DEVELOPMENT FINANCE AGREEMENT

SONA II

THE DEVELOPMENT FINANCE AGREEMENT ("Agreement"), made and entered into as of the ____ day of May, 2026, is by and between the Community Development Authority of the City of West Allis, a separate body politic pursuant to Section 66.1335 of the Wisconsin Statutes (the "Authority"), the City of West Allis, a Wisconsin municipal corporation ("City") and SoNa Lofts II, LLC, a Wisconsin limited liability company, its successors and/or assigns ("Developer"). The Authority, City and Developer are each referred to herein as a "Party" or together as the "Parties." The Authority and City collectively are referred to as "West Allis."

WHEREAS, the Developer and the Authority have entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement") for the purchase and the sale of certain property owned by Authority, which is Lot 3 of Certified Survey Map No. 9370 ("Lot 3") and Lot 2 of Certfied Survey Map No. 9715 ("Lot 2"), as more particularly depicted in **Exhibit A -1** and **Exhibit A-2** attached hereto (the "Property").

WHEREAS, as of the date hereof, the Authority closed on the sale of the Property to Developer pursuant to the Purchase and Sale Agreement (the "Closing").

WHEREAS, the Developer intends to construct two multifamily buildings consisting of one hundred seventeen (117) residential units, together with indoor and surface parking (the "Project"). The Project shall be located within the Six Points/Farmers Market Redevelopment Area, located at the southwest corner of West Lapham Street, and South 66$^{th}$ Street, in the City of West Allis, Wisconsin. The Property is located within a Redevelopment District (the "District") that was declared to be a blighted area district under a Redevelopment Plan dated December 2000 and recorded with the Register of Deeds of Milwaukee County in February 2021. Lot 3 of the Property will include a 66-unit, four story apartment building with approximately 2,500 sq. ft. of commercial space and an estimated 3,000 sq. ft. of clubhouse space with modern fitness amenities. The building will have 39 underground parking stalls and 38 surface stalls. Lot 2 of the Property will include a 51- unit, four story apartment building accessed through a private drive that will have 27 indoor parking stalls and 30 surface parking with 5 streets stalls on the private drive.. The estimated development budget for the Project is $27,203,497. The Plan Commission approved the site Plan on September 24, 2025, generally consistent with the site plan and renderings attached hereto as **Exhibit B – Development Project Plan**.

WHEREAS, the city created an Tax Incremental District No. 22 on March 24, 2026 (deemed to be and referred to herein as the "TID Plan") that will serve as an Overlay District. The Project will be developed pursuant to the terms of this Agreement.

WHEREAS, the West Allis agree to provide certain financial incentives and assistance to allow the Developer to develop the Project, and the Developer would not undertake the development and construction of the Project without such financial incentives and assistance, including a $500,000 US EPA Loan for which the Parties have already exchanged an application, approval and loan documentation.

WHEREAS, the Parties desire to set forth in writing the terms of such financial incentives and assistance and the terms and conditions under which West Allis will provide such financial incentives and assistance.

WHEREAS, the Developer plans to expend certain costs to construct the Project and all such costs are set forth **Exhibit D – Project Budget of the Development Financing Agreement** attached hereto (the "Project Costs")

NOW, THEREFORE, in consideration of the mutual covenants and benefits contained herein and in the Development Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

**1. Developer Investment, Equity and Financing.** On or prior to Closing, Developer will demonstrate to the City that in connection with the Project:

A. Developer has obtained approximately $16.15 million in private lending ("Debt Financing")

B. Developer has raised an estimated $9.7 million in private equity ("Equity") from third-party investors ("Investors") through the sale of membership interests in SoNa Lofts II OZ Fund LLC, which is the 99% owner of Developer (the "Fund").

C. Developer or its sponsor, Mandel/Sona Lofts II LLC, a Wisconsin limited liability company ("Sponsor"), has through an adjustment to market-rate fees ("Sponsor Created Savings") reduced the amount of required Debt Financing and Equity, and has included the Sponsor Created Savings in the Project as a source of funds in an amount equal to $753,583.

D. Together, the lending and the equity are the Debt Financing and Equity. Developer shall have the right to adjust the projected amounts of Debt Financing and Equity provided that Developer shall, in the aggregate, have obtained sufficient Debt Financing and Equity that, together with the public funding in the form of MRO and EPA loan described in this Agreement, is sufficient to complete the development of the Project. Developer and/or its affiliates shall provide any and all guarantees required to obtain the Debt Financing on commercially reasonable terms and conditions. A final Project Budget shall be presented to the Authority outlining the Debt Financing and Equity associated with the Project and the apportionment of SONA II Funds (as hereinafter defined).

