Agenda
Village of Glen Ellyn
Special Workshop Meeting
Monday, October 6, 2014
7:00 PM
Glen Ellyn Civic Center, Room 301

Village Board Workshop Procedures Statement

Visitors are most welcome to attend all meetings of the Village Board and can find copies of the Agenda on their chairs or online at www.glenellyn.org prior to the meeting. Any individual with a disability requiring a reasonable accommodation in order to participate in a meeting should contact Harold Kolze, Village of Glen Ellyn ADA Coordinator, 630-469-5000, at least five (5) business days in advance of the next scheduled meeting. All matters on the Agenda may be discussed, amended, and acted upon.

A. Call to Order

B. Roll Call

C. Pledge of Allegiance

D. Audience Participation

1. Open:

Members of the public are welcome to speak to any item *not* specifically listed on tonight's agenda for up to three minutes. For those items which are on tonight's agenda, the public will have the opportunity to comment at the time the item is discussed. In either case, please complete the Audience Participation form and turn it in to the Village Clerk. It is requested that, if possible, one spokesman for a group be appointed to present the views of the entire group. Speakers who are recognized are requested to step to a microphone and state their name, address and the group they are representing prior to addressing the Village Board.

E. Proposed Redevelopment Projects - Financial Analysis (Presented by Village Manager Franz)

1. Consultants Gruen Gruen + Associates and Kane McKenna and Associates will provide financial reviews of the two proposed redevelopment projects.

F. Other Items

G. Adjournment

Glen Ellyn Village Board
535 Duane Street
Glen Ellyn, IL 60137

Meeting: 10/06/14 07:00 PM
Department: Administration
Department Head: Al Stonitsch
Category: Discussion Item
Prepared By: Caroline Conlon

SCHEDULED

AGENDA ITEM (ID # 1432) DOC ID: 1432 A

Consultants Gruen Gruen + Associates and Kane McKenna and Associates will provide financial reviews of the two proposed redevelopment projects.

At the October 6 Special Village Board Workshop meeting, the Village Board will be reviewing the financial aspects of two potential redevelopment projects in Downtown Glen Ellyn proposed by Opus and Next Generation respectively. Our financial advisors Gruen/Gruen (Aaron Gruen and Debra Jeans) will provide a summary of their Financial Analysis for both projects. In addition, our TIF Consultant, Kane McKenna and Associates (Bob Rychlicki), will provide a summary of the TIF projections and potential impact of these projects. Within these presentations, we will briefly review the critical business terms that have been negotiated to this point with both Opus and Next Generation. A summary of both projects and the incentives being requested through land acquisition, parking costs, and other requests is provided in the attached spreadsheet (see Attachment A). Finally, attached are the reports mentioned above as well as a summary from Next Generation of their "revised" proposal and their comparison to the Opus proposal (see Attachments B-E.)

Below is a summary of both redevelopment projects, but keep in mind that neither developer has filed an application to be considered formally by the Village at this time. However, each developer and the current property owners have expressed a desire to know if either project should move forward to the next step of review. Therefore, management is looking for direction from the Village Board on whether either project meets Village Board expectations and whether we should proceed with negotiating and drafting a Memorandum of Understanding (MOU). An MOU provides a framework to identify the agreed upon business terms, but allows negotiations to continue on some of the details of the RDA. More importantly, it provides both parties confidence to proceed ahead with the formal public approval process, which takes time and resources for both the developer and the Village. The MOU would formalize the basic business points and lay out our expectations for moving forward. This would allow both sides to continue to work together in a good faith effort towards a potential Redevelopment Agreement (RDA). Components of an MOU could include the terms under which the Village will transfer its land, how to handle replacement parking, and environmental remediation responsibilities.

As we consider both projects and potential MOUs for either, we should remember that the Village can request "Clawbacks" or participation from the developer if efficiencies are achieved in the construction process or when the developer sells the property. Requesting some reimbursement if the developer exceeds the internal rate of return is reasonable given that we are providing the land for free and considering other incentives. This would also be negotiated as part of the RDA.

Therefore, we look forward to discussing the financial aspects of each project with the Village Board Monday night, answering any questions that may develop from the attached reports and receiving instructions from the Board on how to proceed.

OPUS DEVELOPMENT

Background

Staff has continued to work with Opus on the potential redevelopment of the Main Street parking lot and Giesche properties. Staff completed an appraisal for the property and the values are as follows:

- Main Street Lot = $1,345,000
- Glenwood Lot = $247,000
- Total = $1,845,000

The scope of the project has recently expanded to include the St. Petronille parking lot and former rectory property on the east side of Glenwood Avenue. Opus requires only the Main Street Parking lot for their development; the Glenwood lot would be combined with the St. Petronille lot for use as a parking structure.

The church has been working to gain the approval of the Diocese of Joliet, the owner of the property, to move forward with the project. While there are a number of formal steps necessary to receive official approval from the Diocese, the church has been successful in obtaining the Diocese's permission to move forward in the process. Some of the benefits of including the St. Petronille property include:

§ It eliminates the need to construct below-grade parking, which is more expensive than above-grade structured parking.

§ Vehicular access between the Main Street parking lot and St. Petronille parking lot is maintained which allows the shared use of both parking lots.

§ Environmental remediation costs should be reduced since there will be no below-grade construction.

§ The number of parking spaces available to the public over prior plans is significantly increased.

§ It recognizes an existing easement that St. Petronille has over the Village's Main Street parking lot to access Main Street.

§ Creates a more effective overall parking solution for the downtown, at least south of the tracks, that not only increases the amount of parking, but also promotes a shared-parking philosophy that benefits all end-users.

Incentives and Parking Analysis

The Gruen/Gruen report is attached as Attachment B. The developer has requested assistance with remediation costs, and will likely request assistance with sidewalk and public improvements associated with this project. No formal request has been made and no other TIF Incentives have been requested. In addition, Opus has agreed to pay for the replacement of all public parking (81 spaces). Therefore, the Village is responsible for only the additional public parking considered for this project.

The Village has tentatively negotiated a 99-year lease agreement with St. Petronille use their property on Glenwood, as well as Village property on Glenwood, to construct the parking garage. In exchange for the use of the property, the Village will maintain, replace, enforce, and insure these 98 parking spaces for St. Pet's under a shared-used philosophy.

Public Parking.

There are 221 existing parking spaces on the subject property including 81 in the Main Street parking lot, 42 in the Glenwood Lot and 98 in the St. Petronille parking lot. Depending on the number of parking levels constructed, a total of 297 to 423 public and church parking spaces would be provided, for a gain of between 76 and 202 additional parking spaces respectively. Attachment E summarizes the parking distribution between the Village, Opus, and St. Pet's. The breakdown of the proposed public and church parking with both options is provided below.

Two Levels

	Existing	**Proposed**	**Difference**
Public Parking	*123	199	+76
St. Petronille Parking	98	98	0
Total Spaces	**221**	**297**	**+76**

*Includes 81 in the Main Street Lot and 42 permit spaces in the Glenwood Lot

Three Levels

ExistingProposedDifference			
Public Parking	*123	325	+202
St. Petronille Parking	98	98	0
Total Spaces	**221**	**423**	**+202**

*Includes 81 in the Main Street Lot and 42 permit spaces in the Glenwood Lot

A third level of parking would consist of 126 public spaces, many of which could be used for permit parking and/or employee parking. The current parking demand in the area is high. Based on the current plans, the cost to the Village of constructing a 2-level parking structure is estimated to be $2.4 million with an additional $125,000 in cost if the Village were to prepare the garage for a potential future third level. However, the additional cost for a third level in the future is estimated to be at least $500,000, depending on timing and financing costs which are likely to increase. Moreover, closing down the garage to add another story would negatively impact the downtown community for an additional construction year. Therefore, if the Village prefers the additional parking a third level provides, it would be most prudent to construct it now.

Costs

The cost to construct a three-level structure is estimated to be $3.9 million. These cost estimates include the Village paying for the 98 replacement spaces in the St. Petronille lot, in lieu of paying for the church property, and replacing 42 existing parking spaces in the Glenwood lot. There are economies of scale to constructing the third level of parking. The cost per NEW public parking space is $30,000/space for the two-level parking structure and $19,000/space for the three-level parking structure. Attachment E provides a comparison between the two-level and three-level garage as well as a summary of all incentives being requested.

TIF Analysis

Attached is a TIF Report conducted by our consultant, Kane McKenna (Attachment C). This report is a detailed analysis of the impact this project would likely have on the Central Business District TIF. Since this is a residential project, the TIF Plan provides for the statutory payments to the School Districts for the reimbursement of up to 40% of the Incremental Property Taxes generated by the residential portion of the project for the per capita tuition costs associated with the net new students residing in the residential units. The cap for the tuition reimbursement requirements is 40%. Therefore, this analysis reviews three different scenarios, 40% (worst), 20% (likely), and 0% (best). The projected increment revenue to pay for this project or future projects within the TIF District ranges from $3.05M to $5.2M. In addition, the report estimates that the commercial component of the project would generate $1,017,662 over the life of the TIF.

Kane McKenna and staff recommend that we evaluate this project conservatively and included the worst case scenario into the financial summary of both projects. Using the worst case approach, this report shows that the TIF District can pay for all but $900,000 of the parking garage and possibly all of the garage depending on the school reimbursement ratio. Additionally, the Village would generate revenue from the sale and operation of the parking garage, but that detailed analysis has not been completed.

NEXT GENERATION DEVELOPMENT

Early in the process, staff completed an appraisal for the property which was completed and valued at $1.9M. Staff continued to negotiate various aspects of their initial incentive request which fluctuated between around $10 million to $12 million. We evaluated a number of different financial structures including financing the garage, master leasing the garage, and we evaluated infrastructure costs and allowing Type II construction, along with other concepts. At this point, Phase II of the project is not being considered, so the portion of the land does not include the parking lot east of Glenwood at an estimated value of $1.3M.

The current plan includes a more simplified proforma which is summarized in the attached July 14, 2014 *Reconciliation from January 2014 Gruen Report to the Current Proposal* (Attachment D). Their current project includes a request for free land, paying for utility and remediation costs, paying for converting existing parking to structured parking, and TIF incentives to allow them to meet their "hurdle rate." The project aligns with many of the recommendations in the Village's long-term plans and could have a number of potential benefits, including:

1. The tax exempt municipal parking lot and road would be placed on the tax rolls resulting in increased property tax revenues. The new structure would also have greater value and generate more property tax revenue than the existing McChesney and Miller building.

2. The project would result in a new development on the site as recommended by the Downtown Strategic Plan.

3. A total of 180 new apartment units would be added to the downtown, the new residents of

which would support existing downtown businesses and bring new life and vitality to the area.

4. A new development on a municipal site would generate TIF revenues.

5. The project could potentially add to the public parking supply on the north side of the tracks, if a 3-level is included.

Parking and Incentives Analysis

Parking

A 2-3 level parking garage is proposed including ground level parking and 1 or 2 levels of below-ground parking. A total of 154 existing public and private parking spaces would be removed to accommodate the project including 33 on-street parking spaces, 79 of the 129 spaces in the Crescent/Glenwood Lot and 42 private parking spaces on the McChesney and Miller property. All of the parking spaces that would be removed in the Crescent/Glenwood Lot are permit spaces. The parking spaces on the east end of the Crescent/Glenwood Lot that would remain are metered parking spaces. The proposed breakdown of parking with and without the optional 2nd level of basement parking is below. This analysis does not include the 42 private parking spaces on the McChesney property that would be removed.

Without Optional 2nd Basement Level

	Existing Spaces	Proposed Public Spaces	Proposed Resident Spaces	Total Proposed Spaces
Ground Floor	112	100	35	135
Basement Level	0	0	199	199
Total	**112**	**100**	**234**	**334**
Public Parking Difference	***-12**			

**If the 16 spaces required for the proposed retail space are included, the equivalent net parking loss would be -28 spaces.

With Optional 2nd Basement Level *(The table below is based on the concept plans submitted. The number of parking spaces in any 2nd level basement could be subject to change based on a number of factors.)*

	Existing Spaces	Public Spaces	Resident Spaces	Total Spaces
Ground Floor	112	135	0	135
Basement Level 1	0	133	66	199
2nd Basement Level	**0**	0	168	168
Total	**112**	**268**	**234**	**502**
Public Parking Difference	***+156**			

*If the 16 spaces required for the proposed retail space are included, the equivalent net parking gain would be 140 spaces.

If the Board decides that additional public parking should be constructed, the amount of new public parking to be constructed would need to be determined. The estimated cost per space is $27,845.

The cost to replace the existing parking plus adding another 156 spaces is estimated at approximately $7.5M and would be the Village's responsibility under the current proposal. If the Village Board prefers not to build the 3-Level, the costs would be $2.7M. If the 3-Level of parking (below-grade) is not constructed, there would be a small decrease in the amount of public parking. Furthermore, it is difficult to add below-grade parking in the future and additional parking could be used to support additional development on the eastern portion of the Crescent/Glenwood Lot. If the Board is supportive of constructing a third level of parking, staff would recommend maxing out the amount of possible parking spaces.

Incentive Requests
Next Generation has submitted an economic incentive request to the Village that includes the following.

1. The Village's contribution of the Crescent/Glenwood parking lot and Crescent Boulevard right-of-way to the developer at no cost. The property was appraised at $1.91 million.

2. That the Village provide an estimated $1.75 million in utility relocation costs.

3. That the Village pay to replace the existing 112 parking spaces on the property at a cost of $27,845 per space for a total of $3.12 million.

4. That the Village pay for the creation of any new public parking that would be created. If 156 public parking spaces were provided at a cost of $27,845 this would total $4.34 million.

5. A Village contribution of $850,000 toward the project to allow the developer to achieve a reasonable project return of 7%.

The total incentive requested by Next Generation is therefore $7.63 million, not including the up-to-$4.34M that the Village could contribute if a second level of below grade parking is constructed.

TIF Analysis
Attached is a TIF Report conducted by our consultant, Kane McKenna (Attachment E). This report is a detailed analysis of the impact this project would likely have on the Central Business District TIF. Since this is a residential project, the TIF Plan provides for the statutory payments to the School Districts for the reimbursement of up to 40% of the Incremental Property Taxes generated by the residential portion of the project for the per capita tuition costs associated with the net new students residing in the residential units. The cap for the tuition reimbursement requirements is 40%. Therefore, this analysis reviews three different scenarios, 40% (worst), 20% (likely), and 0% (best). The NPV of total increment projected to pay for this project or future projects within the TIF District ranges from $6.4M to $3.7M. In addition, the report estimates that the commercial component of the project would generate $411,883 over the life of the TIF.

The Gruen/Gruen reports and the TIF Report shows that the TIF increment generated by this project could pay for the incentives and most of the existing parking. This was calculated using the Likely Scenario of 20% reimbursement to the school districts which is very conservative. However, the TIF increment would not be sufficient to pay for any additional parking.

Kane McKenna and staff recommend that we evaluate this project conservatively and included the worst case scenario into the financial summary spreadsheet. Using the worst case approach, the Village would have to fund $6.3M towards this project. However, the Village would generate revenue from the sale and operation of the parking garage, but that detailed analysis has not been completed.

