

**CITY COUNCIL  
COMMUNICATION:**

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

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

**99-212**

**SYNOPSIS -**

**AGENDA:**

MAY 17, 1999

Wesley Acres Retirement Services (Warren D. Rippey, President and CEO, 3520 Grand Avenue) 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  
RETIREMENT  
SERVICES  
INDUSTRIAL  
REVENUE BOND  
REQUEST

The City Council, at its April 19, 1999 meeting, approved 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," (hereinafter called "bonds") in an aggregate principal amount not to exceed \$8 million, and directed publication of notice for a public hearing on May 17, 1999, for the proposed issuance of the bonds.

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

The Council is asked to conduct a public hearing to take comments on the proposed bond issue and authorize the City to proceed with additional actions for this issuance. This request also signifies Wesley Acres' intent to proceed with preparation of financing documents for City Council approval in June.

**SUBMITTED BY:**

KEVIN RIPER  
FINANCE  
DIRECTOR

**FISCAL IMPACT -**

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.

As part of the bond sale requirements, Wesley Acres will pay to the City an administrative fee in the amount of one-tenth of 1 percent of the principal amount of the bond sale (for a total of \$8,000 to the City).

## **RECOMMENDATION -**

**Approval to conduct public hearing for industrial revenue bond issue for Wesley Acres Retirement Services, Inc.**

## **BACKGROUND -**

To take advantage of tax-free interest rates on bonds, senior-living facilities occasionally ask their local governments to issue industrial revenue bonds, which qualify for tax exemption. Attached is a recent newspaper article that highlights this growing trend among continuing care and assisted-living facilities.

Here in Des Moines, 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 affords City Council the opportunity to review three pieces of the bond application. The City Council executed its first review at its April 19, 1999 meeting, where it approved a resolution authorizing the execution of a preliminary agreement with respect to the request, and set a date of public hearing for May 17, 1999, on the proposal to issue bonds. Today's hearing will solicit the public's comments about the bond issue. A subsequent meeting in June will seek Council approval for the issue's financing structure.

Prior to today's public hearing, City staff-in conjunction with the Ahlers Law Firm (the City's bond counsel) and Public Financial Management, Inc. (the City's financial advisor)-reviewed all documents to ensure legal compliance and to assess the possibility of any future default on the bonds. This analysis is still underway; results will be presented to City Council in June when the financing documents are ready for Council approval. Although Wesley Acres will pay the debt service on the bonds, City staff review and analysis is

important because the City's name will be on the bonds, and default could harm the capital markets' perception of the City's own bonds.

Attachment

---

[ [Council Members](#) | [Leave a Message](#) | [Meeting Agendas/Info](#) | [Recent Ordinances](#) ]  
[ [Board/Commission List](#) | [Meeting Schedule](#) | [Request to Speak](#) | [Election/Voter Reg](#) ]