



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-5035

Finance Office Department

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MEMO

To: Mayor Sam Kooiker & City Council

From: Pauline Sumption

Date: April 5, 2012

RE: TID 72 Financing Recommendation

Technology Housing, LLC (Hani Shafai and Pat Hall) has provided information related to the financing of TID 72, E St. Joseph Street Student Housing project. The proposed interest rate is 5.90%, fixed for three years, with an interest rate reset date each three years thereafter. The reset percentage will equal the three-year Treasury Constant Maturity rate + 4.0%. The interest rate floor would be 5.80% and the interest rate ceiling would be 6.45%.

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.



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