**2. Tax Increment Financing.** Pursuant to Wis. Stats. §66.1105 et seq., (the "Tax Increment Law"), the Common Council of the City of West Allis, created by resolution Tax Incremental District Number 22, City of

West Allis ("TID #22" or the "District"), as of March 24,2026, and approved the TIF Plan for the District (incorporated hereby reference as **Exhibit C – TIF Plan**. The Property is within the boundaries of the District, the District has been declared to be a blighted area, and the transaction contemplated by the Purchase and Sale Agreement, the Development Agreement and this Agreement is essential to the viability of the District.

A. The Project to be developed by the Developer benefits the surrounding neighborhood and West Allis as a whole. West Allis has determined that the Project is consistent with the TIF Plan and with the City's Master Plan, adopted by City's Common Council on March 19, 2024.

B. West Allis desires to encourage economic development, expand the tax base, and create new jobs within the area, all in furtherance of and in compliance with the TID Plan and the City's Master Plan. West Allis finds that the Project and this Agreement are in the vital and best interests of West Allis and its residents and serves a public purpose in accordance with state and local law.

C. The Project would not occur without the financial participation of West Allis and the TIF Plan demonstrates financial feasibility of the project and the financial assistance requested by the Developer.

D. Property taxes paid on all properties within the TID #22 in excess of those paid on the base valuations are referred to as "Tax Increments", which term hereunder shall mean all tax increments (as defined in the Tax Increment Law) collected and retained by the City solely from the District in a calendar year.[1]

E. The City and Authority's tax incremental financing consultant, Ehlers, prepared a TID #22 model that includes the overall tax incremental financing performance and incorporates into a financial model the development of the Project to estimate Tax Increments. The model is hereto attached as **Exhibit E.**

[1] NTD: The term SONA II Funds is defined as Tax Increment paid by the Project. To avoid multiple definitions for the same term, I suggested that "Tax Increment" be defined as the increment created by the District. As noted below, I suggested that "SONA II Funds" be used instead of "Actual Tax Increment" below, as those seem to mean the same thing.

F. The City has included the Project in TID #22. As used in this Agreement, the term "SONA II Funds" means Tax Increment paid by solely by the Project, and the SONA II Funds will be used as financial support to the Project as estimated in **Exhibit C.**

G. West Allis agrees not to close the District prior to satisfying all West Allis obligations under the Municipal Revenue Obligation ("MRO"). However, if any MRO balance remains after the MRO payment related to the final year of the 27-year statutory time limit for TID #22 (the "District Termination Date"), the remaining MRO balance is waived.

**3. <u>TID Law</u>**. All terms that are capitalized but not defined in this Agreement and that are defined under the Tax Increment Law shall have the definitions assigned to such terms by the Tax Increment Law in Section 66.1105 of Wisconsin Statutes.

**4. <u>Financial Assistance</u>.** West Allis hereby agrees to provide to Developer for the Project the following financial incentives and financial assistance ("Financial Assistance"):

A. <u>Property Conveyance</u>. The Authority has conveyed the Property to Developer or its affiliate for $1.00 in accordance with the terms of the Purchase and Sale Agreement. Conveyance shall occur at Closing on or before May 29, 2026.

B. <u>Developer MRO</u>. West Allis will provide "pay-go tax incremental financing" benefits (the "SONA II MRO") to the Project in an amount not to exceed $8.0 million. The SONA II MRO shall be paid to Developer in annual installments on October 1st (each, a "Payment Date"), based upon the available SONA II Funds. Estimated payments as of the date of this Agreement are set forth in **Exhibit E** attached hereto (the "SONA II MRO Schedule").

C. Any SONA II MRO payment shall be payable solely from and only to the extent that the City has received SONA II Funds as of such Payment Date, and such SONA II Funds has been appropriated by the City of West Allis Common Council to payment of the SONA II MRO.[2] The City shall retain an administrative fee for the City's administrative costs associated with the district, in the amounts set forth under "Ongoing Planning & Administration" in **Exhibit F**.

[2] NTD: SONA II Funds is already defined as the Tax Increment generated by the Project. I suggest using that term throughout for consistency.

D. SONA II MRO payment schedule is outlined in **Exhibit E** attached hereto. In the event the SONA II Funds are greater than or less than the amount shown in **Exhibit F** for any year, then in such year the amount paid under the SONA II MRO shall increase or decrease by a commensurate amount. The SONA II MRO payments shall commence on October 1 in the first year that the Project generates SONA II Funds and will be due and payable each October 1. The principal amount of the SONA II MRO shall equal 93.5% of the SONA II Funds up to the 27-years, the statutory term of the district, and shall not to exceed $8.0 million. The SONA II MRO shall be paid soley from the SONA II Funds, meaning an amount equal to the Tax increment and Pilot Payments attributable to the Property and improvements that is above the certified based value relating to the Property.