Next Steps

Management is looking for direction from the Village Board on whether either project meets Village Board expectations and whether we should proceed with negotiating and drafting a Memorandum of Understanding, what business terms are acceptable and whether staff shall continue to negotiate for either of these projects. The key questions that need to be answered are:

1. Do these projects make financial sense?
2. How do these projects impact public parking?
3. Do these projects align with long-term Downtown goals?

We look forward to the discussion on Monday night and if you have any questions, please give me a call.

Attachments

A - Spreadsheet Summarizing 2-Level & 3-Level Parking Component/Incentives Requested-
Dated 09-12-2014
B - Gruen Gruen + Associates Financial Analysis of Opus Development-*Dated September 24, 2014*
C - Kane McKenna TIF Report Opus Project -*Dated 09-12-2014*
D - Gruen Gruen + Associates Financial Analysis of Crescent Development-*Dated January 2014*
E - Kane McKenna TIF Report Next Generation Project-*Dated 09-15-2014*
F - Next Generation's Reconciliation from January 2014 Gruen Report to the Current Proposal

ATTACHMENTS:

- Attachment A - Spreadsheet Summarizing 2-Level and 3-Level Parking Component-Incentives Requested (PDF)
- Attachment B - Gruen-Gruen Review of Opus Proposal 09-24-2014 (PDF)
- Attachment C - Kane McKenna TIF Analysis Opus Proposal 09-12-2014 (PDF)
- Attachment D - Gruen-Gruen Financial Analysis of Crescent Development Jan 2014 (PDF)
- Attachment E - Kane McKenna TIF Analysis Next Gen Proposal 09-15-2014 (PDF)
- Attachment F - Next Gen Reconciliation Jan 2014 Rept to July 2014 Proposal (PDF)

Next Generation/Opus Redevelopment Projects Financial Summary

9/16/2014

#	Project (I)	Ed Type	Existing Parking	Proposed "Public" Parking (A)	Parking Component: Replacement Parking (Developer) (B)	Costs to Village (C)	Replacement Parking (Village) (D)	Costs to Village	Net New Spaces (F)	Costs for New Spaces	Costs to Village	Cost Per New Parking Space	Incentives Requested: Land Costs (K)	Utility and Remediation Costs	TIF Incentives	Existing Parking Costs	Total Incentives and Existing Parking	New Parking Costs	Total Incentives and All Parking	TIF Impact: Worst Case TIF Revenue	Additional Cost after TIF Contribution (Excluding Land) (J)	Additional Cost after TIF Contribution (Including Land)
1	Next Generation-McChesney's-1 Level Below Grade	Residential-3700/sqft Retail (180 Units)	112	100	100	$ 2,784,500	N/A	N/A	-12	$ -	N/A	N/A	$ 1,300,000	$ 1,750,000	$ 834,743	$ 2,784,500	$ 5,369,243	N/A	$ 5,369,243	$ 3,718,653	$ 1,650,590	$ 2,950,590
2	Next Generation-McChesney's-2 Level Below Grade	Residential-3700/sqft Retail (180 Units)	112	268	112	$ 3,118,640	N/A	N/A	156	$ 4,343,820	$ 4,343,820	$ 27,845	$ 1,300,000	$ 1,750,000	$ 834,743	$ 3,118,640	$ 5,703,383	$ 4,343,820	$ 10,047,203	$ 3,718,653	$ 6,328,550	$ 7,628,550
3	Opus Giesche-2 Level Garage (E)	Residential-8400/sqft Retail (123 Units)	221	297	81	$ -	140	$ 1,528,660	76	$ 829,844	$ 2,358,504	$ 31,033	$ 1,345,000	Offered up to $50,000 for Study and $100,000 for remediation-still in negotiations (G)	(H)	$ -	$ 50,000	$ 2,358,504	$ 2,358,504	$ 3,053,646	$ (695,142)	$ 649,858
4	Opus-Giesche-3 Level Garage (E)	Residential-8400/sqft Retail (123 Units)	221	423	81	$ -	140	$ 1,604,260	202	$ 2,314,718	$ 3,918,978	$ 19,401	$ 1,345,000	Offered up to $50,000 for Study and $100,000 for remediation-still in negotiations (G)	(H)	$ -	$ 50,000	$ 3,918,978	$ 3,918,978	$ 3,053,646	$ 865,332	$ 2,210,332

Footnotes:

A. Total Public Parking Includes: NG: Replacement parking on Crescent and in Glenwood parking lot; Opus: Replacement parking on Main, St. Pet's, and Glenwood
B. Replacement costs for existing public parking on Crescent and Main Street respectively
C. NG: Village pays for all replacement parking; Opus: Opus pays for all replacement parking
D. Opus Only: Fixed costs are replacing 42 public spaces on the Village's Glenwood lot; replacing 98 St. Pet's spaces, in lieu of paying for land. (3 Level is more slightly more expensive per space)
E. Opus summary is the latest proposal that has been developed in cooperation with St. Pet's, although the orginal plan is still viable
F. NG: 1-Level net loss of parking (-12), 2 Level net increase (156); Opus: 2-Level results in 76 new parking spaces, 3-Level would be additional 126 spaces (202 Total
G. No cost estimates for remediation yet, Village could be responsible for these costs as owner of property
H. Other than paying for some of the environmental studies, no other remediation costs have been agreed to by the Village, no TIF incentives requested by Opus
I. For both projects, public portion of parking strucuture owned and operated by Village; additional parking spaces to be paid for through debt/capital func
J. Additional costs or any upfront costs would have to be financed through issuing debt or using reserves and adds more risk to the overall project
K. Land value based on revised development proposals for both projects (Opus-does not include Glenwood lot, Next Generation-does not include Crescent lot, east of Glenwood)

Kane McKenna TIF Report Summary

TIF Property Tax Impact-4	Next Gen	Opus-2
Best	$ 6,115,472	$ 4,883,655
Likely	$ 4,917,063	$ 3,968,651
Worst	$ 3,718,653	$ 3,053,646
Sales Tax Projections (Gross for Life of TIF)		
Estimated	$ 411,883	$ 1,017,662

CONFIDENTIAL DRAFT
GRUEN GRUEN + ASSOCIATES
MEMORANDUM

Date: September 24, 2014
To: Staci Hulseberg and Mark Franz
From: Aaron Gruen and Debra Jeans
Subject: C1366 Review of Opus Development Proposal

THRESHOLD QUESTION:

I. How much could Opus pay for the land needed to site the proposed 150,000-square-foot mixed-use building, or alternatively, how many dollars of incentive would be required to provide Opus with its specified rate of return?

Short Term Hold Using Opus Assumptions

A. Assumes sale of property upon stabilization (at end of 3rd operating year)
B. Internal Rate of Return (IRR) requirement on equity of 15.0%
C. Analysis only includes the structured parking (190 spaces) planned to be built in the mixed-use building, not the separate parking garage. An estimated 122 spaces will be allocated to private parking to serve the parking requirements of the proposed project and 68 spaces will be allocated to the Village for public use (which represents a replacement of 84 percent of Village parking spaces lost to the development of the proposed project).

Answer: See Table 1 below

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TABLE 1: Estimated Residual Land Value of Proposed Opus Mixed-Use Development			
	Apartments $	Retail $	Total $
Residual Land Value	**43,509**	**721,422**	**764,931**
Per-Square-Foot[1]			**13.19**
Total Project Value[2]	31,779,694	1,955,702	33,735,397
Equity (30%)	9,533,908	586,711	10,120,619
Permanent Loan	22,245,786	1,368,992	23,614,778
Annual Debt Service	1,760,984	108,370	1,869,353
IRR in Year 4	15.00%	15.00%	15.00%
Return on Cost at Stabilization (Year 4)			6.90%
[1] According to Opus, the mixed-use building (including parking) will be sited on approximately 1.33 acres of the site (which totals 2.49 acres). [2] Residual land value plus development and financing costs.			
Source: Gruen Gruen + Associates			

- Without the full cost of replacing lost Village and Church parking, Opus could afford to pay $765,000 for the land needed to site the mixed-use building and earn a 15% IRR. This equates to about $13 per-square-foot of land. The simple return on cost at stabilization is estimated at 6.9%.

- A proforma from Opus indicates Opus plans to purchase the privately-owned portion of the site (the Giesche parcel) for $1,800,000. The residual land value analysis, based upon the assumptions specified by Opus, suggests the proposed development cannot support a land price of $1.8 million. This explains why Opus has requested the Village-owned portion of the site be contributed at no cost. Without the contribution of the Village-owned land, which Opus assigns a value of $1,200,000, the proposed project would not be financially feasible for Opus to undertake.

Sensitivity to Return Requirement

- Opus indicated a target IRR range of 12% to 20%. Table 2 below summarizes the difference in supportable land value suggested by this range, holding all other assumptions other than the IRR target the same.

TABLE 2: Sensitivity to Return Requirement		
	Residual Land Value $	Simple Return on Cost %
12% IRR	**1,901,663**	**6.66**
15% IRR	764,931	6.90
20% IRR	**(1,051,366)**	**7.30**
Source: Gruen Gruen + Associates		

- If the return on equity requirement is lower at a 12% IRR, the supportable land value increases to $1.9 million. This is roughly equivalent to the $1.8 million land price for the Giesche site. That is, Opus can afford to pay for $1.8 million for the Giesche site, and given the stipulated development costs, and cash flow from the development, operation, and sale of the property earn a 12% IRR on equity investment.

- Showing the sensitivity of supportable land value to the required return on equity investment to induce development, if the return requirement is set higher at a 20% IRR, the supportable land value becomes negative. In other words, Opus would need both the Geische and Village-owned land at no cost, plus an upfront subsidy of about $1.1 million (before considering the additional cost to replace lost parking) in order for the project to be financially feasible to undertake.

II. How many additional dollars will Opus be required to fund to replace lost Village and Church parking?

- It is our understanding that the development cost assumptions provided by Opus do not include the full cost of replacing lost public parking. We believe the stated $3,168,000 of parking costs are just for the podium parking decks included in the mixed-use building, totaling 190 spaces. We understand that Opus will be required to fund construction of an additional 50 spaces to fully replace lost public parking.

81	- existing Village spaces
159	- new private residential spaces required
240	- total minimum parking requirement
(190)	- less spaces included in mixed-use building parking decks
50	- net additional spaces required

- Opus has estimated construction costs for a separate two- or three-story parking structure of approximately $10,900 to $11,500 per space. Accordingly, additional development costs will total approximately $545,000 to $575,000 to replace lost public parking. These costs are not incorporated in the residual land value analysis summarized previously. Given the findings outlined above, these additional costs would appear to turn the project infeasible for the private developer/equity investor. Therefore, financial assistance would appear to be required to cover the costs of the additional parking. In addition, to the extent environmental remediation costs would arise, it does not appear that Opus would be able to incur those costs and achieve a feasible return.

III. How do construction cost estimates for the proposed Opus development compare to previous cost estimates for the Next Generation Development proposal?

- Total costs excluding land for the proposed Next Generation Crescent Apartments were previously estimated at approximately $210 per gross square foot of building space. Total costs for the proposed Opus development are estimated at $217 per gross square foot of building space, a difference of only three percent.

- Opus includes higher hard building and soft costs but lower parking costs. (The Opus building is proposed to be podium parked at or above grade. The Next Generation concept included below-grade parking). The cost difference per space is estimated at approximately $17,000.

TABLE 3: Next Generation and Opus Development Cost Comparison

	Next Gen	Opus
Gross Building Area in Square Feet	194,983	149,000
Hard Construction Costs, Excluding Parking	$29,578,592	$24,008,124
Hard Costs Per Gross Square Foot	**$151.70**	**$161.13**
Structure Parking Spaces Included	241	190
Parking Costs, Total	$8,156,645	$3,168,000
Parking Cost Per Space	**$33,845**	**$16,674**
Soft Costs, including Development Fees	$3,263,251	$5,104,942
Soft Costs Percent of Total	**7.96%**	**15.81%**
Total Development Cost, Excluding Land	$40,998,488	$32,281,066
Total Development Cost Per Gross Square Foot	**$210.27**	**$216.65**

- Apartment rent assumptions between the proposed Next Generation Crescent Apartments and Opus development are basically equivalent; $1.98-per-square-foot and $2.00-per-square-foot respectively.

- The proposed Opus development includes more ground-floor retail space, approximately 8,400 square feet, and this component of the development as summarized above is expected to generate most of the land value associated with the project.

- The lower parking costs, higher value supporting retail component, and more optimistic assumptions about the sales value of the built space associated with the Opus project are the primary elements that explain the smaller need for incentives for the project relative to the Next Generation Crescent Apartments project.

- Summary comparison of Next Generation and Opus proposals:

    - Each developer is proposing that Village-owned land be contributed at no cost;
    - Each developer proposes that the Village pay for any additional public parking it requires;
    - Opus appears to agree to replace the lost Village surface parking at its cost;

- Next Generation, however, requires financial assistance to replace some of the lost Village surface parking; and
- In addition, Next Generation is asking for further financial assistance to raise its level of return to meets its return on cost feasibility threshold.

IV. Additional Item for Consideration

Given that it appears the Village will need to contribute land, bear additional parking costs, and possibly assume costs associated with environmental remediation, it may be appropriate for the Village to participate in the share of returns that Opus may realize above the level needed for the project to be feasible.

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EXECUTIVE SUMMARY – TIF/SALES TAX PROJECTIONS

VILLAGE OF GLEN ELLYN, ILLINOIS – OPUS GROUP DEVELOPMENT CENTRAL BUSINESS DISTRICT TIF DISTRICT

September 12, 2014

Introduction

Opus Group or entities formed by it (the "Developer") has proposed to develop certain property located in the Central Business District TIF located on the west side of main Street and north of Hillside Avenue, which development would principally consist of the construction of the following uses (the "Mixed Use Development"):

1) 126 unit residential apartment units and associated parking spaces;
2) 8,500 s.f. retail/commercial space; and
3) 216 to 342 space parking deck for public use.

The Village of Glen Ellyn, Illinois (the "Village") has included the property in 2012 as part of a "redevelopment project area" (the "TIF District") per the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, as amended (the "TIF Act") pursuant to the Central Business District Redevelopment Plan and Project (the "TIF Plan") thereby allowing the Village to use the property tax increment generated thereby to pay for certain eligible redevelopment costs (the "Incremental Property Taxes"). The Village is also expects to collect taxes received by the Village pursuant to the Retailer's Occupation Tax Act, Service Occupation Tax Act, Use Tax Act, the Service Use Tax Act, the Home Rule Municipal Retailers' Tax Act and the Home Rule Service Occupation Tax Act (collectively, the "Local Sales Taxes"). These taxes are not required to be deposited in the TIF fund.

The following preliminary analyses provide a projection of the Incremental Property Taxes that would be generated by the Mixed Use Development. The attached Exhibit A provides a brief description of the general assumptions that are used in the analysis.

The following is a description of the three Incremental Property Tax scenarios analyzed herein:

Scenario No. 1: Maximum 40% School District Tuition Allocation
Scenario No. 2: Mid Point 20% School District Tuition Allocation
Scenario No. 3: Minimum 0% School District Tuition Allocation (assumes no new school age children generated by the Mixed Use Development)

The following preliminary analysis also provides a projection of the Local Sales Taxes that could be generated by the retail portion of the Mixed Use Development. The attached Exhibit A provides a brief description of the general assumptions that are used in the analyses.

