



TACOMA HOUSING AUTHORITY

RESOLUTION 2008-07-15 (2)

DATE: July 10, 2008
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: Construction and Permanent Lender Selection for Salishan Six

Background

On May 19, 2008, THA issued a Request for Proposals for a Construction and Permanent Lender for Salishan Six. THA sent the RFP notice to twenty-seven (27) prospective Lenders and the Authority received five (5) proposals; all were responsive.

A committee consisting of THA staff (Duane Strom, 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 two firms scoring a minimum of 65 cumulative points. The committee determined that the offer from KeyBank/WCRA is the most advantageous to the project and to THA.

Evaluation factors were as follows:

Criteria	Points
1. Financial terms and structure;	50
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.	15
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	50	20	15	15	100
Bank of America	31.67	14	13	10.33	69
KeyBank/WCRA	35	14	12.33	10.33	71.66
PNC	15	11	8.67	7.67	42.34
US Bank	18.33	13	8	8.67	48
Wells Fargo/WCRA	17.33	12.33	6.67	8.33	44.66

Financial Terms and Structure

KeyBank will lend up to \$14 million for construction. The terms of the construction loan are 24 months at 3%, based on the rate as of June 18, 2008. 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.

WCRA will lend up to \$4 million for the permanent loan. The fixed rate as of June 18, 2008 was 7%. The rate is based on the 30-day Treasury. The term is anticipated to be 40 years. Legal fees are estimated to be \$5,000. 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.

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.

WCRA is a private 501(c) 3 nonprofit created and supported by a group of member financial institutions doing business in Washington State.

WCRA administers three revolving loan pools totaling approximately \$105 million. The lending programs provide long term financing to support the creation and preservation of low income and special needs housing as well as real estate based economic development projects in all parts of Washington. WCRA also acts as a focal point for community development and reinvestment issues that affect private lenders and provides education and advocacy for low income and special needs housing.

Reasonableness of Due Diligence

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

Recommendation

Approve resolution 2008-07015(2) authorizing the Executive Director to (a) negotiate and execute the loan commitment letter from KeyBank/WCRA for the Construction/Permanent loan for Salishan Six. The Loan Agreements will be presented to the Board for its consideration and approval prior to execution.



TACOMA HOUSING AUTHORITY

RESOLUTION 2008-07-15(2)

CONSTRUCTION/PERMANENT LENDER SELECTION FOR SALISHAN SIX

Whereas, The Housing Authority of the City of Tacoma (THA) issued an RFP on May 19, 2008 soliciting offers for a construction and permanent lender for Salishan Six;

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

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 (50 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 (15 points);

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

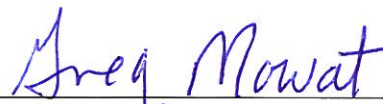
Whereas, The proposals were evaluated using the criteria outlined in the Request for Proposals; and,

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

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/WCRA for the Construction/Permanent Loan for Salishan Six and, if those negotiations are not successful, to negotiate and execute a commitment letter from the next highest of the bidders in turn.

Approved: July ____, 2008



Greg Mowat, Chairman