

**CITY COUNCIL  
COMMUNICATION:**

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

**99-497**

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

**AGENDA:**

**SYNOPSIS -**

NOVEMBER 15, 1999

Luther Park Health Care Center and Luther Park Apartments (Denny Garlind, Chief Executive Officer, 1555 Hull Avenue, Des Moines) has requested that the City issue Industrial Revenue Bonds in an aggregate amount not to exceed \$7.25 million. Luther Park, not the City, will be legally responsible for paying debt service.

**SUBJECT:**

LUTHER PARK  
HEALTH CARE AND  
LUTHER PARK  
APARTMENTS  
INDUSTRIAL  
REVENUE BOND  
REQUEST

At this time, Council is being asked to review Luther Park's application and approve a resolution to set a date of public hearing on the proposal to issue bonds. At the public hearing, the City Council will determine whether to proceed with the issuance of the bonds.

**FISCAL IMPACT -**

**TYPE:**

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. Luther Park will pay all fees charged by non-City parties for work done in conjunction with the review process. Luther Park will pay the debt service on the bonds.

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**SUBMITTED BY:**

**RECOMMENDATION -**

KEVIN RIPER  
FINANCE  
DIRECTOR

**Approval of Luther Park's request for a resolution to direct publication of notice for a public hearing on December 6, 1999, for the proposed issuance of Health Care Facility Revenue Bonds and Multi-family Housing Revenue Bonds, in an aggregate principal amount not to exceed \$7.25 million.**

**BACKGROUND -**

Luther Park Health Center has requested that the City issue Industrial Revenue Bonds in an amount not to exceed \$7.25 million. Bond proceeds will be used by Luther Park at two Des Moines locations (1555 Hull Avenue and 2824 E. 16th Street) to improve Alzheimer's care and maintain low-income elderly housing in the City. A substantial portion of the Health Care Facility Revenue Bond proceeds will refund outstanding debt from the City's 1993 conduit financing for Luther Park at a lower interest rate. Proceeds from the 1993 bond issue were used to add three community rooms onto each wing of the Health Care Center for each population of Alzheimer's patients (based on degree of illness). A small portion of the Health Care Facility Revenue Bonds will be a new money component used to continue financing the aforementioned project. Bond proceeds from the Multi-family Housing Revenue Bonds will be used to refinance and restructure a Federal Department of Housing and Urban Development loan, which was used to repay the purchase of the Luther Park Apartments' property.

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 to set a date of public hearing for December 6, 1999, on the proposal to issue bonds. Prior to the public hearing, City staff-in conjunction with special 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 Luther Park will pay the debt service, the City's name will be on the bonds). Luther Park will pay all fees charged by non-City parties for work done in conjunction with the review process. In addition, if the bonds are sold, the City's General Fund will receive a transaction fee equal to one-tenth of one percent of the bond amount, or \$7,250 for this proposed transaction.

The next step would be a public hearing on the issuance of bonds for the project, to be held on December 6, 1999.

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