Kane, McKenna and Associates, Inc. ("Kane, McKenna") has reviewed the materials in relation to available file material, industry reports and research of comparable properties. **Certain of the general assumptions described in Exhibit A have been provided by the Developer. Kane, McKenna has not been provided with any type of marketing studies related to the retail portion of the Project and has utilized industry averages for the projections. The purpose of the analysis contained herein is to determine the incremental property tax and sales tax revenue benefits derived from the Mixed Use Development.**

Analysis of Projected Incremental Property Taxes

The Village's TIF Plan provides for the statutory payments to the school districts for the reimbursement of up to 40% of the Incremental Property Taxes generated by the residential portion of the Mixed Use Development for the per capita tuition costs associated with the net new students to the school districts residing in the residential units. It is important to note that the actual payment to the school districts is based on the presence of new school age children residing in the Project and evidenced annually. To the extent that the 40% allocation is not paid out (number of school children times per capital tuition charge less State aid), the Village retains the remainder of the 40% allocation. For purposes of the analyses, the residential development Incremental Property Tax projections assume up to 40% of the increment is allocated to the potential student tuition reimbursement requirements (the "Student Payments") and projects that the remainder of the residential development Incremental Property Taxes (60%) and 100% of the retail portion of the Mixed Use Development are available.

In addition, sensitivity analysis is undertaken to estimate alternate levels of school tuition allocations – either 20% or 0% – in order to frame the analysis based on actual school age children that may reside in the Mixed Use Development – which is based on an annual accounting tied to actual students residing in the Project during the year of the calculation.

The equalized assessed value of the properties used to determine the initial equalized assessed value for the TIF District is $459,611 (the "Base EAV"). The following Table 1 is a list of the parcels and their respective assessed values determined at the time of the creation of the TIF District:

PIN	BASE TIF EAV
05-11-327-005	$0
05-11-327-007	$0
05-11-327-008	$0
05-11-327-016	$0
05-11-327-023	$459,611
05-11-327-025	$0
05-11-327-026	$0
Total	**$459,611**

Furthermore, the analyses herein also assume that the 2013 state equalization factor (1.0000) and a two year average property tax rate (8.1934) are applicable to all calculations of property taxes.

Exhibit A is a preliminary analysis of the projected amount of Incremental Property Taxes that would be generated by the Mixed Use Development.

Exhibit A also includes an analysis of the projected equalized assessed valuation of the Mixed Use Development during the absorption period; and

Provides a projection of the Incremental Property Taxes that would be generated by the Mixed Use Development after the provision for Student Payments under the maximum allocation (40%), mid point allocation (20%) and no student assumption (0%).

Analysis of Projected Sales Taxes

Exhibit A also includes a preliminary analysis of the projected amount of Local Sales Taxes that could be generated by the retail portion based on the average for the Project retail square footage of space.

The retail sales estimates would need to be supplemented by actual user data as tenants are identified by the Developer.

Summary

Analysis of Projected Incremental Property Taxes

Pursuant to the requirements of the TIF Act, the analysis provides for the maximum amount of the Student Payments to be paid to the school districts servicing the area. Furthermore, the TIF Act provides that the Village may reimburse itself for administrative costs relating to a redevelopment project area. None of the analyses provide for the reimbursement of any administrative costs but the Village can allow for the payment of such costs as the analysis is refined.

Summary Table

The following is a summary of the Incremental Property Taxes and Local Sales Taxes projected to be generated by each of the school allocation scenarios.

Incremental Property Taxes	
Gross Incremental Taxes	$8,245,178
NPV of Total Incremental Property Taxes (100%) @4.0% (assumes 0% school allocation)	$5,155,637
NPV of Total Incremental Property Taxes (100%) @4.5% (assumes 0% school allocation)	$4,883,655
Incremental Property Taxes (After School Allocations)	
Gross After 40% Allocation	$5,155,535
NPV of Incremental Property Taxes After 40% Allocation @4.0%	$3,223,710
NPV of Total Incremental Property Taxes (After 40%) @5.0%	$3,053,646
Gross After 20% Allocation	$6,700,356
NPV of Incremental Property Taxes After 20% Allocation @4.0%	$4,189,673
NPV of Total Incremental Property Taxes After 20% @4.5%	$3,968,651
Local Sales Taxes	
Total Local Sales Taxes	$1,017,662

EXHIBIT A

General Assumptions

Construction of the Mixed Use Development would commence in the 1st quarter of 2015; completion and initial occupancy in 2016; fully stabilized property tax assessment in 1st quarter of 2017.

Mixed Use Development

Project Description	Size (sq.ft./Units)	Market Value Estimate (sq.ft./Unit)
Residential Rental	126	$100,000/per unit
Retail/Commercial	8,500	$100/per s.f.

- Assume average sales of $250/s.f. for the retail portion
- Sales growth rate assumes inflation at 2.0% annually for first 10 years and 2.5% thereafter
- Sales tax rate – 1.0% Village portion of state sales tax and 1.0% home rule sales tax
- Projections of sales tax collections adjusted for lag in receipt from State and accounting by Village (projected sales tax for each year based on 25% of collections from prior year and 75% of collections from current year) for each year thereafter
- Non-sales tax generating uses – assume 75% of retail uses generate sales tax

- 2012 and 2013 Average Tax Rate = 8.1934%
- State Multiplier = 1.000

- Annual growth rate for property assessments = 2.0%
- Tax collection – one year in arrears, e.g., 2015 taxes collected in 2016
- County assessment rate of 33.33% was used to determine the assessed value of the Mixed Use Development
- TIF expires in 2035 (final property tax collection year of 2036)

EXHIBIT B

MIXED USE DEVELOPMENT PROJECTIONS AND ASSUMPTIONS

Village of Glen Ellyn, Illinois
Proposed Opus Redevelopment
Projected Incremental Taxes

Component Name	Project Description	Class Code	Occupancy Date	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
					Levy Year:	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9	Yr.10	Yr. 11
1	Retail	3	Jan-16	8,500	100.00	0	0	73,668	300,646	306,658	312,792	319,047	325,428	331,937	338,576
2	Parking in Residential Rental	3	Jan-16	0	0.00	0	0	0	0	0	0	0	0	0	0
3	Residential Rental	4	Jan-16	126	100,000.00	0	0	1,092,311	4,456,628	4,545,760	4,636,676	4,729,409	4,823,997	4,920,477	5,018,887
Total EAV All Components						0	0	1,165,998	4,757,273	4,852,419	4,949,467	5,048,457	5,149,426	5,252,414	5,357,463
I. Incremental Property Taxes:															
(a) Base EAV						459,611	459,611	459,611	459,611	459,611	459,611	459,611	459,611	459,611	459,611
(b) Incremental EAV						0	0	706,387	4,297,662	4,392,608	4,489,856	4,588,846	4,689,815	4,792,803	4,897,852
(c) Tax Rate 8.1934%						8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%
(d) Total Est. Incremental Property Taxes						0	0	0	57,877	352,123	359,918	367,870	375,980	384,253	392,691
Cumulative Incremental Property Taxes						0	0	0	57,877	409,999	769,917	1,137,787	1,513,767	1,898,020	2,290,711
(e) Incremental Property Taxes Set Aside for School Districts	40.0% of residential tax increment					0	0	0	21,688	131,948	134,869	137,849	140,888	143,988	147,150
Cumulative School Payments - Maximum						0	0	0	21,688	153,635	288,504	426,353	567,241	711,228	858,378
(f) Est. Incremental Property Taxes Available After School Payments						0	0	0	36,189	220,175	225,049	230,021	235,092	240,265	245,541
(e) TIF Administrative Costs						0	0	0	0	0	0	0	0	0	0
(f) Cumulative Administrative Costs						0	0	0	0	0	0	0	0	0	0
(g) Incremental Property Taxes						0	0	0	36,189	220,175	225,049	230,021	235,092	240,265	245,541
(h) Cumulative Incremental Property Taxes						0	0	0	36,189	256,364	481,413	711,434	946,527	1,186,792	1,432,333
II. Sales Taxes															
(a) Village Portion of State Sales Taxes Collected						0	0	4,974	20,296	20,702	21,116	21,538	21,969	22,408	22,856
(b) Home Rule Sales Taxes Collected						0	0	4,974	20,296	20,702	21,116	21,538	21,969	22,408	22,856
(e) Sales Tax Collected (25% From Prior Year/75% From Current Year)						0	0	9,949	40,591	41,403	42,231	43,076	43,937	44,816	45,712
(f) Cumulative Incremental Sales Tax Collected						0	0	9,949	50,540	91,943	134,174	177,250	221,187	266,003	311,715
III. Total Incremental Taxes Assumes Maximum 40% School Allocation															
(a) Incremental Property Taxes						0	0	0	36,189	220,175	225,049	230,021	235,092	240,265	245,541
(b) Incremental Sales Taxes						0	0	9,949	40,591	41,403	42,231	43,076	43,937	44,816	45,712
(c) Total Incremental Taxes						**0**	**0**	**9,949**	**76,780**	**261,578**	**267,280**	**273,097**	**279,030**	**285,081**	**291,254**
(d) Cumulative Total Incremental Taxes						**0**	**0**	**9,949**	**86,729**	**348,307**	**615,587**	**888,684**	**1,167,714**	**1,452,795**	**1,744,049**
(i) NPV of Incremental Property Taxes @	**4.00%**					**0**	**0**	**0**	**33,459**	**229,193**	**421,566**	**610,627**	**796,424**	**979,006**	**1,158,421**
(j) NPV of Incremental Property Taxes @	**4.50%**					**0**	**0**	**0**	**33,139**	**226,078**	**414,795**	**599,376**	**779,903**	**956,456**	**1,129,117**
IV. Sensitivity Analysis Assumes 20% or 0% School Allocation															
(a) Incremental Property Taxes with 20% Allocation						0	0	0	47,033	286,149	292,484	298,945	305,536	312,259	319,116
(b) Cumulative Incremental Property Taxes						0	0	0	47,033	333,182	625,665	924,611	1,230,147	1,542,406	1,861,522
(c) NPV of Incremental Property Taxes @	**4.00%**					0	0	0	43,485	297,870	547,888	793,597	1,035,067	1,272,358	1,505,533
(d) NPV of Incremental Property Taxes @	**4.50%**					0	0	0	43,069	293,821	539,066	778,975	1,013,595	1,243,052	1,467,450
(e) Incremental Property Taxes with 0% Allocation						0	0	0	57,877	352,123	359,918	367,870	375,980	384,253	392,691
(f) Cumulative Incremental Property Taxes						0	0	0	57,877	409,999	769,917	1,137,787	1,513,767	1,898,020	2,290,711
(g) NPV of Incremental Property Taxes @	**4.00%**					0	0	0	53,510	366,546	674,206	976,568	1,273,710	1,565,711	1,852,646
(h) NPV of Incremental Property Taxes @	**4.50%**					0	0	0	53,000	361,563	663,377	958,574	1,247,288	1,529,648	1,805,782

Opus Tax Pro Forma Analysis 09.08.14.xlsx

Village of Glen Ellyn, Illinois
Proposed Opus Redevelopment
Projected Incremental Taxes

Component Name	Project Description	Class Code	Occupancy Date	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
					Levy Year:	Yr. 12	Yr. 13	Yr. 14	Yr. 15	Yr. 16	Yr. 17	Yr. 18	Yr. 19	Yr. 20	Yr. 21
1	Retail	3	Jan-16	8,500	100.00	345,347	352,254	359,299	366,485	373,815	381,291	388,917	396,695	404,629	412,722
2	Parking in Residential Rental	3	Jan-16	0	0.00	0	0	0	0	0	0	0	0	0	0
3	Residential Rental	4	Jan-16	126	100,000.00	5,119,265	5,221,650	5,326,083	5,432,605	5,541,257	5,652,082	5,765,123	5,880,426	5,998,034	6,117,995
Total EAV All Components						5,464,612	5,573,904	5,685,382	5,799,090	5,915,072	6,033,373	6,154,040	6,277,121	6,402,664	6,530,717
I. Incremental Property Taxes:															
(a) Base EAV						459,611	459,611	459,611	459,611	459,611	459,611	459,611	459,611	459,611	459,611
(b) Incremental EAV						5,005,001	5,114,293	5,225,771	5,339,479	5,455,461	5,573,762	5,694,429	5,817,510	5,943,053	6,071,106
(c) Tax Rate 8.1934%						8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%
(d) Total Est. Incremental Property Taxes						401,298	410,077	419,032	428,166	437,482	446,985	456,678	466,565	476,649	486,935
Cumulative Incremental Property Taxes						2,692,009	3,102,087	3,521,119	3,949,284	4,386,767	4,833,752	5,290,429	5,756,994	6,233,643	6,720,578
(e) Incremental Property Taxes Set Aside for School Districts	40.0% of residential tax increment					150,375	153,665	157,020	160,443	163,934	167,495	171,127	174,832	178,610	182,465
Cumulative School Payments - Maximum						1,008,753	1,162,418	1,319,438	1,479,881	1,643,814	1,811,309	1,982,436	2,157,268	2,335,878	2,518,343
(f) Est. Incremental Property Taxes Available After School Payments						250,923	256,413	262,012	267,723	273,546	279,490	285,551	291,733	298,039	304,470
(e) TIF Administrative Costs						0	0	0	0	0	0	0	0	0	0
(f) Cumulative Administrative Costs						0	0	0	0	0	0	0	0	0	0
(g) Incremental Property Taxes						250,923	256,413	262,012	267,723	273,548	279,490	285,551	291,733	298,039	304,470
(h) Cumulative Incremental Property Taxes						1,683,256	1,939,669	2,201,681	2,469,404	2,742,952	3,022,442	3,307,993	3,599,726	3,897,765	4,202,235
II. Sales Taxes															
(a) Village Portion of State Sales Taxes Collected						23,313	23,896	24,494	25,106	25,733	26,377	27,036	27,712	28,405	29,115
(b) Home Rule Sales Taxes Collected						23,313	23,896	24,494	25,106	25,733	26,377	27,036	27,712	28,405	29,115
(e) Sales Tax Collected (25% From Prior Year/75% From Current Year)						46,627	47,792	48,987	50,212	51,467	52,754	54,072	55,424	56,810	58,230
(f) Cumulative Incremental Sales Tax Collected						358,342	406,134	455,121	505,333	556,800	609,553	663,626	719,050	775,860	834,090
III. Total Incremental Taxes Assumes Maximum 40% School Allocation															
(a) Incremental Property Taxes						250,923	256,413	262,012	267,723	273,548	279,490	285,551	291,733	298,039	304,470
(b) Incremental Sales Taxes						46,627	47,792	48,987	50,212	51,467	52,754	54,072	55,424	56,810	58,230
(c) Total Incremental Taxes						297,550	304,205	310,999	317,935	325,015	332,244	339,623	347,157	354,848	362,700
(d) Cumulative Total Incremental Taxes						2,041,598	2,345,803	2,656,802	2,974,737	3,299,752	3,631,996	3,971,619	4,318,776	4,673,625	5,036,325
(i) NPV of Incremental Property Taxes @	4.00%					1,334,716	1,507,939	1,678,137	1,845,356	2,009,642	2,171,041	2,329,597	2,485,355	2,638,360	2,788,655
(j) NPV of Incremental Property Taxes @	4.50%					1,297,965	1,463,076	1,624,527	1,782,394	1,936,749	2,087,666	2,235,216	2,379,469	2,520,494	2,658,358
IV. Sensitivity Analysis Assumes 20% or 0% School Allocation															
(a) Incremental Property Taxes with 20% Allocation						326,111	333,245	340,522	347,944	355,515	363,238	371,114	379,149	387,344	395,703
(b) Cumulative Incremental Property Taxes						2,187,633	2,520,878	2,861,400	3,209,344	3,564,859	3,928,097	4,299,211	4,678,360	5,065,704	5,461,406
(c) NPV of Incremental Property Taxes @	4.00%					1,734,654	1,959,783	2,180,979	2,398,304	2,611,818	2,821,576	3,027,645	3,230,075	3,428,927	3,624,257
(d) NPV of Incremental Property Taxes @	4.50%					1,686,891	1,901,477	2,111,306	2,316,476	2,517,083	2,713,222	2,904,984	3,092,462	3,275,743	3,454,916
(e) Incremental Property Taxes with 0% Allocation						401,298	410,077	419,032	428,166	437,482	446,985	456,678	466,565	476,649	486,935
(f) Cumulative Incremental Property Taxes						2,692,009	3,102,087	3,521,119	3,949,284	4,386,767	4,833,752	5,290,429	5,756,994	6,233,643	6,720,578
(g) NPV of Incremental Property Taxes @	4.00%					2,134,593	2,411,627	2,683,822	2,951,253	3,213,993	3,472,116	3,725,693	3,974,796	4,219,494	4,459,859
(h) NPV of Incremental Property Taxes @	4.50%					2,075,818	2,339,876	2,598,085	2,850,558	3,097,417	3,338,777	3,574,752	3,805,454	4,030,993	4,251,477