E. If following the final Payment Date after the District Termination Date (the "Final Payment Date"), there remain amounts outstanding and unpaid on the SONA II MRO, then the remaining balance of payments to the SONA II MRO shall be deemed paid in full, it being understood that following the Final Payment Date, the obligation of West Allis to make any further payments on the SONAII MRO shall terminate. West Allis shall have no obligation of any kind whatsoever to pay any amount on the SONA II MRO which remains unpaid after Final Payment Date. If any amount on the SONA II MRO remains unpaid after the Final Payment Date, the developer holding the SONA II MRO shall have no right to receive payment of such amounts.

**5. <u>Condition of Municipal Revenue Obligation</u>**. All parties in this Agreement recognize that the Property is intended to be developed as a multi-family apartment project.

A. As a condition for the Developer to receive SONA II MRO, the following uses described in the City's zoning code are prohibited and may not be a principal or accessory use on the Property:

1. Packaged Goods Alcohol Beverage Sales solely for off-site consumption (liquor stores)
2. Dry Cleaning Chemical Treatment/Processing (excluding solely drop-off/pick-up convenience stores)
3. Employment Agency
4. Laundry (self-service)
5. Funeral Establishment
6. Medical Services
7. Automobile Parts Sales
8. Car Wash Service
9. Fuel Sales

10. Light Motor Vehicle Sales (indoor)
11. Light Motor Vehicle Service
12. Adult-Oriented Entertainment
13. Financial Institutions
14. Adult Day Care Center
15. Child Care Center
16. School
17. Hospital
18. Medical Clinic
19. Veterinary Services
20. Any residential use

B. In no event shall any leasable area at the Project be used for:

1. Adult-Oriented Entertainment
2. Automobile Parts Sales
3. Light Motor Vehicle Sales (indoor)
4. Fuel Sales
5. Large Retail Development
6. Nominal Price Retail
7. Pawnbroker
8. Animal Boarding
9. Laundry (self-service)
10. Payday Lender
11. Adult Day Care Center
12. Funeral Establishment
13. Religious Institution
14. Sport Shooting Range
15. Light Industrial
16. Heavy Industrial
17. Restricted Manufacturing
18. Ambulance Services
19. Hospital

**6. <u>Profit Participation:</u>**

West Allis shall benefit upon the occurrence of certain financial events described below:

A. Sale of the Property.

1. Definition of Investor Equity. "Investor Equity" shall mean the cash equity invested into the the Fund by Investors, but expressly excluding any Sponsor Created Savings (as defined in Section 1(C)) and any return on Sponsor Created Savings and further expressly excluding therefrom the value of any "promote" or "carried interest" of Sponsor.

2. Definition of Sale. A "Sale" shall mean the transfer of the Project or of 100% of the equity interests in the Developer to an acquiring party unrelated to Developer.

3. Definition of Sale Proceeds. "Sale Proceeds" shall mean proceeds available to Developer from a Sale of the Project less:

    i. Costs of the Sale and customary costs of closing, such as title insurance, closing fees, brokers' fees, lenders' fees and points, taxes, recording fees, transfer fees, expense prorations, accounting expenses and attorneys' fees;

    ii. Amounts paid lender(s) under the notes and financing agreements for the Project (including any working capital loans or other advances of funds made by Developer or any of its members or affiliates for the Project);

    iii. Return of Investor Equity, including any accrued and unpaid preferred return thereon; and

    iv. Payment of Sponsor Created Savings as contained in the Project Budget, any overrun advances paid by Developer to fund costs in excess of the Project Budget to complete construction of the Project (which amount does not bear interest) including any accrued and unpaid preferred return on Investor Equity and Sponsor Created Savings

4. Definition of Participation Percentage. "Participation Percentage" shall mean that share of Sale Proceeds that shall be provided to West Allis. If the Investor IRR exceeds 18%, then the Participation Percentage shall be 25% of Sale Proceeds. If Investor IRR exceeds 20%, then the Participation Percentage shall be 50% of Sale Proceeds. For the avoidance of doubt, if the Investor IRR is 15% or less, then the Participation Percentage shall be 0% of Sale Proceeds.

5. Calculation of Investor IRR. The Internal Rate of Return for Investor Equity ("Investor IRR") for the purposes of the Participation Percentage shall be calculated for Investor Equity in accordance with standard industry practice, as illustrated in **Exhibit H –IRR Calculation**.

6. Definition of Profit Participation. The "Profit Participation" shall be the Sale Proceeds multiplied by the applicable Participation Percentage as determined by the Investor IRR calculated at the time of Sale (and subject to adjustment of the Participation Percentage pursuant to Section 6(A)(6)).

7. Notification of Sale. Developer shall notify West Allis upon completion of Sale of the Property and shall provide reasonable documentation to be reviewed by West Allis or its financial consultant. West Allis agrees to timely provide any reasonably required estoppel certificates regarding the good standing of this Development Finance Agreement and other recorded documents in favor of the City, and other evidence of the Property's compliance with municipal codes and ordinances.

