



# Council Communication

Office of the City Manager

Date

March 26, 2007

Agenda Item No. 43  
Roll Call No. 07-  
Communication No. 07-150  
Submitted by: Allen McKinley, Finance  
Director/Treasurer

## AGENDA HEADING:

Hearing for Luther Park Apartments, Inc. Multifamily Housing Revenue and Refunding Bonds Series 2007A and 2007B, in an amount not to exceed \$4,250,000.

## SYNOPSIS:

Luther Park Apartments, Inc. has requested that the City issue Multifamily Housing Revenue and Refunding Bonds in the amount not to exceed \$4,250,000. The debt does not constitute general obligation, liability, or pledge the full faith and credit of the City. Luther Park will be legally responsible for paying the debt service.

## FISCAL IMPACT:

Amount: \$4,250 (revenue)

The City does not incur any costs for the issuance of these types of bonds. Under the City's Industrial Revenue Bond (IRB) policy, Luther Park will pay the City 1/1000<sup>th</sup> of the issue amount, \$4,250, 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.

Funding Source: General Fund

## ADDITIONAL INFORMATION:

Luther Park Apartments, Inc. requested that the City issue Multifamily Housing Revenue and Refunding Bonds in an amount not to exceed \$4.25 million. Bond proceeds will be used to advance refund \$2.455 million of Series 1999A outstanding bonds, finance the costs of acquiring real property (future expansion), make capital improvements to the Corporation's existing Multifamily Housing Facility, fund a debt service reserve fund, and pay the costs of issuance of the bonds.

Luther Park Apartments, Inc. is a 105-unit apartment building for independent senior living that accepts both City of Des Moines housing vouchers as well as market renters. The facility has an 88,000 square foot community center. Luther Park Apartments, Inc. also owns and operates Rose Glen Apartments, which contains 47 apartments. Luther Park plans to purchase additional property along East 16<sup>th</sup> Street to build market rate brownstones for independent senior tenants.

The City's financial advisor and bond counsel have reviewed all of the appropriate documents. The reviewed was made based upon a bond sale of \$3,740,000, which now reflects the current projected need. Should the bond sale exceed this amount, the proceedings are drafted with the contingency that

the City must sign the bond purchase agreement and other closing documents in form and substance satisfactory, so that the City is adequately protected.

**PREVIOUS COUNCIL ACTION(S):**

Date: February 26, 2007

Roll Call Number: 07-348

Action: Setting Date of Hearing (3/26/07) for Luther Park Apartments, Inc. Multifamily Housing Revenue and Refunding Bonds Series 2007A and 2007B in an amount not to exceed \$4,250,000. Moved by Hensley. Motion carried 6-1.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**