Opus Tax Pro Forma Analysis 09.08.14.xlsx

Village of Glen Ellyn, Illinois
Proposed Opus Redevelopment
Projected Incremental Taxes

Component Name	Project Description	Class Code	Occupancy Date	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	Levy Year: 2034 Yr. 22	TIF Expiration 2035 Yr. 23	Final Collection 2036 Yr. 24
1	Retail	3	Jan-16	8,500	100.00	420,976	429,396	437,984
2	Parking in Residential Rental	3	Jan-16	0	0.00	0	0	0
3	Residential Rental	4	Jan-16	126	100,000.00	6,240,355	6,365,162	6,492,465
Total EAV All Components						6,661,331	6,794,558	6,930,449
I. Incremental Property Taxes:								
(a) Base EAV						459,611	459,611	459,611
(b) Incremental EAV						6,201,720	6,334,947	6,470,838
(c) Tax Rate 8.1934%						8.1934%	8.1934%	8.1934%
(d) Total Est. Incremental Property Taxes						497,427	508,129	519,044
Cumulative Incremental Property Taxes						7,218,005	7,726,134	8,245,178
(e) Incremental Property Taxes Set Aside for School Districts		40.0% of residential tax increment				186,396	190,407	194,497
Cumulative School Payments - Maximum						2,704,739	2,895,146	3,089,643
(f) Est. Incremental Property Taxes Available After School Payments						311,031	317,722	324,547
(e) TIF Administrative Costs						0	0	0
(f) Cumulative Administrative Costs						0	0	0
(g) Incremental Property Taxes						311,031	317,722	324,547
(h) Cumulative Incremental Property Taxes						4,513,266	4,830,988	5,155,535
II. Sales Taxes								
(a) Village Portion of State Sales Taxes Collected						29,843	30,589	31,354
(b) Home Rule Sales Taxes Collected						29,843	30,589	31,354
(e) Sales Tax Collected (25% From Prior Year/75% From Current Year)						59,686	61,178	62,708
(f) Cumulative Incremental Sales Tax Collected						893,776	954,954	1,017,662
III. Total Incremental Taxes Assumes Maximum 40% School Allocation								
(a) Incremental Property Taxes						311,031	317,722	324,547
(b) Incremental Sales Taxes						59,686	61,178	62,708
(c) Total Incremental Taxes						**370,716**	**378,900**	**387,255**
(d) Cumulative Total Incremental Taxes						**5,407,042**	**5,785,942**	**6,173,197**
(i) NPV of Incremental Property Taxes @		**4.00%**				**2,936,284**	**3,081,288**	**3,223,710**
(j) NPV of Incremental Property Taxes @		**4.50%**				**2,793,129**	**2,924,870**	**3,053,648**
IV. Sensitivity Analysis Assumes 20% or 0% School Allocation								
(a) Incremental Property Taxes with 20% Allocation						404,229	412,925	421,796
(b) Cumulative Incremental Property Taxes						5,865,635	6,278,561	6,700,356
(c) NPV of Incremental Property Taxes @		**4.00%**				**3,816,121**	**4,004,575**	**4,189,673**
(d) NPV of Incremental Property Taxes @		**4.50%**				**3,630,071**	**3,801,287**	**3,968,651**
(e) Incremental Property Taxes with 0% Allocation						497,427	508,129	519,044
(f) Cumulative Incremental Property Taxes						7,218,005	7,726,134	8,245,178
(g) NPV of Incremental Property Taxes @		**4.00%**				**4,695,959**	**4,927,862**	**5,155,637**
(h) NPV of Incremental Property Taxes @		**4.50%**				**4,467,013**	**4,677,705**	**4,883,655**

Opus Tax Pro Forma Analysis 09.08.14.xlsx

B-3

PRELIMINARY - FOR DISCUSSION PURPOSES ONLY

Village of Glen Ellyn, Illinois
Proposed Opus Redevelopment
Preliminary User Assumptions

Component Name	Project Description	Class Code	Occupancy Date	Building Sq. Ft./ # Units	Avg. Initial Market Value Sq. Ft./Unit	Sq. Ft. Gen. Sales Tax	Avg. Initial Sales Sq. Ft./Unit	% Sales Taxable (Local Sales Tax)	% Sales Taxable (Home Rule Sales Tax)
1	Retail	3	Jan-16	8,500	100.00	6,375	300	100%	100%
2	Parking in Residential Rental	3	Jan-16		0.00	0	0	0%	0%
3	Residential Rental	4	Jan-16	126	100,000.00	0	0	0%	0%
Totals						6,375			

Notes:

Class Codes:

Exempt	0
Industrial (6B Eligible)	1
Industrial	2
Commercial	3
Residential	4
Vacant Land	5

Comps			per unit	
The Residences at the Grove, AMLI at Seven			100,000	avg.
Bridges Elm Creek Regency Place				
Residential Worksheet NOI/Cap Rate				
Net Income w Parking	2,027,700	less retail		
5.5% vacancy/bad debt	0	N/A		
Income before Expenses	0	N/A		
Operating Expenses	0	N/A		
NOI	2,027,700			
Estimated County Cap Rate	10.00%			
			per unit	
Est. Market Value	20,277,000		160,929	high in relation
Assessment Rate	33.33%			to comps
EAV	6,758,324			
Tax Rate	8.19%			
Taxes	553,733		4,395	

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PRELIMINARY - FOR DISCUSSION PURPOSES ONLY

Village of Glen Ellyn, Illinois
Proposed Opus Redevelopment
General Assumptions

Sales Tax Inflation Rate (Yr. 1-10)		2.0%
Sales Tax Inflation Rate (11-25)		2.5%
Property Tax Inflation Rate		2.0%
% Inc. Prop. Tax for Project		100.0%
Tax Rate Code 6275		8.1934%
2 year average		
Equalizer (2012)		1.0000
Industrial Assmnt. Rate		33.3%
Commercial Assmnt. Rate		33.3%
Residential Assmnt. Rate		33.3%
Vac. Land Assmnt. Rate		33.3%
Assmnt. Rate		33.3%
First Levy Year		2014
First Tax Collection Yr.		2015
Annual Absorption of Units		100.0%
Local Sales Tax Rate		1.00%
Home Rule Sales Tax Rate		1.00%
Base Sales Taxes		0
Homeowners Exemption		0
Initial Absorption Rates:		
	Prop. Tax	Sales Tax
1	25.0%	25.0%
2	25.0%	25.0%
3	25.0%	25.0%
4	0.0%	0.0%
5	0.0%	0.0%
6	0.0%	0.0%
7	0.0%	0.0%
8	0.0%	0.0%
9	0.0%	0.0%
10	0.0%	0.0%
11	0.0%	0.0%
12	0.0%	0.0%
13	0.0%	0.0%
14	0.0%	0.0%
15	0.0%	0.0%
16	0.0%	0.0%
17	0.0%	0.0%
18	0.0%	0.0%
19	0.0%	0.0%
20	0.0%	0.0%
Land	0.0%	

Year	Reassess. Factor	Sales Inflation Factor
2014	100.00%	100.00%
2015	102.00%	102.00%
2016	104.04%	104.04%
2017	106.12%	106.12%
2018	108.24%	108.24%
2019	110.41%	110.41%
2020	112.62%	112.62%
2021	114.87%	114.87%
2022	117.17%	117.17%
2023	119.51%	119.51%
2024	121.90%	121.90%
2025	124.34%	124.95%
2026	126.82%	128.07%
2027	129.36%	131.27%
2028	131.95%	134.55%
2029	134.59%	137.92%
2030	137.28%	141.37%
2031	140.02%	144.90%
2032	142.82%	148.52%
2033	145.68%	152.24%
2034	148.59%	156.04%
2035	151.57%	159.94%
2036	154.60%	163.94%
2037	157.69%	168.04%
2038	160.84%	172.24%
2039	164.06%	176.55%
2040	167.34%	180.96%
2041	170.69%	185.48%
2042	174.10%	190.12%
2043	177.58%	194.87%
2044	181.14%	199.75%

PRELIMINARY - FOR DISCUSSION PURPOSES ONLY

Village of Glen Ellyn, Illinois
Proposed Opus Redevelopment
Absorption Assumptions

Absorp. Year	Annual Units/Sq. Ft. Occupied 1	2	3
2014			
2015			
2016	8,500		126
2017			
2018			0
Totals	8,500	0	126

Village of Glen Ellyn, Illinois
Proposed Opus Redevelopment
Estimate of Equalized Assessed Valuation - Absorption Period

Estimated Equalized Assessed Valuation for Tax Assessment Year: 2015

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Equalized Assessed Value	Tax Rate	Real Estate Taxes
1	Retail	3	8,500	100.00	0.00%	0.00%	102.00%	0	33.33%	0	1.00000	0	8.193%	0
2	Parking in Residential Rental	3	0	0.00	0.00%	0.00%	102.00%	0	33.33%	0	1.00000	0	8.193%	0
3	Residential Rental	4	126	100,000.00	0.00%	0.00%	102.00%	0	33.33%	0	1.00000	0	8.193%	0
Totals								0				0		0

Estimated Equalized Assessed Valuation for Tax Assessment Year: 2016

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Equalized Assessed Value	Tax Rate	Real Estate Taxes
1	Retail	3	8,500	100.00	25.00%	100.00%	104.04%	221,085	33.33%	73,688	1.00000	73,688	8.193%	6,037
2	Parking in Residential Rental	3	0	0.00	0.00%	0.00%	104.04%	0	33.33%	0	1.00000	0	8.193%	0
3	Residential Rental	4	126	100,000.00	25.00%	100.00%	104.04%	3,277,260	33.33%	1,092,311	1.00000	1,092,311	8.193%	89,497
Totals								3,498,345				1,165,998		95,534

Estimated Equalized Assessed Valuation for Tax Assessment Year: 2017

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Equalized Assessed Value	Tax Rate	Real Estate Taxes
1	Retail	3	8,500	100.00	100.00%	100.00%	106.12%	902,027	33.33%	300,646	1.00000	300,646	8.193%	24,633
2	Parking in Residential Rental	3	0	0.00	0.00%	0.00%	106.12%	0	33.33%	0	1.00000	0	8.193%	0
3	Residential Rental	4	126	100,000.00	100.00%	100.00%	106.12%	13,371,221	33.33%	4,456,628	1.00000	4,456,628	8.193%	365,147
Totals								14,273,248				4,757,273		389,780

Estimated Equalized Assessed Valuation for Tax Assessment Year: 2018

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Equalized Assessed Value	Tax Rate	Real Estate Taxes
1	Retail	3	8,500	100.00	100.00%	100.00%	108.24%	920,067	33.33%	306,658	1.00000	306,658	8.193%	25,126
2	Parking in Residential Rental	3	0	0.00	0.00%	0.00%	108.24%	0	33.33%	0	1.00000	0	8.193%	0
3	Residential Rental	4	126	100,000.00	100.00%	100.00%	108.24%	13,638,645	33.33%	4,545,760	1.00000	4,545,760	8.193%	372,450
Totals								14,558,713				4,852,419		397,576

Village of Glen Ellyn, Illinois
Proposed Opus Redevelopment
Projected Incremental Sales Taxes - Absorption Period

Estimated Sales Taxes for Tax Collection Year: 2015

Component Name	Project Description	Class Code	Sq. Ft. Generating Sales Tax	Sales Sq. Ft./Unit	% Occupied for Year	% Occupancy	Sales Inflation Factor	Total Sales	Local Sales Tax Rate	% Taxable (Local Sales Tax Rate)	Local Sales Taxes	Home Rule Sales Tax Rate	% Taxable (Home Rule Sales Tax Rate	Total Sales Subj. to Home Rule Tax	Home Rule Sales Taxes	Total Sales Taxes
1	Retail	3	6,375	300	0.00%	0.00%	102.00%	0	1.0%	100.0%	0	1.00%	100.0%	0	0	0
2	Parking in Residential Rental	3	0	0	0.00%	0.00%	102.00%	0	1.0%	0.0%	0	1.00%	0.0%	0	0	0
3	Residential Rental	4	0	0	0.00%	0.00%	102.00%	0	1.0%	0.0%	0	1.00%	0.0%	0	0	0
Totals								0			0			0	0	0

Estimated Sales Taxes for Tax Collection Year: 2016

Component Name	Project Description	Class Code	Sq. Ft. Generating Sales Tax	Sales Sq. Ft./Unit	% Occupied for Year	% Occupancy	Sales Inflation Factor	Total Sales	Local Sales Tax Rate	% Taxable (Local Sales Tax Rate)	Local Sales Taxes	Home Rule Sales Tax Rate	% Taxable (Home Rule Sales Tax Rate	Total Sales Subj. to Home Rule Tax	Home Rule Sales Taxes	Total Sales Taxes
1	Retail	3	6,375	300	25.00%	100.00%	104.04%	497,441	1.0%	100.0%	4,974	1.00%	100.0%	497,441	4,974	9,949
2	Parking in Residential Rental	3	0	0	0.00%	0.00%	104.04%	0	1.0%	0.0%	0	1.00%	0.0%	0	0	0
3	Residential Rental	4	0	0	25.00%	100.00%	104.04%	0	1.0%	0.0%	0	1.00%	0.0%	0	0	0
Totals								497,441			4,974			497,441	4,974	9,949

Estimated Sales Taxes for Tax Collection Year: 2017

Component Name	Project Description	Class Code	Sq. Ft. Generating Sales Tax	Sales Sq. Ft./Unit	% Occupied for Year	% Occupancy	Sales Inflation Factor	Total Sales	Local Sales Tax Rate	% Taxable (Local Sales Tax Rate)	Local Sales Taxes	Home Rule Sales Tax Rate	% Taxable (Home Rule Sales Tax Rate	Total Sales Subj. to Home Rule Tax	Home Rule Sales Taxes	Total Sales Taxes
1	Retail	3	6,375	300	100.00%	100.00%	106.12%	2,029,560	1.0%	100.0%	20,296	1.00%	100.0%	2,029,560	20,296	40,591
2	Parking in Residential Rental	3	0	0	0.00%	0.00%	106.12%	0	1.0%	0.0%	0	1.00%	0.0%	0	0	0
3	Residential Rental	4	0	0	100.00%	100.00%	106.12%	0	1.0%	0.0%	0	1.00%	0.0%	0	0	0
Totals								2,029,560			20,296			2,029,560	20,296	40,591

FINANCIAL ANALYSIS OF CRESCENT DEVELOPMENT

A Memorandum Report to

Village of Glen Ellyn

From

GRUEN GRUEN + ASSOCIATES
Urban Economists, Market Strategists and Land Use/Public Policy Analysts
Pre-development Services

January 2014

C1366

APPLYING KNOWLEDGE
CREATING RESULTS
ADDING VALUE

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GRUEN GRUEN + ASSOCIATES
MEMORANDUM

Date: January 2, 2014
To: Mark Franz
From: Gruen Gruen + Associates
Subject: C1366 Financial Analysis of Crescent Development

INTRODUCTION AND KEY CONCLUSIONS

The following memorandum presents an analysis of the proposed multi-family Crescent Development based upon information furnished by Next Generation Development, LLC ("Next Generation").

