



# CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-5035

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## Finance Office Department

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## MEMO

**To:** Mayor Sam Kooiker & City Council

**From:** Pauline Sumption

**Date:** December 1, 2014

**RE:** TID 74 Financing Recommendation

Technology Housing 2, LLC (Hani Shafai and Pat Hall) has provided information related to the financing of TID 75, E St. Joseph Street Housing 2 project. The proposed interest rate would be the Treasury bill rate at inception plus 3.25%, fixed for five years, with an interest rate re-pricing every five years thereafter. The re-pricing percentage will be based on the 5-year Treasury bill rate plus a margin of approximately 3.25%. Based on today's 5-year treasury bill rate of 1.64%, the interest rate on this TID (if closed today) would be 4.89%.

Current interest rates on tax increment financing districts vary from 5.85% to 9.0%. Therefore, it would be my recommendation to approve the Developer's Agreement to include this financing agreement as I feel that this is a reasonable rate.

Please let me know if you should have any questions regarding this information.



EQUAL OPPORTUNITY EMPLOYER