



TACOMA HOUSING AUTHORITY

RESOLUTION 2008-02-27(4)

DATE: March 28, 2007
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: Construction and Permanent Lender Selection for Salishan Five

Background

On January 23, 2008, THA issued a Request for Proposals for a Construction and Permanent Lender for Salishan Five. THA sent the RFP notice to twenty-seven (27) prospective Lenders. Eight lenders requested the full RFP and the Authority received five (5) proposals; all were responsive.

A committee consisting of THA staff (Jesse Sherman, Janet Rice and Roberta Schur) reviewed the proposals over several meetings. THA's HOPE VI Financial Advisor (CSG Advisors, Inc.) advised the committee. The committee evaluated the written proposals based upon the evaluation criteria in the RFP. Subsequently, the committee invited Best and Final Offers from the three firms scoring a minimum of 80 cumulative points. The committee determined that the offer from KeyBank is the most advantageous to the project and to THA as the construction lender and that the offer from Citi is the most advantageous for the permanent loan.

Evaluation factors were as follows:

Criteria	Points
1. Financial terms and structure;	55
2. Terms of guarantees, if any, required of any entity, and amount and terms of operating or other reserves required;	20
3. Qualifications, experience, and capacity of the Respondent, its assigned personnel, and third party professionals, with special emphasis on experience involving public housing authorities and HUD Mixed-Finance closings; and	15
4. Reasonableness of due diligence requirements and conditions to closing, with close attention paid to past experience of the Respondent and its team members in closing in a timely and effective manner.	10
Total	100

The results of the evaluations were as follows:

Offerors	1	2	3	4	Total
	Financial Terms & Structure	Terms of Guarantees	Qualifications, experience & Capacity	Due diligence	
Maximum Points	55	20	15	10	100
Bank of America	38.33	16	15	8.33	77.66
Citi	47.33	16	12.67	9.33	85.33
KeyBank/WCRA	53.67	18.67	11.67	8.33	92.34
US Bank	48.33	16.67	8.33	7.67	81
Wells Fargo/WCRA	45.33	16.67	10.67	7.67	80.34

Financial Terms and Structure

KeyBank will lend up to \$12,456,500 for construction. The terms of the construction loan are 24 months at 4.1%, based on the rate as of Feb.6. The basis for the rate is the Prime Rate-200 basis points. THA has the ability to extend the loan for six months at no cost. The origination fee is .5 % (\$55,500). The legal fees associated with the construction loan are capped at \$20,000.

Citi will lend up to \$2.45 million for the permanent loan. The fixed rate as of 2/6/08 is 6.04%. The rate is based on 30-day LIBOR rate. The term is anticipated to be 35 years. Legal fees are estimated to be \$15,000. The loan will be recourse to the borrower and general partner during construction; public housing assets will be excluded.

Terms of Guarantees

THA will be the guarantor during construction. The loan is non-recourse during the term of the permanent loan. THA will need to provide a completion guarantee and 25% payment guarantee as well for the permanent loan.

Quality, Experience and Capacity

KeyBank is one of the largest financial institutions in the country with assets of more than \$96 billion. KeyBank has experience with a range of housing projects that involved multiple layers of financing. In addition, KeyBank has been involved with New Markets Tax Credits and was recently awarded \$100 million. KeyBank has also supported program services at THA for the past three years.

Citi is the top rated affordable housing lender in the country according to the February issue of Affordable Housing Finance magazine. Citi also has experience with a range of housing projects involving multiple layers of financing, including three HOPE VI projects and other mixed finance projects. Citi is the lender for the Area 3 infrastructure loan.

Reasonableness of Due Diligence

The due diligence requirements of both lenders are reasonable and achievable in the given time frames.

Recommendation

Approve resolution 2008-02-27(4) authorizing the Executive Director to (a) negotiate and execute the loan commitment letter from KeyBank for the Construction loan and Citi for the Permanent loan for Salishan Five. The Loan Agreements will be presented to the Board for its consideration and approval prior to execution.



TACOMA HOUSING AUTHORITY

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CONSTRUCTION/PERMANENT LENDER SELECTION FOR SALISHAN FIVE

Whereas, The Housing Authority of the City of Tacoma (THA) issued an RFP on January 23, 2008 soliciting offers for a construction and permanent lender for Salishan Five;

Whereas, Twenty-three (27) RFP packages were mailed out to prospective lenders;

Whereas, THA advertised in the following journals on the following dates:

The Morning News Tribune	January 27 and January 30
Tacoma Daily Index	January 28 and January 30
Seattle Daily Journal of Commerce March 2,	January 26 and January 30
The Skanner	January 30
The Portland Observer	January 30

Whereas, Five proposals deemed responsive were evaluated by a review selection committee;

Whereas, Each firm was rated against the following evaluation criteria:

1. Financial terms and structure (55 points);
2. Terms of guarantees, if any, required of any entity, and amount and terms of operating or other reserves required (20 points);
3. Qualifications, experience, and capacity of the Respondent, its assigned personnel, and third party professionals, with special emphasis on experience involving public housing authorities and HUD Mixed-Finance closings (15 points);
4. Reasonableness of due diligence requirements and conditions to closing, with close attention paid to past experience of the Respondent and its team members in closing in a timely and effective manner (10 points);

Whereas, Four firms were invited to submit best and final offers;

Whereas, The proposals were evaluated using the criteria outlined in the Request for Proposals;


Whereas, The construction loan offer from KeyBank was determined to be the most advantageous to the project and to THA; and,

Whereas, The permanent loan offer from Citi was determined to be the most advantageous to the project and to THA.

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington, that

1. The Executive Director has the authority to negotiate and execute the commitment letter from KeyBank for the Construction Loan and Citi for the Permanent Loan for Salishan Five and, if those negotiations are not successful, to negotiate and execute a commitment letter from the next highest of the bidders in turn.

Approved: February 27, 2008



Greg Mowat, Chairman
STAN RUMBAUT
ACTING CHAIRMAN