We first ask whether it would be feasible for the developer to pay the sales price for the land needed from a private owner to site the development as well pay for land owned by the Village of Glen Ellyn also needed to site the proposed development. For the initial analysis, we factor in parking costs for the residential development but exclude the costs and revenues associated with parking proposed to be built, maintained, and occupied by the Village of Glen Ellyn. The Village would own two levels of the completed garage in lieu of the public land contributed to the project.

We then summarize our understanding of the developer's request for a subsidy and explain why the subsidy is requested. Because the real estate economic analysis suggests that the developer cannot finance the development if it is required to pay a specified amount upfront for the Village land, a participation agreement is suggested so that if the project returns exceed the "hurdle rate" or minimum feasibility threshold, the Village would "participate" in a portion of the excess return and therefore obtain value for the land contributed to the project. It would not be unreasonable for the Village to obtain 50 percent of the excess return, up to the appraised value of the land and tax abatement/subsidy the Village contributes to the development.

As shown in the section below presenting the comparison of the potential subsidy requested by the developer and estimated potential tax revenue that would accrue to the Tax Increment Finance District ("TIF"), assuming a "pay-as you" TIF, the Village would need to pay "out of pocket" for some portion of 261 public parking spaces proposed to be built (this includes 107 spaces that would replace lost surface parking). Under the most conservative forecast TIF increment (prepared by the developer) to remain with the Village, the requested subsidy to the developer will support the development of both the apartment units and associated private parking requirements (241 spaces) while generating funds to replace approximately <u>60 of the existing Village surface parking spaces</u>. For purposes of this analysis, we used the developer's conservative TIF revenue (property tax increment) projections (see Table 1 below) in estimating

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the amount of dollars the Village will need to pay outside of the TIF to fund the parking structure. Input from the Milton Township Assessor suggests a higher assessed value of the apartment property upon completion could result and therefore higher TIF increment could be generated.[1]

If following more extensive due diligence the developer finds it can reduce development costs further or obtain higher rents than currently anticipated and therefore reduce the need for a subsidy to bridge the feasibility gap, then less funds would be required from the General Fund to pay the shortfall. Under the current estimates provided, for the overall parking capacity additions to be made and apartment development to be feasible, the Village will need to allocate dollars beyond those generated from the TIF increment and the developer's rent payments from the General Fund.

TABLE 1

Estimated Parking Garage Funding Shortfall

Net Present Value of Village Revenue[1]	
20-Year Master Lease Payments[2]	$8,625,377
20-Year TIF Revenue (Village Portion)	$1,536,129
Total Net Present Value Village Revenue	$10,161,506
Parking Garage Construction Cost[3]	
Private Parking (241 Spaces)	$8,156,614
Public Replacement Parking (107 Spaces)	$3,621,401
Public New Parking (154 Spaces)	$5,212,110
Total Construction Cost	$16,990,125
Estimated Parking Garage Funding Shortfall	$6,828,619
Percent of Garage Funded by Revenue from Master Lease and TIF Allocated to Village	
Private Parking (241 Spaces)	100.0%
Public Replacement Parking (107 Spaces)	55.4%
Public New Parking (154 Spaces)	0.0%
Number of Parking Spaces Village Would Pay "Out of Pocket"	202 spaces

[1] Based on annual discount rate of 4.2%.
[2] Based on annual master lease payment of $645,961 over 20 years.
[3] Construction cost estimate from Next Generation Development.

Sources: Next Generation Development; Gruen Gruen + Associates.

[1] If annual increment were to approximate $710,000 per year (as opposed to $422,500 as estimated by the developer), which may be reasonable to expect based upon preliminary input from the Milton Township Assessor, the funding shortfall would decrease to only $3.6 million. Holding all other inputs the same, for every dollar increase of property tax above $422,500, the net operating income of the development would reduce by a dollar. Therefore, the investment feasibility threshold would be impacted accordingly.

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In order to bridge the feasibility gap associated with the proposed residential development and associated parking and pay for the replacement of lost parking and new additional parking, using the most conservative TIF property tax forecast would require the Village to contribute approximately $6.8 million from sources other than the TIF. This contribution would essentially cover 44.6 percent of the costs of the replacement parking and all of the new, additional parking that the proposed development cannot feasibly support.

Based upon the developer's yield on cost requirement of seven percent, the developer has requested an annual tax abatement or rebate of TIF equal to $293,741. Without the requested 20-year property tax abatement, the net annual operating income is estimated at approximately $2,205,000. Based upon the seven percent yield requirement, this suggests an "acceptable" residential project cost of approximately $31.5 million. Total project costs including land are estimated at $35.7 million. Accordingly, a gap of approximately $4.2 million exists. Seven percent of the funding gap is equal to $293,741; which represents the amount of annual tax abatement requested. (Capitalizing $293,741 at seven percent equals $4,196,300).

The requested property tax abatement is equivalent to 70 percent of the total property tax increment ($422,500) the developer has estimated will be generated by the residential project. **Over 20 years, the present value of this stream of dollars equates to $1,838,622 assuming a 15 percent annual discount rate (matching the required equity return rate). In essence, the requested incentive of $293,741 per year raises the net operating income to a level generating the required yield on cost of seven percent and therefore achieving the feasibility threshold.**

In addition, the developer has requested that the Village construct the parking facilities which would serve the residents, replace 107 spaces of existing surface parking, and add 154 new spaces sought by the Village. The developer has proposed to pay rent to the Village that would more than cover the estimated annual debt service costs attributable to the development of the 241 residential spaces. The "excess" rent payments would also offset some of the costs of replacing the surface parking lost due to the development. Under the proposal, then, the Village will add new parking spaces at the full cost; replace parking spaces lost at less than the full cost of replacement, while the rent payment will amortize the costs of the residential parking.

PRESENT VALUE OF REVENUE TO VILLAGE INSUFFICIENT TO PAY TOTAL COSTS OF PARKING GARAGE

As indicated above, **the two revenue sources (master lease plus Village portion of tax increment) will not fund all debt service requirements of the parking garage if the Village were to issue a 20-year General Obligation bond. The estimated parking garage construction cost exceeds the present value of Village revenue by approximately $6.8**

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million.[2] In addition to debt service and bond issuance costs, on-going expenses to maintain and operate the garage and capital replacement reserves to ensure the long-term operability of the garage will need to be accounted for.

The shortfall is attributable to the provision of new, additional parking spaces and the need to replace surface parking costs that are not fully offset by the developer's rent payments and anticipated available TIF increment. For example, under the forecast TIF increment, the subsidy to the developer will support the development of both the apartment units and associated private parking requirements (241 spaces) while generating funds to replace approximately 55 percent or 60 of the existing Village surface parking spaces. None of the additional planned public parking spaces would be funded by the two Village revenue sources. The Village would be required to fund, from other revenue sources, approximately 200 of the planned public parking spaces. Given the current real estate economics of the residential development, absent rents increasing or costs proving lower than currently anticipated, the residential project itself cannot support any additional Village parking costs.

PARTICIPATION

Accordingly, if developer returns turn out to be higher than anticipated and which would otherwise have reduced the need for a subsidy, to compensate the Village for contributing the land and the subsidy to make the residential project and associated parking feasible, a participation arrangement should be part of the contemplated public-private transaction. The Village could potentially obtain value for the land contributed to the project or additional dollars to help offset the parking facility development costs at the onset by participating in a portion of any returns realized by the developer above the 15.1 percent threshold made possible by the Village's contribution of land, the tax abatement, and provision of parking facilities. Because the participation would be calculated upon the sale or refinancing of the project, underwriting or debt financing constraints will not apply and this would take into account the portion of return attributable to the sale of the property rather than the income it generates from the rental of apartment units.

[2] If annual increment were to approximate $710,000 per year (as opposed to $422,500 as estimated by the developer), which may be reasonable to expect based upon preliminary input from the Milton Township Assessor, the funding shortfall would decrease to only $3.6 million.

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The following reviews the essential elements of and estimates underlying the project.

PHYSICAL DEVELOPMENT PARAMETERS

The proposed program includes 185 multi-family apartment units and 241 parking spaces for the residents. Table 2 below summarizes the physical parameters of the proposed development.

TABLE 2: Residential Development Parameters	
Gross Site (Land) Area	2.10 Acres
Number of Apartment Units	185
Gross Building Area in Square Feet	194,98[illegible]
Net Building Area in Square Feet	162,4[illegible]
Average Unit Size in Square Feet	[illegible]
Number of Structured Parking Spaces[1]	241
[1] According to Next Generation Development, 241 spaces of the 502-space garage will be allocated to the apartment use.	
Sources: Next Generation Development; Gruen Gruen + Associates.	

The total site area is estimated at approximately 2.1 acres in size. The multi-family apartment building is planned to include 194,983 gross square feet of building space. Rentable space is estimated at 162,485 for an efficiency factor of approximately 83 percent. The average unit size approximates 878 square feet. A 3,774-square-foot potential commercial component has not been factored into the analysis.

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DEVELOPMENT COST PARAMETERS

Table 3 below summarizes expected development costs before land acquisition and financing, based on information provided by the developer. No costs associated with public parking are included.

TABLE 3: Residential Development Costs

	Total $
Site Development @ $19.15-Per-Square-Foot of Land	1,750,000
Residential Construction @ $120-Per-Square-Foot of Building Space[1]	23,397,830
Residential Amenities	1,385,500
Contingency and General Conditions	3,045,262
Residential Parking @ $33,845 Per Space	8,156,645
Hard Construction Costs	**[illegible]735,237**
Property Taxes	10[illegible],000
Permit and Impact Fees	1,335,385
Construction Management	1,827,866
Soft Construction Costs, Excluding Financing	**3,263,251**
Total Construction Costs, Excluding Land and Financing	**40,998,488**

[1]Includes adjustment to Type 3 construction of approximately $[illegible],950,000.

Sources: Next Generation Development; Gruen Gruen + Associates.

According to the developer, total hard construction costs, including site development, residential construction and amenities, general conditions, contingency, and residential parking are estimated at approximately $37.7 million or approximately $204,000 per apartment unit. Soft construction costs, excluding transaction fees and financing costs, are estimated at approximately $3.3 million. Total development costs, excluding land and financing are estimated at just under $41.0 million. Note for this analysis, we added the costs of the 241 spaces for the residential use into the development costs (excluding the rest of the parking structure costs).

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MARKET PARAMETERS

Table 4 summarizes the market parameters for the analysis, based on information furnished by the developer.

TABLE 4: Residential Market Parameters	
Average Monthly Rent Per Unit / Per Square Foot	$1,737 / $1.98
Annual Apartment Rent Escalation: Years 1 - 3 Year 4 Year 5+	 0% 1.81% 1.85%
Annual Operating Expenses Per Unit / Per Square Foot	$6,332 / $7[illegible]
Apartment Occupancy: Year 1 Year 2 Year 3+	 64.9% 95.0% 95.0%
Monthly Parking Revenue Per Space	$125
Sources: Next Generation Development; Gruen G[illegible]n + Associates.	

Average apartment rents are projected at $1,737 monthly or approximately $1.98-per-square-foot. No rent escalation is assumed to occur over the first three operating years of the project. Annual operating expenses are estimated at approximately $6,332 per unit or $7.21-per-square-foot. The apartments are projected to be approximately 65 percent occupied in the first operating year and 95 percent occupied each year thereafter. Monthly parking rent is estimated at $125 per space.

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FINANCING AND INVESTMENT PARAMETERS

Table 5 below summarizes the financing and investment parameters stipulated by the proposer.

TABLE 5: Financing and Investment Parameters of Apartment Use

Equity as Percent of Project Total	25.0%
Internal Rate of Return (IRR) on Equity Threshold	15.15%
Sale Year for IRR Calculation	Year [illegible]
Construction Loan:	
Annual Interest Rate	5.0%
Loan Points	0.5%
Sale Year Capitalization Rate	6.0%
Sale Expenses	3.0%

Sources: Next Generation Development; Gruen Gruen + Associates.

According to Next Generation Development, its equity investment in the project will be 25 percent of project costs. A 15.15 percent Internal Rate of Return ("IRR") on equity is required for the investment to be feasible. A construction loan at a five percent interest rate and one-half percent loan fee is assumed to be secured. The developer does not intend to secure long-term permanent financing.

The analysis assumes the developer will develop and hold the property for three years. The sale year capitalization rate is estimated at six percent and selling expenses are estimated at three percent of the transaction price.

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RESULTS OF RESIDUAL LAND VALUE ANALYSIS

Table 6 presents the results of the discounted cash flow analysis and estimate of residual land value.

TABLE 6: Results of Residual Land Value Analysis	
	Total $
Residual Land Value	2,035,500
Project Value:	
Construction Costs	40,999,000
Financing Costs	641,000
Loan Points	154,000
Total Project Value	[illegible],829,000
Equity	10,[illegible]7,000
Internal Rate of Return in Year 3	15.15%
Sources: Next Generation Development; Gruen Gruen + Associates.	

The results of the real estate economic analysis suggest that the project could support a land value of $2,035,000, while generating a 15 percent return on equity invested. Therefore, the project could support the land purchase cost of the third party seller (reported at $1.725 million). Note this result reflects the appreciation or value of the property sold soon after completion of construction and lease up generates a significant portion of the return on equity investment. The supportable land value would not be sufficient to cover the appraised value of the Village-owned land. In addition, it is important to note that holding all other inputs the same, a longer holding period before the property is assumed to be sold would result in a lower residual land value in order to generate the target rate of return.

DEVELOPER REQUEST FOR SUBSIDY

The developer has asked for a subsidy because for purposes of underwriting and obtaining financing, it uses a "return on cost" measure that is static, does not distinguish between debt and equity, and does not reflect the timing of the dynamic cash flow, including sale proceeds, utilized in our model. Under the feasibility described above, the sales value and therefore net proceeds are factored into the cash flow and return on equity. Given the short holding period assumed, the income in initial years of operation does not generate a seven percent yield on development costs. Under the inputs outlined above, the yield on cost totals 6.5 percent. Therefore, considering only the income portion of the return, the project would not achieve a feasible hurdle rate or minimum feasibility threshold.

