoss Company	Hydro-Transmissions	650
Ames Community School District	Education	650
Wal-Mart	Retail	435
Ames Laboratories	Research	432
3M Company	Manufacturing	400
AG. Research	Research	400
National Veterinary Service Lab	USDA Veterinary Research	380
Hach Company	Water Analysis Equipment	308
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 February 2013.

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 February 28, 2013. The figures below include both new construction and remodeling.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Residential Construction:</u>					
Number of units:	466	487	451	444	57
Valuation:	\$20,084,857	\$22,855,260	\$19,710,497	\$25,601,674	\$3,286,264
<u>Commercial Construction:</u>					
Number of units:	173	175	224	233	24
Valuation:	<u>\$24,655,737</u>	<u>\$32,918,202</u>	<u>\$59,896,534</u>	<u>\$140,814,521</u>	<u>\$1,225,830</u>
Total Permits	639	662	675	677	81
Total Valuations	\$44,740,594	\$55,773,462	\$79,607,031	\$166,416,195	\$4,512,094

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:	2009	4.1%	4.6%	6.2%
	2010	4.2%	4.8%	6.3%
	2011	4.1%	4.5%	5.9%
	2012	3.6%	3.9%	5.2%
	2013 (Feb)	3.3%	4.0%	5.0%

Source: Iowa Workforce Development Center website.

EDUCATION

Public education is provided by the Ames Community School District, with a certified enrollment for the school year 2012-13 school year of 4,228.7. 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") 2012-2013 spring term enrollment was 30,748. ISU is the City's largest employer with faculty and staff totaling approximately 15,211, 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 as well as by several credit unions.

First National Bank and Ames Community Bank report the following deposits as of June 30th for each year:

<u>Year</u>	<u>First National Bank</u>	<u>Ames Community Bank</u> ¹⁾
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
2012	471,076,000	342,594,000

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, 2012 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.

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APPENDIX A

FORM OF LEGAL OPINION

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***[Form of Bond Counsel Opinion]**

We hereby certify that we have examined certified copies of the proceedings (the "Proceedings") of the City Council of the City of Ames (the "Issuer"), in Story County, Iowa, passed preliminary to the issue by the Issuer of its General Obligation Corporate Purpose and Refunding Bonds, Series 2013 (the "Bonds") in the amount of \$23,365,000, dated May 30, 2013, in the denomination of \$5,000 each, or any integral multiple thereof, in evidence of the Issuer's obligation under a certain loan agreement (the "Loan Agreement"), dated as of May 30, 2013. The Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing December 1, 2013, at the respective rates as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2014	\$2,140,000	_____%	2024	\$1,405,000	_____%
2015	\$1,550,000	_____%	2025	\$1,450,000	_____%
2016	\$1,580,000	_____%	2026	\$750,000	_____%
2017	\$1,600,000	_____%	2027	\$775,000	_____%
2018	\$1,245,000	_____%	2028	\$800,000	_____%
2019	\$1,270,000	_____%	2029	\$825,000	_____%
2020	\$1,285,000	_____%	2030	\$855,000	_____%
2021	\$1,310,000	_____%	2031	\$885,000	_____%
2022	\$1,340,000	_____%	2032	\$920,000	_____%
2023	\$1,380,000	_____%			

but the Bonds maturing in each of the years 2022 to 2032, inclusive, are subject to redemption prior to maturity on June 1, 2021 or any date thereafter, upon terms of par and accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Bonds and the Loan Agreement are valid and binding general obligations of the Issuer.
3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.
4. The 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 and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing

the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986 (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. The Issuer has covenanted to comply with each such requirement. 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.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

***This form of bond counsel opinion is subject to change pending the results of the sale of the Bonds contemplated herein.**

APPENDIX B

JUNE 30, 2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Ames, Iowa (the “Issuer”), in connection with the issuance of \$23,365,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2013 (the “Bonds”) dated May 30, 2013. The Bonds are being issued pursuant to a resolution of the Issuer approved on May 14, 2013 (the “Resolution”). The Issuer has complied in all material respects with any undertaking previously entered into by it under the Rule, as hereinafter defined. The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the Dissemination Agent, if any, designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Holders” shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314.

“National Repository” shall mean, at any point in time, a nationally recognized municipal securities information repository which is then recognized as such by the SEC; as of the date of this Disclosure Certificate, the sole National Repository is the MSRB, which accepts filings via its Electronic Municipal Market Access (EMMA) system at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Iowa.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) As soon as available but not later than 12 months after the end of the Issuer’s fiscal year (presently June 30), commencing with the report for the 2012-2013 fiscal year, the Issuer shall, or shall cause the Dissemination Agent (if any) to, provide to each National Repository an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate and which Annual Report is in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior to the filing date in Section 3(a), the Issuer shall provide the Annual Report to the Dissemination Agent.

(c) If the Issuer is unable to provide an Annual Report by the date required in subsection (a), the Issuer shall, or shall cause the Dissemination Agent (if any) to, send a notice to each National Repository stating (1) that there has been a failure to provide an Annual Report on or before the date specified in this Disclosure Certificate and (2) the date by which the Issuer will be able to provide the required report.

(d) The Dissemination Agent (if any) shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and confirming that it was filed with each National Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Tables, schedules or other information contained in the Official Statement for the Bonds, under the following captions:

Direct Debt
Overlapping Debt
Debt Limit
General Fund Budgets
2012 Gross Taxable Valuation by Class of Property
1/1/2012 Valuations
Levies and Tax Collections
Larger Taxpayers

The information to be provided pursuant to Section 4(b) may be unaudited, but is to be certified as to accuracy and completeness in all material respects by the Issuer's chief financial officer to the best of his or her knowledge, which certification may be based on the reliability of information obtained from governmental or other third party sources. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's web site or are filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(b) If a Listed Event described in paragraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13) or (14) above has occurred and the Issuer has determined that such Listed Event is material under applicable federal securities laws, the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file a notice of such occurrence with each National Repository.

(c) If a Listed Event described in paragraph (1), (3), (4), (5), (6), (8) (but only with respect to tender offers under (8)), (9), (11) or (12) above has occurred the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file a notice of such occurrence with each National Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized Bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report

prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized Bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this

Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent, if any, shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: May 30, 2013

CITY OF AMES, IOWA

By _____
Mayor

Attest:

By _____
City Clerk

OFFICIAL BID FORM

To: City Council of
City of Ames, Iowa

Sale Date: May 14, 2013
10:00 o'clock A.M., CT

RE: \$23,365,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2013 (the "Bonds")

For all or none of the above Bonds, in accordance with the TERMS OF OFFERING, we will pay you \$_____ (not less than \$23,124,073) 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>Reoffering</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Reoffering</u>
_____	2014	_____	_____	2024	_____
_____	2015	_____	_____	2025	_____
_____	2016	_____	_____	2026	_____
_____	2017	_____	_____	2027	_____
_____	2018	_____	_____	2028	_____
_____	2019	_____	_____	2029	_____
_____	2020	_____	_____	2030	_____
_____	2021	_____	_____	2031	_____
_____	2022	_____	_____	2032	_____
_____	2023	_____			

*Preliminary; subject to change. The City reserves the right to increase or decrease the aggregate principal amount of the Bonds in such amount as it determines to be necessary to accomplish the refunding of the Series 2004 Bonds and the Series 2005A Bonds. However, the maximum par amount will not exceed \$23,500,000. 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 April 16, 2013. 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 May 30, 2013)

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 14th day of May, 2013.

Attest: _____

By: _____

Title: _____

Title: _____