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June 6, 2023

Decide DeKalb Development Authority  
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RE: Manor Druid Hills Project

Greetings:

The DeKalb County School District and Board have reviewed the proposed mixed-use development, "Manor Druid Hills," presented by the Related Group (the "Developer"). The Project entails approximately 381 multi-family Class A units, a 55,000 sq. ft. medical office building, and a 140-key hotel situated at Briarcliff Road and North Druid Hills (the "Project"). We would like to express our gratitude for the productive discussions and collaboration with Decide DeKalb and the Developer regarding this Project. The insights gained have been invaluable in assessing the potential impact on the DeKalb County School District.

We have noted that the Developer plans to invest an estimated \$180 million in the Project. The investment breakdown currently stands at \$130 million for residential development, \$20 million for the office building, and \$30 million for the hotel. Construction of the multifamily apartments is expected to commence in 2023, with completion projected for 2026. The office building construction is scheduled for 2024, with operations starting in Q3 2026. The hotel's construction is planned for Q1 2025, with an opening date in Q1 2027. It is important to acknowledge that the construction schedule is subject to change due to various factors. Furthermore, upon completion, the Project is anticipated to generate approximately 270 new full-time jobs, offering an average annual salary of \$133,558.

The Developer has requested a tax abatement for the proposed Project. According to information from Decide DeKalb, the property tax incentive for the Developer would amount to approximately \$15 million over a 10-year term, based on Decide DeKalb's standard valuation schedule for projects of this magnitude. The abatement period would span 10 years, starting at 95% and decreasing by 9.5% annually. Consequently, in the 11th year, the Project would become 100% taxable on the County's tax roll. The actual value of the property tax incentive received by the Developer will depend on the level of investment and property valuation determined by the DeKalb Tax Assessor, as specified in the Lease Agreement(s) with the Developer and Decide DeKalb.

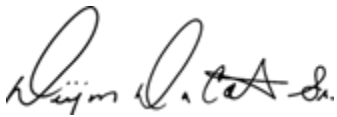
During the construction of the initial phase of the Project, specifically the multifamily portion, the Developer proposes that the DeKalb County School District would continue to receive the current taxes due on the property, amounting to approximately \$66,668 per year. Additionally, the Developer has presented a payment in lieu of taxes (PILOT) plan for the benefit of the DeKalb County School District. The proposed PILOT payments would require the Developer to contribute an additional \$2 million to the School District over a 4-year period, commencing from the year a certificate of occupancy is issued for the multifamily portion of the Project as follows: Year 1 - \$500,000, Year 2 - \$500,000, Year 3 - \$500,000, and Year 4 - \$500,000. Based on the current construction schedule, the Developer has indicated that the PILOT payments are expected to commence in 2026.

After a thorough review and discussion with the Board, we regret to inform you that the DeKalb County School District is unable to support a tax abatement for the Project. We acknowledge that this proposed arrangement offers specific benefits to the DeKalb School District. However, our primary concern stems from the fact that the property in question is located in an area of the County experiencing significant development. The presence of the Children's Healthcare Facility and the Emory developments alone is reshaping the landscape of that area. Consequently, we question the justification of utilizing public tax dollars to support a private developer in an area that seemingly does not necessitate such financial assistance. Moreover, we have found the Developer's justifications for a tax abatement on this Project to be insufficient.

Regarding financing, the general sentiment within the DeKalb County School District is that the Developer is more than capable of funding and executing the Project through conventional means, rendering the tax abatement inconsequential. While the Developer has proposed specific public improvements in the area, we remain unconvinced that they are substantial enough to warrant a tax abatement. In essence, the DeKalb County School District considers the North Druid Hills corridor to be a thriving area that does not require a tax incentive for the development of this proposed mixed-use Project. Thus far, we have not been presented with compelling evidence that a tax abatement is vital for the realization of the Developer's proposed development on the property.

I appreciate your understanding in this matter. We look forward to maintaining our partnership and continuing our collaborative efforts with you to facilitate and foster economic development in DeKalb County, always keeping the best interests of all citizens of DeKalb in mind.

Collaboratively yours,

A handwritten signature in black ink, appearing to read "Dijon DaCosta, Sr.", written in a cursive style.

Dijon DaCosta, Sr. Board Chair  
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