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Based upon the developer's yield on cost requirement of seven percent, the developer has requested an annual tax abatement or rebate of TIF equal to $293,741. Table 7 below summarizes the need for the requested tax abatement or rebate of TIF.

TABLE 7: Estimated Residential Project Funding Gap With and Without Tax Abatement

	No Tax Abatement $	With Tax Abatement $
Effective Gross Income[1]	4,022,325	4,022,325
Operating Expenses	(1,171,441)	(1,171,441)
Master Lease Payment[2]	(645,9[illegible]	(645,961)
Property Tax Abatement		293,741
Net Operating Income	*2,[illegible]4,923*	*2,498,664*
Acceptable Project Cost @ 7% Yield	**[illegible]1,498,900**	**35,695,200**
Estimated Project Cost[3]	**35,695,200**	**35,695,200**
Project Funding Gap[4]	***4,196,300***	***0***

[1] Includes rental income associated with 185 apartment units and 241 parking spaces.
[2] Annual master lease payment from developer to Village to fund construction of private parking.
[3] Includes land, hard and soft costs associated with apartment building.
[4] Estimated cost less acceptable cost.

Sources: Next Generation Development; Gruen Gruen + Associates.

Without the requested 20-year property tax abatement, the net annual operating income is estimated at approximately $2,205,000. Based upon the seven percent yield requirement, this suggests an "acceptable" residential project cost of approximately $31.5 million. Total project costs including land are estimated at $35.7 million. Accordingly, a gap of approximately $4.2 million exists. Seven percent of the funding gap is equal to $293,741: which represents the amount of annual tax abatement requested. (Capitalizing $293,741 at seven percent equals $4,196,300).

The requested property tax abatement is equivalent to 70 percent of the total property tax increment ($422,500) the developer has estimated will be generated by the residential project. **Over 20 years, the present value of this stream of dollars equates to $1,838,622 assuming a 15 percent annual discount rate (matching the required equity return rate). In essence, the requested incentive of $293,741 per year raises the net operating income to a level generating the required yield on cost of seven percent and therefore achieving the feasibility threshold.**

In addition, the developer has requested that the Village construct the parking facilities which would serve the residents, replace 107 spaces of existing surface parking, and add 154 new spaces sought by the Village. The developer has proposed to pay rent to the Village that would more than cover the estimated annual debt service costs attributable to the development of the 241 residential spaces. The "excess" rent payments would also offset some of the costs of replacing the surface parking lost due to the development. Under the proposal, then, the Village will add new parking spaces at the full cost; replace parking spaces lost at less than the full cost of replacement, while the rent payment will amortize the costs of the residential parking.

PRESENT VALUE OF REVENUE TO VILLAGE INSUFFICIENT TO PAY TOTAL COSTS OF PARKING GARAGE

Total parking garage construction costs are estimated at $16,990,125 according to Next Generation Development. The Village is being asked to fund and construct the entire 502-space garage. As shown on Table 8, two project-specific revenue sources are expected to be available to fund garage construction: master lease payments from the developer and property tax increment generated by the apartment component, both over 20 year horizons.

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TABLE 8: Present Value of Village Revenue Over 20 Years

	Master Lease	Property Tax Increment		
		Total Increment[1]	Rebate to Developer[2]	Village Portion
	$	$	$	$
Year 1	645,961	105,625	(73,938)	31,688
Year 2	645,961	211,250	(147,875)	63,375
Year 3	645,961	316,875	(2[illegible]1,813)	95,063
Year 4	645,961	422,500	(293,741)	128,759
Year 5	645,961	422,500	(293,741)	128,759
Year 6	645,961	422,500	(2[illegible]3,741)	128,759
Year 7	645,961	422,50[illegible]	(2[illegible]741)	128,759
Year 8	645,961	422[illegible]	(293,741)	128,759
Year 9	645,961	42[illegible]0	(293,741)	128,759
Year 10	645,961	422,[illegible]	(293,741)	128,759
Year 11	645,961	422,50[illegible]	(293,741)	128,759
Year 12	645,961	422,500	(293,741)	128,759
Year 13	645,961	[illegible]22,500	(293,741)	128,759
Year 14	645,961	42[illegible]00	(293,741)	128,759
Year 15	645,961	422,5[illegible]	(2[illegible]3,741)	128,759
Year 16	[illegible]	[illegible]22,500	(293,741)	128,759
Year 17	[illegible]645,96[illegible]	4[illegible]50[illegible]	(293,741)	128,759
Year 18	645,961	42[illegible]	(293,741)	128,759
Year 19	[illegible]5,961	422,[illegible]	(293,741)	128,759
Year 20	64[illegible]961	422,50[illegible]	~~(293,741)~~	128,759
Total Years 1-20	12,919,[illegible]	[illegible]6,250	(5,437,222)	2,379,028
Net P[illegible]nt Value[3]	8,[illegible]25,377	**5,049,524**	**(3,513,395)**	**1,536,129**

$4.2 ?

[1] Projection of tax increment based upon developer estimates. To be conservative, no escalation of property tax increment over time is assumed. Per input from the Milton Township Assessor, assessments are estimated at 25%, 50% and 75% of full value over the first three years, respectively. Assumes no change in the current property tax rate over time.

[2] The rebate to the developer is estimated as the lesser of two numbers: 70% of increment or $293,741.

[3] The Village's current borrowing rate is estimated at 4.0 to 4.2% for 20-year General Obligation debt (Aa1 rated). We use a 4.2% annual discount rate.

Sources: Next Generation Development; Village of Glen Ellyn; Gruen Gruen + Associates.

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Under the developer's forecast, the TIF would retain approximately $128,760 per year following the full assessment of the property.[3] Assuming a discount rate of 4.2 percent to reflect the Village's borrowing cost, the stream of unabated property tax increment would equate to approximately $1.5 million on a present value basis. The present value of Master Lease payments would total $8.6 million. Collectively, the two revenue sources total approximately $10.2 million on a present value basis to the Village. Table 9 below summarizes the proportion of parking garage funding requirements supported by these two Village revenue sources.

TABLE 9: Estimated Parking Garage Funding Shortfall

Net Present Value of Village Revenue[1]	
20-Year Master Lease Payments[2]	$8,625,377
20-Year TIF Revenue (Village Portion)	$1,536,129
Total Net Present Value Village Revenue	$10,161,506
Parking Garage Construction Cost[3]	
Private Parking (241 Spaces)	$8,156,614
Public Replacement Parking (107 Spaces)	$3,621,401
Public New Parking (154 Spaces)	$5,212,110
Total Construction Cost	$16,990,125
Estimated Parking Garage Funding Shortfall	$6,828,619
Percent of Garage Funded by Village Revenue	
Private Parking (241 Spaces)	100.0%
Public Replacement Parking (107 Spaces)	55.4%
Public New Parking (154 Spaces)	0.0%
Number of Parking Spaces Village Would Pay "Out of Pocket"	202 spaces

[1] Based on annual discount rate of 4.2%.
[2] Based on annual master lease payment of $645,961 over 20 years.
[3] Construction cost estimate from Next Generation Development.

Sources: Next Generation Development; Gruen Gruen + Associates.

The comparison suggests that the two revenue sources (master lease plus Village portion of tax increment) will not fund all debt service requirements of the parking garage if the Village were to issue a 20-year General Obligation bond. The estimated parking garage construction cost exceeds the present value of Village revenue by approximately $6.8 million.[4] In addition to debt service and bond issuance costs, on-going expenses to maintain and operate the garage and capital replacement reserves to ensure the long-term operability of the garage will need to be accounted for.

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[3] The developer's tax increment estimate is effectively based on a market value estimate of $95,000 per unit. This represents about 60 percent of estimated land and hard construction costs of $169,000 per unit. GG+A believes that the estimate of incremental property tax is very conservative. Based on preliminary information from the Milton Township Assessor, we believe annual increment may approximate $710,000 per year.

[4] If annual increment were to approximate $710,000 per year (as opposed to $422,500 as estimated by the developer), which may be reasonable to expect based upon preliminary input from the Milton Township Assessor, the funding shortfall would decrease to only $3.6 million.

The shortfall is attributable to the provision of new, additional parking spaces and the need to replace surface parking costs that are not fully offset by the developer's rent payments and anticipated available TIF increment. For example, under the forecast TIF increment, the subsidy to the developer will support the development of both the apartment units and associated private parking requirements (241 spaces) while generating funds to replace approximately 55 percent or 60 of the existing Village surface parking spaces. None of the additional planned public parking spaces would be funded by the two Village revenue sources. The Village would be required to fund, from other revenue sources, approximately 200 of the planned public parking spaces.

Gruen Gruen + Associates (GG+A) is a firm of economists, sociologists, statisticians and market, financial and fiscal analysts. Developers, public agencies, attorneys and others involved in real estate asset management utilize GG+A research and consulting to make and implement investment, marketing, product, pricing and legal support decisions. The firm's staff has extensive experience and special training in the use of demographic analysis, survey research, econometrics, psychometrics and financial analysis to describe and forecast markets for a wide variety of real estate projects and economic activities.

Since its founding in 1970, GG+A has pioneered the integration of behavioral research and econometric analysis to provide a sound foundation for successful land use policy and economic development actions. GG+A has also pioneered the use of economic, social and fiscal impact analysis. GG+A impact studies accurately and comprehensively portray the effects of public and private real estate developments, land use plans, regulations, annexations and assessments on the affected treasuries, taxpayers, consumers, other residents and property owners.

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APPLYING KNOWLEDGE, CREATING RESULTS, ADDING VALUE

VILLAGE OF GLEN ELLYN, ILLINOIS – NEXT GENERATION PROPOSED DEVELOPMENT
CENTRAL BUSINESS DISTRICT TIF DISTRICT

EXECUTIVE SUMMARY – TIF/SALES TAX PROJECTIONS

September 15, 2014

Introduction

Next Generation LLC or entities formed by it (the "Developer") has proposed to develop certain property located in the Central Business District TIF located north and south of Crescent Boulevard, and west of Glenwood Avenue, which development would principally consist of the construction of the following uses (the "Mixed Use Development"):

1) 180 unit residential apartment units and associated parking spaces;
2) 3,700 s.f. retail/commercial space; and
3) 112 to 268 parking spaces for public use.

The Village of Glen Ellyn, Illinois (the "Village") has included the property in 2012 as part of a "redevelopment project area" (the "TIF District") per the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, as amended (the "TIF Act") pursuant to the Central Business District Redevelopment Plan and Project (the "TIF Plan") thereby allowing the Village to use the property tax increment generated thereby to pay for certain eligible redevelopment costs (the "Incremental Property Taxes"). The Village is also expects to collect taxes received by the Village pursuant to the Retailer's Occupation Tax Act, Service Occupation Tax Act, Use Tax Act, the Service Use Tax Act, the Home Rule Municipal Retailers' Tax Act and the Home Rule Service Occupation Tax Act (collectively, the "Local Sales Taxes"). These taxes are not required to be deposited in the TIF fund.

The following preliminary analyses provide a projection of the Incremental Property Taxes that would be generated by the Mixed Use Development. The attached Exhibit A provides a brief description of the general assumptions that are used in the analysis.

The following is a description of the three Incremental Property Tax scenarios analyzed herein:

Scenario No. 1: Maximum 40% School District Tuition Allocation
Scenario No. 2: Mid Point 20% School District Tuition Allocation
Scenario No. 3: Minimum 0% School District Tuition Allocation (assumes no new school age children generated by the Mixed Use Development)

The following preliminary analysis also provides a projection of the Local Sales Taxes that could be generated by the retail portion of the Mixed Use Development. The attached Exhibit A provides a brief description of the general assumptions that are used in the analyses.

Kane, McKenna and Associates, Inc. ("Kane, McKenna") has reviewed the materials in relation to available file material, industry reports and research of comparable properties. **Certain of the general assumptions described in Exhibit A have been provided by the Developer. Kane, McKenna has not been provided with any type of marketing studies related to the retail portion of the Project and has utilized industry averages for the projections. The purpose of the analysis contained herein is to determine the incremental property tax and sales tax revenue benefits derived from the Mixed Use Development.**

Analysis of Projected Incremental Property Taxes

The Village's TIF Plan provides for the statutory payments to the school districts for the reimbursement of up to 40% of the Incremental Property Taxes generated by the residential portion of the Mixed Use Development for the per capita tuition costs associated with the net new students to the school districts residing in the residential units. It is important to note that the actual payment to the school districts is based on the presence of new school age children residing in the Project and evidenced annually. To the extent that the 40% allocation is not paid out (number of school children times per capital tuition charge less State aid), the Village retains the remainder of the 40% allocation. For purposes of the analyses, the residential development Incremental Property Tax projections assume up to 40% of the increment is allocated to the potential student tuition reimbursement requirements (the "Student Payments") and projects that the remainder of the residential development Incremental Property Taxes (60%) and 100% of the retail portion of the Mixed Use Development are available.

In addition, sensitivity analysis is undertaken to estimate alternate levels of school tuition allocations – either 20% or 0% – in order to frame the analysis based on actual school age children that may reside in the Mixed Use Development – which is based on an annual accounting tied to actual students residing in the Project during the year of the calculation.

The equalized assessed value of the properties used to determine the initial equalized assessed value for the TIF District is $530,262 (the "Base EAV"). The following Table 1 is a list of the parcels and their respective assessed values determined at the time of the creation of the TIF District:

PIN	BASE TIF EAV
05-11-314-008	$530,262
05-11-316-008	$0
Total	**$530,262**

Furthermore, the analyses herein also assume that the 2013 state equalization factor (1.0000) and a two year average property tax rate (8.1934%) are applicable to all calculations of property taxes.

Exhibit A is a preliminary analysis of the projected amount of Incremental Property Taxes that would be generated by the Mixed Use Development.

Exhibit A also includes an analysis of the projected equalized assessed valuation of the Mixed Use Development during the absorption period; and

Provides a projection of the Incremental Property Taxes that would be generated by the Mixed Use Development after the provision for Student Payments under the maximum allocation (40%), mid point allocation (20%) and no student assumption (0%).

Analysis of Projected Sales Taxes

Exhibit A also includes a preliminary analysis of the projected amount of Local Sales Taxes that could be generated by the retail portion based on the average for the Project retail square footage of space.

The retail sales estimates would need to be supplemented by actual user data as tenants are identified by the Developer as well as a review of actual sales taxes currently generated at the site.

Summary

Analysis of Projected Incremental Property Taxes

Pursuant to the requirements of the TIF Act, the analysis provides for the maximum amount of the Student Payments to be paid to the school districts servicing the area. Furthermore, the TIF Act provides that the Village may reimburse itself for administrative costs relating to a redevelopment project area. None of the analyses provide for the reimbursement of any administrative costs but the Village can allow for the payment of such costs as the analysis is refined.

Summary Table

The following is a summary of the Incremental Property Taxes and Local Sales Taxes projected to be generated by each of the school allocation scenarios.

