



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2009-8-26(4)

DATE: August 26, 2009  
TO: Board of Commissioners  
FROM: Michael Mirra, Executive Director  
RE: Infrastructure Construction Lender for Area 2B, Phase III

### **Background**

On July 14, 2009, THA issued a Request for Proposals for a Construction Lender for financing the Infrastructure work in Phase III, Area 2B of Salishan. This infrastructure will support Salishan Seven. THA mailed eleven (11) RFP packages to prospective construction lenders. The Authority received one (1) proposal from KeyBank, which was responsive.

Staff reviewed the proposal and concluded that KeyBank's response was well suited to meet THA's financial needs. The terms of the loan are the following:

Loan Amount:	Up to approximately \$4.5 million subject to a maximum loan to value ratio of 60% of the appraised, as completed value
Duration:	24 months
Interest Rate:	5.3% (rate as of 8.4.09). Index prime rate + 225 basis points
Fees:	¾ of 1% of loan amount (\$33,893 based on \$4.5 million loan)
Collateral:	First deed of trust on the property and improvements through construction and repayment of the infrastructure loan
Reserves:	5% hard cost and 3% soft cost contingency and interest reserve
Legal Fees	\$10,000, capped

A committee consisting of THA staff reviewed the proposal from KeyBank and found it acceptable. KeyBank is the construction lender for both Salishan Five and Salishan Six. In addition, KeyBank has been a supportive of several other THA programs, including the free tax preparation program. .

**Recommendation**

Approve resolution 2009-08-26(4) authorizing the Executive Director to (a) negotiate and (b) if the negotiations are successful, execute the loan commitment letter from KeyBank for the Infrastructure construction loan for Salishan Phase III, Area 2B within the general outline of the terms described above.



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RESOLUTION 2009-08-26(4)

## INFRASTRUCTURE CONSTRUCTION LENDER SALISHAN PHASE III, AREA 2B

**Whereas,** The Housing Authority of the City of Tacoma (THA) issued an RFP on July 14, 2009 soliciting offers for an infrastructure construction lender for Salishan Phase III, Area 2B;

**Whereas,** Eleven (11) RFP packages were mailed out to prospective lenders;

**Whereas,** One proposal deemed responsive was evaluated by a review selection committee;

**Whereas,** Staff assessed the proposal using the following criteria;

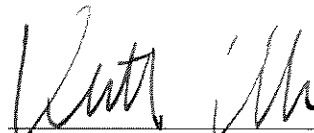
1. Financial terms and structure;
2. Terms of guarantees, if any, required of any entity and amount and terms of operating or other reserves required;
3. Qualifications, experience and capacity of the respondent;
4. Reasonableness of due diligence requirements and conditions to closing.

**Whereas,** KeyBank's offer appears acceptable and advantages the project and THA;

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

The Executive Director has the authority to negotiate a loan agreement along the general outline of terms set forth in the accompanying memorandum, and if those negotiations are successful, execute the agreement with KeyBank for an Infrastructure Construction Loan for Salishan Phase III, Area 2B. .

**Approved:** August 26, 2009

  
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Ken Miller, Chairman