

**CITY COUNCIL  
COMMUNICATION:**

**03-522**

**AGENDA:**

NOVEMBER 3, 2003

**SUBJECT:**

LUTHER PARK  
APARTMENTS  
SENIOR HOUSING  
REVENUE BOND  
REQUEST

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**SUBMITTED BY:**

MERRILL R. STANLEY  
FINANCE DIRECTOR

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

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

**SYNOPSIS —**

Luther Care Services and Luther Park Apartments has requested that the City issue Senior Housing Revenue Bonds in an amount not to exceed \$5.5 million. Luther Park, not the City, will be legally responsible for paying debt service.

At this time, Council is being asked to set the date of a public hearing regarding the issuance for December 8, 2003.

**FISCAL IMPACT —**

The City does not incur any costs upon the issuance of Senior Housing Revenue Bonds, and the debt does not count against the City's general obligation debt limit. With the issuance under the City's Industrial Revenue Bond (IRB) policy, Luther Park will pay the City 1/1000th of the issue amount, \$5,500, as well as 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.

**RECOMMENDATION —**

**Approval.**

**BACKGROUND —**

Luther Park Apartments has requested that the City issue Senior Housing Revenue Bonds in an amount not to exceed \$5.5 million. Bond proceeds will be used by Luther Park to construct and equip 47 independent senior living units for a wide range of income levels. The existing apartment complex provides 100 units and has a 75-person waiting list.

The bonds will be issued under the City's IRB policy, which states that the City Council will review the bond application at three separate meetings. The first review (tonight's process) is to approve a resolution to set a date of public hearing for December 8, 2003, 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 market's perception of the City's own bonds. Even though the City will have no legal responsibility and Luther

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Park will pay the debt service, the City's name will be on the bonds.

The next step would be a public hearing on the issuance of bonds for the project to be held on December 8, 2003. Luther Park has requested that the City Council condense the process to two meetings by approving the bond issuance on December 8 following the public hearing. This would provide them with more time to issue bonds before the end of the calendar year.

\$2.75 million in Multifamily Housing Revenue Bonds and \$4,500,000 in Health Care Facility Revenue Bonds were authorized for Luther Park in December 1999 to refinance short-term notes and a U.S. Department of Housing and Urban Development (HUD) loan which were used to construct and expand Alzheimer patient care facilities.