Incremental Property Taxes	
Gross Incremental Taxes	$10,669,949
NPV of Total Incremental Property Taxes (100%) @4.0% (assumes 0% school allocation)	$6,481,986
NPV of Total Incremental Property Taxes (100%) @4.5% (assumes 0% school allocation)	$6,115,472
Incremental Property Taxes (After School Allocations)	
Gross After 40% Allocation	$6,899,930
NPV of Incremental Property Taxes After 40% Allocation @4.0%	$3,941,516
NPV of Incremental Property Taxes After 40% @4.5%	$3,718,653
Gross After 20% Allocation	$8,578,998
NPV of Incremental Property Taxes After 20% Allocation @4.0%	$5,211,751
NPV of Total Incremental Property Taxes After 20% @4.5%	$4,917,062
Local Sales Taxes	
Total Local Sales Taxes	$411,883

EXHIBIT A

General Assumptions

Construction of the Mixed Use Development would commence in the 1st quarter or 2nd quarter of 2016; completion and initial occupancy in 2017; fully stabilized property tax assessment in 2019.

Mixed Use Development

Project Description	Size (sq.ft./Units)	Market Value Estimate (sq.ft./Unit)
Residential Rental	180	$100,000/per unit
Retail/Commercial	3,700	$100/per s.f.

- Assume average sales of $250/s.f. for the retail portion
- Sales growth rate assumes inflation at 2.0% annually for first 10 years and 2.5% thereafter
- Sales tax rate – 1.0% Village portion of state sales tax and 1.0% home rule sales tax
- Projections of sales tax collections adjusted for lag in receipt from State and accounting by Village (projected sales tax for each year based on 25% of collections from prior year and 75% of collections from current year) for each year thereafter
- Non-sales tax generating uses – assume 75% of retail uses generate sales tax

- 2012 and 2013 Average Tax Rate = 8.1934%
- State Multiplier = 1.000

- Annual growth rate for property assessments = 2.0%
- Tax collection – one year in arrears, e.g., 2015 taxes collected in 2016
- County assessment rate of 33.33% was used to determine the assessed value of the Mixed Use Development
- TIF expires in 2035 (final property tax collection year of 2036)

EXHIBIT B

MIXED USE DEVELOPMENT PROJECTIONS AND ASSUMPTIONS

Village of Glen Ellyn, Illinois
Proposed Next Generation Redevelopment
Projected Incremental Taxes

Component Name / Project Description	Class Code	Occupancy Date	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	Levy Year: 2014 Yr. 2	2015 Yr. 3	2016 Yr. 4	2017 Yr. 5	2018 Yr. 6	2019 Yr. 7	2020 Yr. 8	2021 Yr. 9	2022 Yr.10	2023 Yr. 11
1 Retail	3	Apr-17	3,700	100.00	0	0	0	32,717	133,487	136,156	138,879	141,657	144,490	147,380
2 Parking in Residential Rental	3	Apr-17	0	0.00	0	0	0	0	0	0	0	0	0	0
3 Residential Rental	4	Apr-17	180	100,000.00	0	0	0	795,826	4,058,715	6,623,822	6,756,299	6,891,425	7,029,253	7,169,838
Total EAV All Components					0	0	0	828,544	4,192,201	6,759,979	6,895,178	7,033,082	7,173,743	7,317,218
I. Incremental Property Taxes:														
(a) Base EAV					530,262	530,262	530,262	530,262	530,262	530,262	530,262	530,262	530,262	530,262
(b) Incremental EAV					0	0	0	298,282	3,661,939	6,229,717	6,364,916	6,502,820	6,643,481	6,786,956
(c) Tax Rate 8.1934%					8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%
(d) Total Est. Incremental Property Taxes					0	0	0	0	24,439	300,036	510,422	521,500	532,799	544,324
Cumulative Incremental Property Taxes					0	0	0	0	24,439	324,475	834,897	1,356,397	1,889,196	2,433,520
(e) Incremental Property Taxes Set Aside for School Districts	40.0%	of residential tax increment			0	0	0	0	9,464	117,597	200,057	204,398	208,827	213,344
Cumulative School Payments - Maximum					0	0	0	0	9,464	127,061	327,118	531,517	740,343	953,688
(f) Est. Incremental Property Taxes Available After School Payments					0	0	0	0	14,975	182,439	310,366	317,101	323,972	330,980
(e) TIF Administrative Costs					0	0	0	0	0	0	0	0	0	0
(f) Cumulative Administrative Costs					0	0	0	0	0	0	0	0	0	0
(g) Incremental Property Taxes					0	0	0	0	14,975	182,439	310,366	317,101	323,972	330,980
(h) Cumulative Incremental Property Taxes					0	0	0	0	14,975	197,413	507,779	824,881	1,148,852	1,479,832
II. Sales Taxes														
(a) Village Portion of State Sales Taxes Collected					0	0	0	2,209	2,253	9,191	9,375	9,563	9,754	9,949
(b) Home Rule Sales Taxes Collected					0	0	0	2,209	2,253	9,191	9,375	9,563	9,754	9,949
(e) Sales Tax Collected (25% From Prior Year/75% From Current Year)					0	0	0	4,417	4,506	18,383	18,751	19,126	19,508	19,898
(f) Cumulative Incremental Sales Tax Collected					0	0	0	4,417	8,923	27,306	46,056	65,182	84,690	104,588
III. Total Incremental Taxes Assumes Maximum 40% School Allocation														
(a) Incremental Property Taxes					0	0	0	0	14,975	182,439	310,366	317,101	323,972	330,980
(b) Incremental Sales Taxes					0	0	0	4,417	4,506	18,383	18,751	19,126	19,508	19,898
(c) Total Incremental Taxes					0	0	0	4,417	19,480	200,822	329,116	336,227	343,480	350,878
(d) Cumulative Total Incremental Taxes					0	0	0	4,417	23,898	224,719	553,836	890,063	1,233,543	1,584,421
(i) NPV of Incremental Property Taxes @ 4.00%					0	0	0	0	13,313	169,262	424,360	674,970	921,162	1,163,005
(j) NPV of Incremental Property Taxes @ 4.50%					0	0	0	0	13,122	166,108	415,162	658,663	896,726	1,129,466
IV. Sensitivity Analysis Assumes 20% or 0% School Allocation														
(a) Incremental Property Taxes with 20% Allocation					0	0	0	0	19,707	241,237	410,394	419,301	428,385	437,652
(b) Cumulative Incremental Property Taxes					0	0	0	0	19,707	260,944	671,338	1,090,639	1,519,024	1,956,676
(c) NPV of Incremental Property Taxes @ 4.00%					0	0	0	0	17,519	223,730	561,044	892,423	1,217,961	1,537,749
(d) NPV of Incremental Property Taxes @ 4.50%					0	0	0	0	17,269	219,561	548,882	870,862	1,185,651	1,493,402
(e) Incremental Property Taxes with 0% Allocation					0	0	0	0	24,439	300,036	510,422	521,500	532,799	544,324
(f) Cumulative Incremental Property Taxes					0	0	0	0	24,439	324,475	834,897	1,356,397	1,889,196	2,433,520
(g) NPV of Incremental Property Taxes @ 4.00%					0	0	0	0	21,726	278,198	697,728	1,109,877	1,514,760	1,912,492
(h) NPV of Incremental Property Taxes @ 4.50%					0	0	0	0	21,416	273,014	682,603	1,083,061	1,474,577	1,857,337

Next Gen Tax Pro Forma Analysis 09.15.14.xlsx

Village of Glen Ellyn, Illinois
Proposed Next Generation Redevelopment
Projected Incremental Taxes

Component Name	Project Description	Class Code	Occupancy Date	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	Yr. 12	Yr. 13	Yr. 14	Yr. 15	Yr. 16	Yr. 17	Yr. 18	Yr. 19	Yr. 20	Yr. 21
					Levy Year:	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1	Retail	3	Apr-17	3,700	100.00	150,328	153,334	156,401	159,529	162,719	165,974	169,293	172,679	176,133	179,655
2	Parking in Residential Rental	3	Apr-17	0	0.00	0	0	0	0	0	0	0	0	0	0
3	Residential Rental	4	Apr-17	160	100,000.00	7,313,235	7,459,500	7,608,690	7,760,864	7,916,081	8,074,403	8,235,891	8,400,608	8,568,621	8,739,993
Total EAV All Components						7,463,563	7,612,834	7,765,091	7,920,392	8,078,800	8,240,376	8,405,184	8,573,288	8,744,753	8,919,648
I. Incremental Property Taxes:															
(a) Base EAV						530,262	530,262	530,262	530,262	530,262	530,262	530,262	530,262	530,262	530,262
(b) Incremental EAV						6,933,301	7,082,572	7,234,829	7,390,130	7,548,538	7,710,114	7,874,922	8,043,026	8,214,491	8,389,386
(c) Tax Rate 8.1934%						8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%	8.1934%
(d) Total Est. Incremental Property Taxes						556,079	568,070	580,300	592,775	605,499	618,478	631,717	645,220	658,993	673,042
Cumulative Incremental Property Taxes						2,989,599	3,557,668	4,137,968	4,730,743	5,336,242	5,954,720	6,586,437	7,231,657	7,890,650	8,563,692
(e) Incremental Property Taxes Set Aside for School Districts		40.0%	of residential tax increment			217,952	222,651	227,445	232,334	237,321	242,408	247,597	252,890	258,288	263,794
Cumulative School Payments - Maximum						1,171,639	1,394,290	1,621,735	1,854,069	2,091,390	2,333,799	2,581,396	2,834,286	3,092,574	3,356,368
(f) Est. Incremental Property Taxes Available After School Payments						338,128	345,418	352,855	360,441	368,178	376,070	384,119	392,330	400,705	409,248
(e) TIF Administrative Costs						0	0	0	0	0	0	0	0	0	0
(f) Cumulative Administrative Costs						0	0	0	0	0	0	0	0	0	0
(g) Incremental Property Taxes						338,128	345,418	352,855	360,441	368,178	376,070	384,119	392,330	400,705	409,248
(h) Cumulative Incremental Property Taxes						1,817,960	2,163,378	2,516,233	2,876,674	3,244,852	3,620,922	4,005,041	4,397,371	4,798,076	5,207,324
II. Sales Taxes															
(a) Village Portion of State Sales Taxes Collected						10,148	10,402	10,662	10,928	11,202	11,482	11,769	12,063	12,365	12,674
(b) Home Rule Sales Taxes Collected						10,148	10,402	10,662	10,928	11,202	11,482	11,769	12,063	12,365	12,674
(e) Sales Tax Collected (25% From Prior Year/75% From Current Year)						20,296	20,804	21,324	21,857	22,403	22,963	23,537	24,126	24,729	25,347
(f) Cumulative Incremental Sales Tax Collected						124,885	145,688	167,012	188,869	211,272	234,236	257,773	281,899	306,628	331,975
III. Total Incremental Taxes Assumes Maximum 40% School Allocation															
(a) Incremental Property Taxes						338,128	345,418	352,855	360,441	368,178	376,070	384,119	392,330	400,705	409,248
(b) Incremental Sales Taxes						20,296	20,804	21,324	21,857	22,403	22,963	23,537	24,126	24,729	25,347
(c) Total Incremental Taxes						358,424	366,222	374,179	382,298	390,581	399,033	407,657	415,456	425,434	434,595
(d) Cumulative Total Incremental Taxes						1,942,844	2,309,067	2,683,245	3,065,543	3,456,124	3,855,157	4,262,814	4,679,270	5,104,704	5,539,299
(i) NPV of Incremental Property Taxes @		4.00%				1,400,569	1,633,922	1,863,130	2,088,260	2,309,378	2,526,549	2,739,837	2,949,305	3,155,016	3,357,032
(j) NPV of Incremental Property Taxes @		4.50%				1,356,994	1,579,418	1,796,847	2,009,386	2,217,138	2,420,206	2,618,688	2,812,683	3,002,288	3,187,595
IV. Sensitivity Analysis Assumes 20% or 0% School Allocation															
(a) Incremental Property Taxes with 20% Allocation						447,103	456,744	466,578	476,608	486,839	497,274	507,918	518,775	529,849	541,145
(b) Cumulative Incremental Property Taxes						2,403,779	2,860,523	3,327,101	3,803,709	4,290,547	4,787,821	5,295,739	5,814,514	6,344,363	6,885,508
(c) NPV of Incremental Property Taxes @		4.00%				1,851,878	2,160,438	2,463,517	2,761,205	3,053,588	3,340,751	3,622,780	3,899,758	4,171,769	4,438,893
(d) NPV of Incremental Property Taxes @		4.50%				1,794,259	2,088,369	2,375,874	2,656,912	2,931,622	3,200,136	3,462,588	3,719,106	3,969,818	4,214,849
(e) Incremental Property Taxes with 0% Allocation						556,079	568,070	580,300	592,775	605,499	618,478	631,717	645,220	658,993	673,042
(f) Cumulative Incremental Property Taxes						2,989,599	3,557,668	4,137,968	4,730,743	5,336,242	5,954,720	6,586,437	7,231,657	7,890,650	8,563,692
(g) NPV of Incremental Property Taxes @		4.00%				2,303,186	2,686,954	3,063,905	3,434,151	3,797,798	4,154,954	4,505,723	4,850,212	5,188,521	5,520,754
(h) NPV of Incremental Property Taxes @		4.50%				2,231,525	2,597,321	2,954,901	3,304,439	3,645,105	3,980,066	4,306,487	4,625,528	4,937,349	5,242,102

Next Gen Tax Pro Forma Analysis 09.15.14.xlsx

Village of Glen Ellyn, Illinois
Proposed Next Generation Redevelopment
Projected Incremental Taxes