8. Timing of Payment. Upon the occurrence of a Sale of Property that requires the Developer to pay the Profit Participation the Developer shall have up to ninety (90) days after the determination of the amount of Profit Participation to make such payments. Any determination shall be made utilizing a final closing statement from such Sale of Property.

**7. TID Fund Balance.** Parties hereby acknowledge and agree that a portion of the Tax Increment of the District will be used pay the SONA II MRO pursuant to **Exhibit B** attached hereto and to the extent such funds are available provided that TID #22 receives sufficient incremental revenue from tax payments. The remainder of the Tax Increment will be held by the City for use in accordance with the TID Plan and Tax Increment Law (the "TID Available Fund Balance"). Subject to Section 4, the City may use funds from the TID Available Fund Balance for other purposes permitted under the Tax Increment Law.

**8. Application of Tax Increments.** Prior to the SONA II MRO payment to the Developer, the City will include in the City's annual budget, subject to City's Common Council approval, MRO payments per the Agreement. The City's Administration Fees for the District, including any outstanding fees, shall be paid in connection with the SONA II MRO in the annual fee amount as set forth on Exhibit B. Any amounts due in any year from the City's Administration Fee and the SONA II MRO but not paid from SONA II Available Funds shall carry over until paid or waived upon terms of this Agreement. The City's Administration Fee and SONA II MRO shall carry over without interest.

**9. <u>Developer Completion Guaranty</u>.** Developer shall provide the Authority with a Guaranty of Completion for the Project at Closing. "Completion" shall be defined as the issuance of the Certificate of Completion as defined in the Development Agreement. Upon Completion of the Project, the Guaranty of Completion shall be released in its entirety. The Developer Guaranty of Completion is hereby attached as **Exhibit G – Developer's Guaranty of Completion**.

**10. <u>Savings Agreement</u>.** West Allis and the Developer have agreed on a final Project Budget for the Project substantially in the form attached as **Exhibit D** (the "Project Budget"). West Allis will be engaging, at its expense, a construction cost consultant to review the Project Budget, review the allocation of site costs, and to audit final costs. The Developer agrees to cooperate with the consultant and provide such Project information as the consultant may reasonably request. The Developer shall notify West Allis of the date of the final distribution of construction costs at which point the City will conduct a Construction Audit at the City's expense. Notwithstanding the foregoing, the Developer shall not be required by West Allis to pay any administration, consultant or review fees that exceed the amounts for such fees set forth in the Project Budget.

A. <u>Net Savings</u>. "Net Savings" shall mean the amount by which (i) total disbursements by or on behalf of the Developer, its affiliates or their assignees in connection with the Project (including, without limitation, all obligations to Developer's contractors and sub-contractors) are less than (ii) the Project Budget. Amounts remaining unspent in any category within the Project Budget may be used to offset cost overruns in any other category of the Project Budget. The first $100,000 of Net Savings will be placed in the Capital Reserve Account (defined below). The remaining balance of Net Savings shall be split 50% to the City and 50% to the Developer. The amount shall be paid within thirty-days of conclusion of the Construction Audit.

B. <u>Capital Reserve Account Definition:</u> The Capital Reserve Account is established for replacement costs, capital improvements and non-routine operating expenses, including without limitation, construction defects and failures to the extent not covered by applicable warranties, and deductibles on insurance claims without the prior consent of the Authority.

C. **Project Stabilization Definition**. "Project Stabilization" shall mean the earlier of (a) the date upon which the Project has achieved and maintained 95% physical occupancy of apartments available for rent (i.e., excluding from total apartment count models and units occupied for marketing and management purposes) and continuously over any ninety (90) day period or (b) the fifth ($5^{th}$) anniversary of the date of Closing.

D. **Calculation of Net Savings**. Final determination of Net Savings shall be made by West Allis's construction cost consultant, in good faith and acting reasonably, subject to the reasonable review and approval of Developer. The calculation of the actual cost of the Project and therefore the determination of Net Savings will conform to the disbursement records of the Developer's construction lender and First American Title Insurance Company. Within 60 days following Project Stabilization, Developer shall provide West Allis and its construction cost consultant with a detailed description of the actual costs of the Project in a manner and format consistent with the original Project Budget. West Allis or its consultant may request any additional support or verification as may be reasonably needed including invoices and other proof of payments to compare the final cost to the original Project Budget.

**11. <u>City Financing Approvals</u>.** The City shall have approved and shall have taken all actions necessary on the part of the municipality, to properly authorize the above contemplated actions, investments, contracts, and findings, including issuance of the SONA II MRO and the Legal Agreements (as defined below). The actions of the Authority and the City related to this Agreement are deemed to provide the full authority of each entity without the requirement of further validation or action by the other party.

