

October 19, 2021

Mr. Dave DeAngelis
Village Manager
Village of Elm Grove
13600 Juneau Boulevard
Elm Grove, WI 53122

SENT VIA EMAIL

Re: School Sisters of Elm Grove Redevelopment Amended TIF Request

Dear Dave,

Pursuant to our meetings and conversations with the Village of Elm Grove and Ehlers, the Village's public financing advisors, Mandel Group Properties LLC ("MGP LLC") is modifying its Tax Increment Financing ("TIF") request as outlined in the June 11, 2021, letter. The modifications are due to changes in assumptions and clarifications regarding the TIF since the submittal in June, including:

1. The Village requires a completion guaranty on the construction of the apartments. The completion guaranty assures the Village that the apartments, which create the tax increment, will be built.
2. The Village requires a guaranty of a minimum assessed value of the apartments for the duration of the annual Municipal Revenue Obligation ("MRO") payments associated with the TIF. Guaranty of the minimum assessed value assures the Village that there is an adequate revenue stream to pay for the general obligation bonds ("GO Bonds") that will be issued for the costs associated with the water main installation and to pay for the general obligation bonds that will be issued for the upfront TIF funds.
3. The Village requires that the annual MRO payments to the development be subordinate to the GO Bond payments for the water main, the GO Bond payments for the upfront TIF funds, and a Village administrative fee. The previous application assumed a split of the tax increment before the GO Bond payments.
4. The Village and MGP LLC agree that the upfront TIF be paid upon the receipt of a Certificate of Occupancy, a later payment than assumed in the original application. This change reduces capitalized interest and ensures physical improvements are complete prior to any MRO payments.
5. Village in consultation with its Assessor, estimated the apartments to have a higher assessed value than MGP LLC initially estimated. A higher assessed value would significantly increase the operating expenses of the development.

Based on the changes above, MGP LLC is requesting an upfront TIF of \$5,950,000 and cumulative MRO payments equal to the MRO payments proposed in the original application. The net present value of the upfront TIF and the MRO payments totals approximately \$11,000,000 at a 5% discount rate which is less than the \$11,500,000 upfront funding in the original request. The

increase in upfront TIF funds from \$5,500,000 to \$5,950,000 is due to higher annual real estate taxes associated with the higher potential assessed value of the apartments and the later payment of the upfront TIF funds.

The TIF helps offset the extraordinary costs associated with redeveloping the site including the installation of private roads, sewers, and water mains, in addition to the rehabilitation of Notre Dame and Maria Halls. The property taxes collected from a property which is currently off the tax rolls will pay for the TIF in its entirety without burden on current residents of the Village.

We respectfully submit this TIF request amendment for your consideration and look forward to working through the details with the Village.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip Aiello", with a long horizontal flourish extending to the right.

Phillip Aiello
Chief Operating Officer

cc: Neil Palmer
Tom Harrigan