

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

**OFFICE OF THE CITY MANAGER  
CITY OF DES MOINES, IOWA**

**99-164**

**SYNOPSIS -**

**AGENDA:**

APRIL 19, 1999

Wesley Acres Retirement Services (3520 Grand Avenue, Des Moines, IA 50312) has requested that the City issue Industrial Revenue Bonds in an aggregate amount not to exceed \$8 million. Wesley Acres, not the City, will be legally responsible for paying debt service.

**SUBJECT:**

WESLEY ACRES  
INDUSTRIAL  
REVENUE BOND  
REQUEST

At this time, the Council is being asked to review Wesley Acres' application and approve a resolution authorizing the execution of a preliminary agreement with respect to the request and to set a date of public hearing on the proposal to issue bonds. Approval of the preliminary agreement does not commit the City to the ultimate approval of bond issuance, but is merely for the purpose of expressing the City's interest in working with Wesley Acres to determine the mutual desirability of issuing Industrial Revenue Bonds and to permit Wesley Acres to capitalize any subsequent expense incurred as part of the bond issue, if approved.

**TYPE:**

RESOLUTION  
ORDINANCE  
RECEIVE/FILE

**FISCAL IMPACT -**

**SUBMITTED BY:**

KEVIN RIPER  
FINANCE  
DIRECTOR

The City does not incur any costs upon the issuance of Industrial Revenue Bonds, and this debt instrument does not count against the City's general obligation debt limit. Wesley Acres will pay all fees charged by non-City parties for work done in conjunction with the review process. Wesley Acres will pay the debt service on the bonds.

**RECOMMENDATION -**

**Approval of Wesley Acres' request for a resolution authorizing the execution of a preliminary agreement between the City and Wesley Acres for issuance of Retirement Community Revenue Bonds and Retirement Community Revenue Notes, in an aggregate principal**

**amount not to exceed \$8 million, and direct publication of notice for a public hearing on May 17, 1999 for the proposed issuance of the Bonds.**

#### **BACKGROUND -**

Wesley Acres Retirement Services has requested that the City issue Industrial Revenue Bonds in an amount not to exceed \$8 million. Bond proceeds will be used by Wesley Acres to expand room sizes in one of their main buildings. While the number of units will decrease from 85 to 73, the housing type will change from independent living to assisted care, and the number of employees at Wesley Acres will accordingly increase.

The City's Industrial Revenue Bond policy requires the City Council to review the Bond application at two separate meetings. The first review (tonight's request) is to approve a resolution authorizing the execution of a preliminary agreement with respect to the request and to set a date of public hearing for May 17, 1999, on the proposal to issue bonds. Prior to the public hearing, City staff-in conjunction with the Ahlers Law Firm (the City's bond counsel) and Public Financial Management (the City's financial advisor)-will review all documents to ensure legal compliance and to assess the possibility of any future default on the bonds, which could harm the capital markets' perception of the City's own bonds. (Even though Wesley Acres will pay the debt service, the City's name will be on the bonds.) Wesley Acres will pay all fees charged by non-City parties for work done in conjunction with the review process.

The next step would be a public hearing (to be held on May 17, 1999) on the issuance of Bonds and Notes for the Project.