**12. <u>Prevailing Wage Not Required</u>.** Other than the terms and provisions outlined in a separate Loan Agreement between the City and the Developer for the borrowing and use of the EPA Loan proceeds to address environmental remediation on the Property, the Authority is not aware of any obligations on the part of the Developer arising out of any obligation of or to the City or Authority relating to the use of tax incremental financing dollars or providing any of the Financial Assistance that would require Developer to enforce, impose or apply any prevailing wage requirements or any other wage or labor affiliation restrictions on its contractors in connection with any aspect of the Project. The Authority is not aware of any requirement that municipal bidding procedures be utilized to select a contractor for any of the contemplated work.

**13. <u>West Allis Ongoing Obligations</u>**. If a Sale occurs before closure of TID #22, City and Authority each agree to (i) continue to make the scheduled payments of the SONA II MRO (to the extent not already fully disbursed and paid and any accruals thereof), to disburse payments either to the Developer, or at Developer's option, to the purchaser of the Project or to the purchaser of the controlling interest in

Developer or to the then owner of the Project (to the extent not already fully disbursed), and (ii) to continue administering and operating TID #22 in accordance with this Agreement.

**14. <u>Conditions to the Parties' Obligations</u>.** The parties' obligations to complete their respective obligations are conditioned on the following being satisfied:

A. **Zoning & Design Review**. The City shall have approved any and all licenses, permits and approvals required for the construction of the Project.

B. **Evidence of Financing**. Evidence that the Developer has secured sufficient financing commitments to enable the Project to proceed.

C. **Legal Agreements**. The Purchase and Sale Agreement and the Development Agreement have been executed and delivered by the applicable parties thereto and all of the conditions to the closing on the Property and the development of the Project have been satisfied or waived by the party benefiting therefrom (collectively, the "Legal Agreements").

D. **City Financing Approvals**. The City shall have approved and shall have taken all actions necessary on the part of the municipality, to properly authorize the above contemplated actions, investments, contracts, and findings, including issuance of the SONA II MRO and the Legal Agreements.

**15. <u>PILOT Agreement and Tax Matters</u>.** Ownership of the Property, or any part thereof, by any person, partnership, corporation, or entity, which in any manner renders any part of the Property exempt from property taxation during the life of TID #22 shall result in a payment-in-lieu-of-taxes. The owner of that portion of the Property that is so exempt shall pay to the City each year an amount equal to the amount of taxes that would be due and owing on the proportion of the property if that portion was not tax exempt (the "PILOT Payment").

A. **PILOT.** The PILOT Payment shall be calculated based on the value of the Property for the applicable tax year determined by the City's Assessor's office multiplied by the City's property tax rate for the applicable tax year. Such payment shall be due, payable, and collected in the same manner as property taxes, to the extent permitted by law. The Developer, its successors, and assigns as the owners or occupants of the Property waive the right to contest the validity of this provision. This Section shall automatically terminate upon the termination of TID #22.

B. **Tax Contest**. In consideration of the Authority providing the Financial Assistance outlined in Section 4 of this Agreement, Developer, its successors, assigns, or affiliates agree to not challenge any property tax assessment levied against the Project prior to the termination of TID #22 except that any or all of them may contest any such property tax assessment but only in good faith and only if and to the extent any such property tax assessment is in excess of the anticipated minimum assessed value of the Property in the same particular tax year as set forth in Exhibit E. If Exhibit E contains equalized as compared to assessed values then such amounts shall be converted to assessed value using the Equalization Factor then in effect for the City of West Allis.

C. **Change in Method of Taxation**. To the extent in compliance with applicable law, if any tax, assessment or like charge is imposed on or assessed against the Project or the use and operations thereof or income therefrom, as an alternative to, a replacement of, or as supplemental to, any or all of the property taxes that are intended by the parties hereto to constitute the Tax Increments, or increment or like revenues under the Tax Increment Law or any equivalent, then such taxes, assessments, and charges shall be deemed to be Tax Increments hereunder and shall be disbursed as set forth in this Agreement. Notwithstanding the foregoing, special assessments and special charges levied by the City for permitted purposes, such as to pay for improvements and services, shall not be included as Tax Increments.

**16. <u>Confidentiality</u>.** The Parties further acknowledge that West Allis is subject to the requirements of the Wisconsin Public Records Law, Wis. Stats. § 19.21 et seq (the "Public Records Law"). Under these statutes, all documents and records are subject to public disclosure, unless there is a statutory, common law, or public policy reason for nondisclosure. The parties agree that financial reports and information considered confidential by the Developer required to be provided by Developer to West Allis under this Agreement shall be provided to the Authority's outside financial consultant for review on behalf of West Allis. At the request of the Developer, all financial reports and information provided to such financial consultant in connection with this Agreement shall be held and treated as confidential and shall not be part of the public record associated with the Project, if and as may be permitted under the Public Records Law. The Parties acknowledge that this Agreement is subject to the provisions of the Public Records Law and that all attachments to this Agreement are deemed to be public records.