Component Name	Project Description	Class Code	Occupancy Date	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	Levy Year: 2034 Yr. 22	*TIF Expiration* 2035 Yr. 23	*Final Collection* 2036 Yr. 24
1	Retail	3	Apr-17	3,700	100.00	183,249	186,913	190,652
2	Parking in Residential Rental	3	Apr-17	0	0.00	0	0	0
3	Residential Rental	4	Apr-17	180	100,000.00	8,914,793	9,093,089	9,274,950
Total EAV All Components						9,098,041	9,280,002	9,465,602
I. Incremental Property Taxes:								
(a) Base EAV						530,262	530,262	530,262
(b) Incremental EAV						8,567,779	8,749,740	8,935,340
(c) Tax Rate 8.1934%						8.1934%	8.1934%	8.1934%
(d) Total Est. Incremental Property Taxes						687,372	701,988	716,897
Cumulative Incremental Property Taxes						9,251,064	9,953,052	10,669,949
(e) Incremental Property Taxes								
Set Aside for School Districts		40.0%	of residential tax increment			269,411	275,140	280,983
Cumulative School Payments - Maximum						3,625,779	3,900,919	4,181,902
(f) Est. Incremental Property Taxes Available After School Payments						417,961	426,849	435,914
(e) TIF Administrative Costs						0	0	0
(f) Cumulative Administrative Costs						0	0	0
(g) Incremental Property Taxes						417,961	426,849	435,914
(h) Cumulative Incremental Property Taxes						5,625,265	6,052,134	6,488,047
II. Sales Taxes								
(a) Village Portion of State Sales Taxes Collected						12,990	13,315	13,648
(b) Home Rule Sales Taxes Collected						12,990	13,315	13,648
(e) Sales Tax Collected (25% From Prior Year/75% From Current Year)						25,981	26,630	27,296
(f) Cumulative Incremental Sales Tax Collected						357,956	384,587	411,883
III. Total Incremental Taxes Assumes Maximum 40% School Allocation								
(a) Incremental Property Taxes						417,961	426,849	435,914
(b) Incremental Sales Taxes						25,981	26,630	27,296
(c) Total Incremental Taxes						**443,942**	**453,479**	**463,210**
(d) Cumulative Total Incremental Taxes						**5,983,241**	**6,436,720**	**6,899,930**
(i) NPV of Incremental Property Taxes @			**4.00%**			**3,555,414**	**3,750,223**	**3,941,516**
(j) NPV of Incremental Property Taxes @			**4.50%**			**3,368,698**	**3,545,688**	**3,718,653**
IV. Sensitivity Analysis Assumes 20% or 0% School Allocation								
(a) Incremental Property Taxes with 20% Allocation						**552,666**	**564,418**	**576,405**
(b) Cumulative Incremental Property Taxes						**7,438,175**	**8,002,593**	**8,578,998**
(c) NPV of Incremental Property Taxes @			**4.00%**			**4,701,212**	**4,958,805**	**5,211,751**
(d) NPV of Incremental Property Taxes @			**4.50%**			**4,454,320**	**4,688,352**	**4,917,062**
(e) Incremental Property Taxes with 0% Allocation						**687,372**	**701,988**	**716,897**
(f) Cumulative Incremental Property Taxes						**9,251,064**	**9,953,052**	**10,669,949**
(g) NPV of Incremental Property Taxes @			**4.00%**			**5,847,009**	**6,167,388**	**6,481,986**
(h) NPV of Incremental Property Taxes @			**4.50%**			**5,539,942**	**5,831,016**	**6,115,472**

Next Gen Tax Pro Forma Analysis 09.15.14.xlsx

PRELIMINARY - FOR DISCUSSION PURPOSES ONLY

Village of Glen Ellyn, Illinois
Proposed Next Generation Redevelopment
Preliminary User Assumptions

Component Name	Project Description	Class Code	Occupancy Date	Building Sq. Ft./ # Units	Avg. Initial Market Value Sq. Ft./Unit	Sq. Ft. Gen. Sales Tax	Avg. Initial Sales Sq. Ft./Unit	% Sales Taxable (Local Sales Tax)	% Sales Taxable (Home Rule Sales Tax)
1	Retail	3	Apr-17	3,700	100.00	2,775	300	100%	100%
2	Parking in Residential Rental	3	Apr-17		0.00	0	0	0%	0%
3	Residential Rental	4	Apr-17	180	100,000.00	0	0	0%	0%
Totals						2,775			

Notes:

<u>Class Codes:</u>	
Exempt	0
Industrial (6B Eligible)	1
Industrial	2
Commercial	3
Residential	4
Vacant Land	5

Comps			per unit	
The Residences at the Grove, AMLI at Seven			100,000	avg.
Bridges Elm Creek Regency Place				
Residential Worksheet NOI/Cap Rate				
Net Income w Parking	2,773,833	less retail		
5.5% vacancy/bad debt	0	N/A		
Income before Expenses	0	N/A		
Operating Expenses	0	N/A		
NOI	2,773,833			
Estimated County Cap Rate	10.00%			
			per unit	
Est. Market Value	27,738,330		154,102	high in relation to comps
Assessment Rate	33.33%			
EAV	9,245,185			
Tax Rate	8.19%			
Taxes	757,490		4,208	

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PRELIMINARY - FOR DISCUSSION PURPOSES ONLY

Village of Glen Ellyn, Illinois
Proposed Next Generation Redevelopment
General Assumptions

Sales Tax Inflation Rate (Yr. 1-10)		2.0%
Sales Tax Inflation Rate (11-25)		2.5%
Property Tax Inflation Rate		2.0%
% Inc. Prop. Tax for Project		100.0%
Tax Rate Code 6275		8.1934%
2 year average		
Equalizer (2012)		1.0000
Industrial Assmnt. Rate		33.3%
Commercial Assmnt. Rate		33.3%
Residential Assmnt. Rate		33.3%
Vac. Land Assmnt. Rate		33.3%
Assmnt. Rate		33.3%
First Levy Year		2014
First Tax Collection Yr.		2015
Annual Absorption of Units		100.0%
Local Sales Tax Rate		1.00%
Home Rule Sales Tax Rate		1.00%
Base Sales Taxes		0
Homeowners Exemption		0
Initial Absorption Rates:		
	Prop. Tax	Sales Tax
1	25.0%	25.0%
2	25.0%	25.0%
3	25.0%	25.0%
4	0.0%	0.0%
5	0.0%	0.0%
6	0.0%	0.0%
7	0.0%	0.0%
8	0.0%	0.0%
9	0.0%	0.0%
10	0.0%	0.0%
11	0.0%	0.0%
12	0.0%	0.0%
13	0.0%	0.0%
14	0.0%	0.0%
15	0.0%	0.0%
16	0.0%	0.0%
17	0.0%	0.0%
18	0.0%	0.0%
19	0.0%	0.0%
20	0.0%	0.0%
Land	0.0%	

Year	Reassess. Factor	Sales Inflation Factor
2014	100.00%	100.00%
2015	102.00%	102.00%
2016	104.04%	104.04%
2017	106.12%	106.12%
2018	108.24%	108.24%
2019	110.41%	110.41%
2020	112.62%	112.62%
2021	114.87%	114.87%
2022	117.17%	117.17%
2023	119.51%	119.51%
2024	121.90%	121.90%
2025	124.34%	124.95%
2026	126.82%	128.07%
2027	129.36%	131.27%
2028	131.95%	134.55%
2029	134.59%	137.92%
2030	137.28%	141.37%
2031	140.02%	144.90%
2032	142.82%	148.52%
2033	145.68%	152.24%
2034	148.59%	156.04%
2035	151.57%	159.94%
2036	154.60%	163.94%
2037	157.69%	168.04%
2038	160.84%	172.24%
2039	164.06%	176.55%
2040	167.34%	180.96%
2041	170.69%	185.48%
2042	174.10%	190.12%
2043	177.58%	194.87%
2044	181.14%	199.75%

PRELIMINARY - FOR DISCUSSION PURPOSES ONLY

Village of Glen Ellyn, Illinois
Proposed Next Generation Redevelopment
Absorption Assumptions

Absorp. Year	Annual Units/Sq. Ft. Occupied 1	2	3
2014			
2015			
2016			
2017	3,700		90
2018			90
Totals	3,700	0	180

Village of Glen Ellyn, Illinois
Proposed Next Generation Redevelopment
Estimate of Equalized Assessed Valuation - Absorption Period

Estimated Equalized Assessed Valuation for Tax Assessment Year: 2015

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Equalized Assessed Value	Tax Rate	Real Estate Taxes
1	Retail	3	3,700	100.00	0.00%	0.00%	102.00%	0	33.33%	0	1.00000	0	8.193%	0
2	Parking in Residential Rental	3	0	0.00	0.00%	0.00%	102.00%	0	33.33%	0	1.00000	0	8.193%	0
3	Residential Rental	4	180	100,000.00	0.00%	0.00%	102.00%	0	33.33%	0	1.00000	0	8.193%	0
Totals								0				0		0

Estimated Equalized Assessed Valuation for Tax Assessment Year: 2016

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Equalized Assessed Value	Tax Rate	Real Estate Taxes
1	Retail	3	3,700	100.00	0.00%	0.00%	104.04%	0	33.33%	0	1.00000	0	8.193%	0
2	Parking in Residential Rental	3	0	0.00	0.00%	0.00%	104.04%	0	33.33%	0	1.00000	0	8.193%	0
3	Residential Rental	4	180	100,000.00	0.00%	0.00%	104.04%	0	33.33%	0	1.00000	0	8.193%	0
Totals								0				0		0

Estimated Equalized Assessed Valuation for Tax Assessment Year: 2017

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Equalized Assessed Value	Tax Rate	Real Estate Taxes
1	Retail	3	3,700	100.00	25.00%	100.00%	106.12%	98,162	33.33%	32,717	1.00000	32,717	8.193%	2,681
2	Parking in Residential Rental	3	0	0.00	0.00%	0.00%	106.12%	0	33.33%	0	1.00000	0	8.193%	0
3	Residential Rental	4	180	100,000.00	25.00%	50.00%	106.12%	2,387,718	33.33%	795,826	1.00000	795,826	8.193%	65,205
Totals								2,485,880				828,544		67,885

Estimated Equalized Assessed Valuation for Tax Assessment Year: 2018

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Equalized Assessed Value	Tax Rate	Real Estate Taxes
1	Retail	3	3,700	100.00	100.00%	100.00%	108.24%	400,500	33.33%	133,487	1.00000	133,487	8.193%	10,937
2	Parking in Residential Rental	3	0	0.00	0.00%	0.00%	108.24%	0	33.33%	0	1.00000	0	8.193%	0
3	Residential Rental	4	180	100,000.00	62.50%	100.00%	108.24%	12,177,362	33.33%	4,058,715	1.00000	4,058,715	8.193%	332,545
Totals								12,577,862				4,192,201		343,482

Estimated Equalized Assessed Valuation for Tax Assessment Year: 2019

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Equalized Assessed Value	Tax Rate	Real Estate Taxes
1	Retail	3	3,700	100.00	100.00%	100.00%	110.41%	408,510	33.33%	136,156	1.00000	136,156	8.193%	11,156
2	Parking in Residential Rental	3	0	0.00	0.00%	0.00%	110.41%	0	33.33%	0	1.00000	0	8.193%	0
3	Residential Rental	4	180	100,000.00	100.00%	100.00%	110.41%	19,873,454	33.33%	6,623,822	1.00000	6,623,822	8.193%	542,713
Totals								20,281,964				6,759,979		553,869

Next Gen Tax Pro Forma Analysis 09.15.14.xlsx

Village of Glen Ellyn, Illinois
Proposed Next Generation Redevelopment
Base EAV Analysis

	PIN	Address		
1	05-11-314-008			530,262
2	05-11-316-008			0
	Total		Total	530,262

Apartments at Crescent
Reconciliation from January 2014 Gruen Report to the Current Proposal

As we at Next Generation Development (NGD) have articulated from the being of our process with the Village of Glen Ellyn (Village) in order to create an economically viable project, our development will have to generate a yield on cost (stabilized net operating income divided by total development costs) of at least 7%. Since the net operating income (NOI) dictates the amount of cost our project will support and therefore the amount of the resulting subsidy, our reconciliation **(attached)** starts with the projected net operating income of $2,498,644 as stated on page 10 of the Gruen Gruen report dated January 2014.

Below please find a comparison of what NGD believes OPUS is requesting at their project compared to our proposed project:

Item	Request	OPUS Proposal
Crescent Boulevard	NGD is requesting that the Village vacate the portion of Crescent Boulevard from from Prospect Avenue to Glenwood Avenue including the adjacent municipal parking lot.	OPUS is requesting the Village to vacate the municipal parking lot on Main Steet.
Site Conditions	NGD is requesting the Village to provide $1,750,000 to address utility relocation and related issues which exist on the site.	NGD understands the OPUS is requesting Village support of an amount NGD does not have knowledge of to address site issues including potential environment issues.
Replacement Parking	Crescent Street Apartments will displace approximately 112 existing parking spaces. Since the benefit of converting surface parking spaces to structured parking will accrue to the Village, NGD is requesting the Village to provide funding for the conversion cost of approximately $3,118,640 ($27,845 per space).	The OPUS project will displace approximately 130 parking spaces. NGD does not know if OPUS will be requesting the Village to provide funding for the conversion of surface to structured parking as NGD is, however we believe that OPUS is functioning under the same financial constraints NGD is.
Additional Parking	NGD is prepared to construct 156 additional parking spaces for and at the Village's cost which is projected to be approximately $27,845 per space,	NGD understands the OPUS is prepared to construct up to 53 additional parking spaces for and at the Village's cost.
Net Subsidy	NGD is requesting the Village to provide a subsidy of approximately $850,000 to be used to offset development costs to allow the project to reach an acceptable financial return of 7% on total development costs.	NGD has no knowledge of the OPUS request for net subsidy.

There have been several extended discussions about the use of a TIF and the financial impact to Glen Ellyn over the past year which we would like to clarify.

- TIFs where created to be used in situations where economic activity would not be possible if not for the availability of TIF proceeds.
- Of every dollar of real estate taxes paid by business and residences of Glen Ellyn only 6.6% is available to the Village or put differently for every dollar of tax increment used to fund a TIF, **93.4%** is being funded by municipal bodies other than Glen Ellyn.
- NGD's projected NOI assumes the project is paying $422,500 in tax increment. If the increment is understated, the result is a greater real estate tax bill to the project which would result in needing to apply the additional increment to actually paying real estate taxed. The end result being, no net benefit to the project or NGD.

Apartments at Crescent
Reconciliation from January 2014 Gruen Report to the Current Proposal

Amount	Item	Comment
2,498,664	NOI per January 2014 Gruen Gruen report	
645,961	Remove master lease payment	The January 2014 Gruen Gruen report assumes a master lease structure. NGD is now assuming we finance our required parking seperately.
(293,741)	Remove partial real estate tax abatement	The January 2014 Gruen Gruen report assumes the NGD receives a partial real estate tax abatement, which is no longer the assumption.
2,850,884	Adjusted NOI	Assumes no master lease payment or partial real estate tax abatement.
15,410	NOI per unit - 185 units	The January 2014 Gruen Gruen report assumes the project has 185 units.
2,773,833	NOI reduced to 180 units	NOI sized to 180 units, down from 185 units in the January 2014 Gruen Gruen report.
275,169	NOI net change	NOI adjusted for the removal of the master lease payment, real estate tax abatement and the reduction of the number of residential units from 185 to 180.
3,930,987	Capped at 7%	Additional development costs which can be supported by NOI capitalized at 7%.
The following are adjustments against the $3,930,987 of additional cost supportable by changes to NOI.		
(6,515,730)	Residentail Parking 234 spaces	Cost of residential parking which where assumed to be paid from the master lease payment, now included in development costs. NGD's projected cost per parking space has been reduced from $33,845 per space to $27,845 per space which we believe is better aligned with cost per parking space at the proposed OPUS project.
(3,118,640)	Conversion of Village surface parking spaces to structured parking - 112	NGD's projected cost per parking space has been reduced from $33,845 per space to $27,845 per space which we believe is better aligned with cost per parking space at the proposed OPUS project. The number of replacement spaces has been adjusted up from 107 to 112 as requested by planning.
1,750,000	Site development - relocate untilites per master plan	As the Village's master plan indicates that Crescent Boulevard will be vacated and therefore utilities will need to be relocate. We have removed the relocation costs from our projected development budget. We believe that is approach is constant with the OPUS site where they are requesting support to deal with environmental issues.
3,118,640	Value of Village structured parking - 112 spaces	As this Village is benefiting from the conversion of surface parking spaces to structured parking, we believe that this cost is not a NGD development cost and therefore were have removed it from our project cost. Although NGD does not know how the replacement spaces are projected to be funded at the OPUS project NGD believes that they will be operating under the same financial constraints and therefore arrive at the same position as NGD.
834,743	Net Subsidy	Development costs which cannot be supported by the project's NOI.