



CITY COUNCIL AGENDA ITEMS

To: Mayor and City Council
From: Dean Rich, Director of Finance
Walter Denton, City Administrator
Date: May 4, 2009
Subject: Ordinance Providing for Issuance of Library Bonds

List of committees that have reviewed: Finance and Administration

Background: Mr. Vernon Ohlendorf left the Library \$2.3 million in his estate. The Library would like to sell \$2 million in bonds to expand the library. Mr. Ohlendorf's funds will be invested and the proceeds used to pay off the bonds and if the economy recovers, by the end of 18 years the bonds will be paid and the library will have the \$2.3 million as an endowment. This issue is 2009A and shares the cost with issue 2009 to save cost of both issues. This is an enabling ordinance and does not contain details on the cost. With this ordinance Bernardi Securities will go to market and establish demand, rate and cost. Bernardi will return for the second reading with financial details and a resolution authorizing the mayor to sign for the sale of the bonds and associated documents.

Legal Considerations, if any: All documents will be prepared by city Bond Counsel Kurt Froehlich.

Budget Impact: While nothing is certain in the current economy, the Library is currently receiving 5% on the long term investment of Mr. Ohlendorf's Funds. If history is any indication, the library should be able to receive at least 7% over the term of the bonds and possibly increase the size of the endowment. In a worse case scenario, the Library has sufficient funds to pay the bonds from current Ohlendorf funds.

Staff recommendation: Recommend approval.