**17. <u>Assignment</u>.** This Agreement and all rights and obligations therein, including but not limited to the indemnification provisions thereunder, may be assigned in whole or in part by the Developer to an affiliated entity upon notice to the Authority. For purposes of this Section 17, the term "affiliated entity" shall mean an entity controlling, controlled by or under common control with the Developer. This Agreement may also be collaterally assigned in whole or in part by the Developer to any lender or lenders holding a mortgage on all or any part of the Property. No such lender shall have any liability hereunder unless said lender elects to effectuate such assignment and exercise the Developer's rights hereunder. Upon any such assignment, references to Developer contained in this Agreement shall refer to the assignee, unless the assignment expressly provides otherwise, it being understood, for example, that Developer or any assignee of Developer may elect to retain the benefits of the SONA II MRO and is not required to assign the SONA II MRO to the owner of the Property; provided, however, that the obligations of Section 5, 6, 9 and 10 shall be binding on Developer and its successors and assigns.

**18. <u>No Partnership or Venture</u>**. The Developer and its contractors or subcontractors shall be solely responsible for the completion of the Project. Nothing contained in this Agreement shall create or effect any partnership, venture or relationship between West Allis and the Developer or any contractor or subcontractor employed by the Developer in the construction of the Project. No elected official, member, officer, or employee of West Allis during his/her tenure or for one year thereafter, will have or shall have had any interest, direct or indirect, in this Agreement or any proceeds thereof.

**19. <u>Notices</u>.** All notices permitted or required by this Agreement shall be given in writing and shall be considered given upon receipt if hand delivered to the party or person intended, or one calendar day after deposit with a nationally recognized overnight commercial courier service, or two (2) business days after deposit in the United States mail, postage prepaid, by certified mail, return receipt requested, addressed by name and address to the party or person intended as follows:

To the Authority: Community Development Authority of the City of West Allis
Office of the Executive Director
7525 West Greenfield Avenue
West Allis, WI 53214
Attn: Executive Director

To the City: City of West Allis
Office of the City Attorney
7525 West Greenfield Avenue
West Allis, WI 53214
Attn: City Attorney

To Developer: SONA II, LLC
330 East Kilbourn Avenue
Suite 600 South
Milwaukee, WI 53202
Attn: Barry R. Mandel

With a copy to: Foley & Larder LLP
777 East Wisconsin Avenue
Milwaukee, WI 53202
Attn: Joshua Roling

17. **Further Assurances**. Following the Closing, each of the Parties will take such further actions and execute and deliver such additional documents and instruments as may be reasonably requested by any other Party in order to perfect and complete the financing of the Project as described herein as well as any other transactions specifically contemplated herein.

18. **Waiver of Terms**. Except as otherwise provided herein, any of the terms or conditions of this Agreement may be waived at any time by the Party or Parties entitled to benefit thereof, but only by a written notice signed by the Party or Parties waiving such terms or conditions. The waiver of any term or condition shall not be construed as a waiver of any other term or condition of this Agreement.

19. **Amendment of Agreement**. This Agreement may be amended, supplemented, or modified at any time, but only by a written instrument duly executed by West Allis and the Developer.

20. **Governing Law and Venue**. This Agreement shall, in all respects whether as to validity, construction, capacity, performance, or otherwise, be governed by the laws of the State of Wisconsin. Any suit or proceeding arising out of or related to this Agreement shall be commenced and maintained only in a court of competent jurisdiction in the state or federal courts 21 located in Milwaukee County, Wisconsin. Each party irrevocably consents to submit to the exclusive jurisdiction of such courts.

21. **Execution in Counterparts**. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original Agreement, but all of which together shall constitute one and the same instrument.

22. **<u>Titles and Headings</u>**. Titles and headings to sections or subsections are for purposes of references only and shall in no way limit, define, or otherwise affect the provisions herein.

23. **<u>Entire Agreement</u>**. This Agreement, including the schedules and Exhibits annexed hereto, constitute the entire agreement and supersede all other prior agreements and understandings, both written and oral, by the Parties or any of them, with respect to the subject matter hereof.

24. **<u>Interpretation</u>**. Unless the context requires otherwise, all words used in this Agreement in the singular number shall extend to and include the plural, all words in the plural number shall extend to and include the singular, and all words in any gender shall extend to and include all genders.

25. **<u>Construction</u>**. The West Allis and the Developer acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

26. **<u>Severability</u>**. If any term or provision of this Agreement is determined to be invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect.

27. **<u>Survive the Closing</u>**. The agreements, covenants, warranties and representations contained herein shall survive the Closing of the transaction contemplated herein.

28. **<u>Binding Effect</u>**. The terms and conditions of this Agreement shall be binding upon and benefit the Parties and their respective successors and assigns.

29. **<u>Good Faith.</u>** The Parties covenant and agree to act in good faith in the performance and enforcement of the provisions of this Agreement.

*[Signature Page Follows]*

AGREED TO BY AND BETWEEN the Developer and the Authority on the date first set forth above.

AUTHORITY:

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WEST ALLIS

By: ___________________________________

Name: Patrick Schloss, Executive Director

Title: __________________________________

CITY:

CITY OF WEST ALLIS

By: ___________________________________

Name: Dan Devine

Title: Mayor

Approved as to form this ____ day of _______________, 2026.

Name: ________________________

Title: __________________________

DEVELOPER:

SoNa Lofts II LLC,
a Wisconsin limited liability company

By: Mandel/SoNa Lofts II LLC,
Its Manager

By: BR Mandel LLC
Its: Manager

By: ______________________________
Barry R. Mandel, its Manager

## Exhibits

**Exhibit A -1 - CSM 9370**

**Exhibit A -2 - CSM 9715**

**Exhibit B - Development Project Plan**

**Exhibit C – TIF Plan**

**Exhibit D - Project Budget of the Development Financing Agreement**

**Exhibit E – SONA II MRO Schedule**

**Exhibit F – TIF Cash Flow**

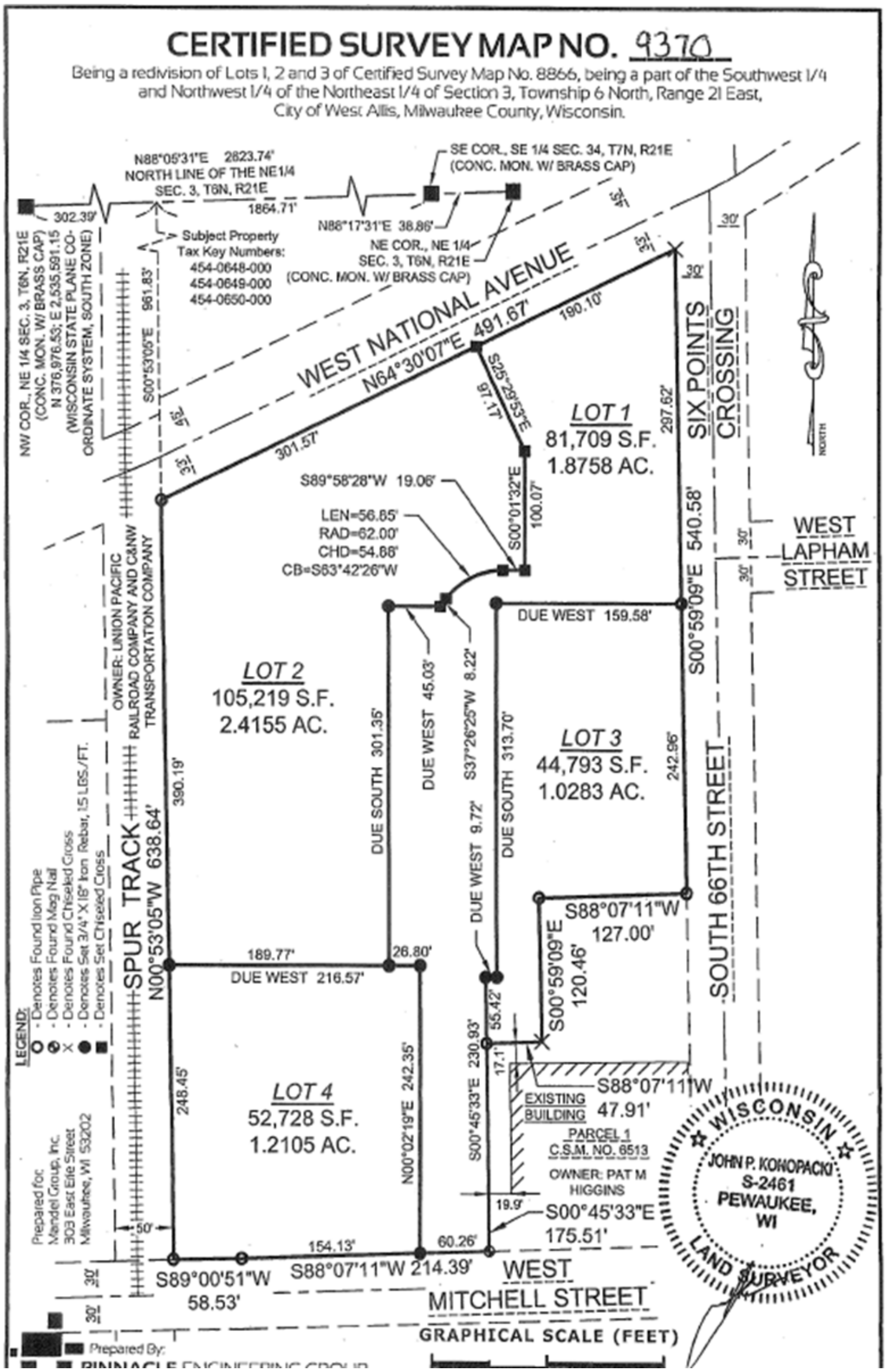
**Exhibit G – Developer's Guaranty of Completion**

**Exhibit H – IRR Calculation**

**Exhibit A -1**

**CSM 9370**

**454-0655-000**: CERTIFIED SURVEY MAP NO. 9370, NE 1/4 SEC 3-6-21, LOT 3




[

**Exhibit A -2**

**CSM 9715**

**454-9006-000**: CERTIFIED SURVEY MAP NO. 9715, NE 1/4 SEC 3-6-21, LOT 2

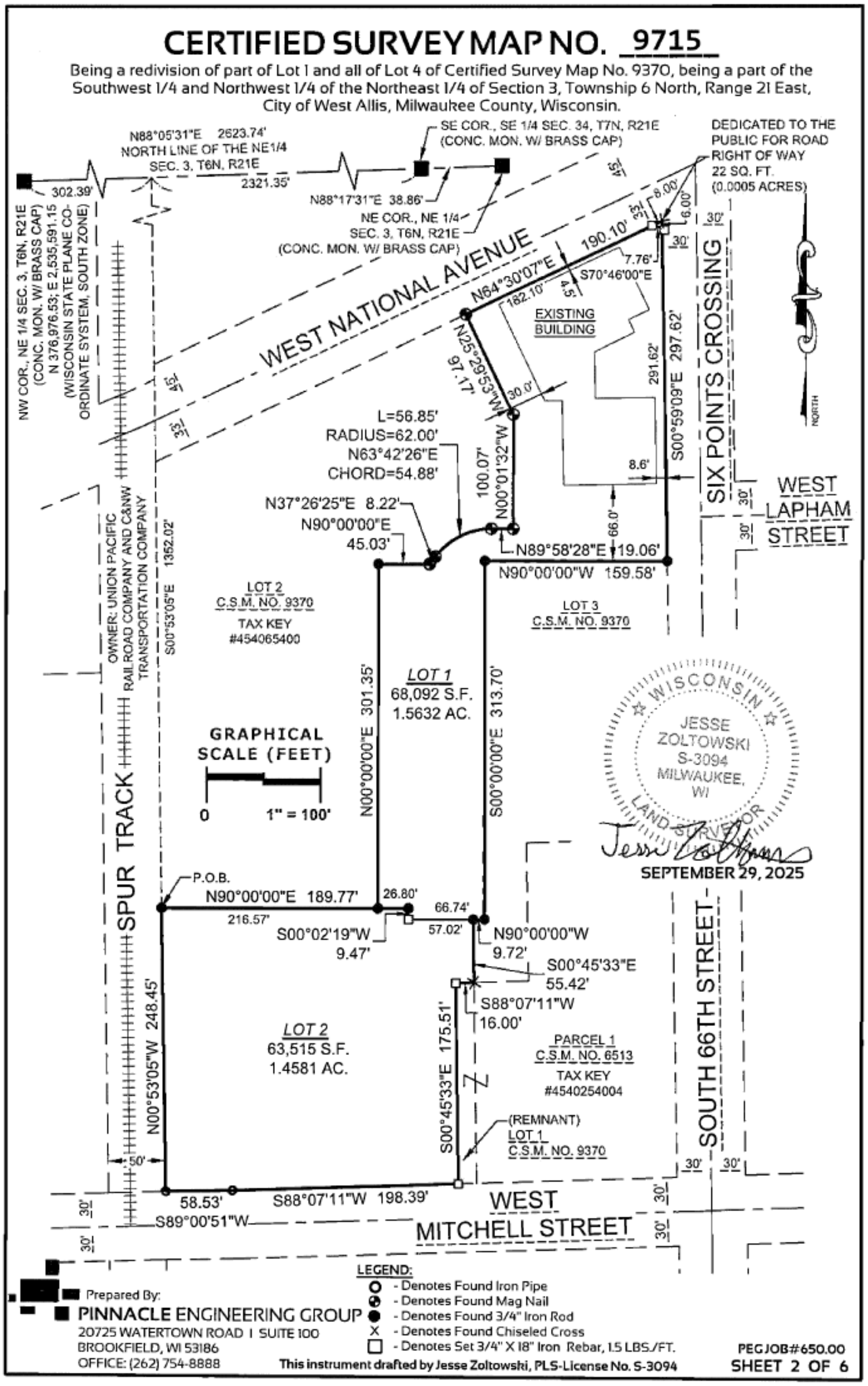
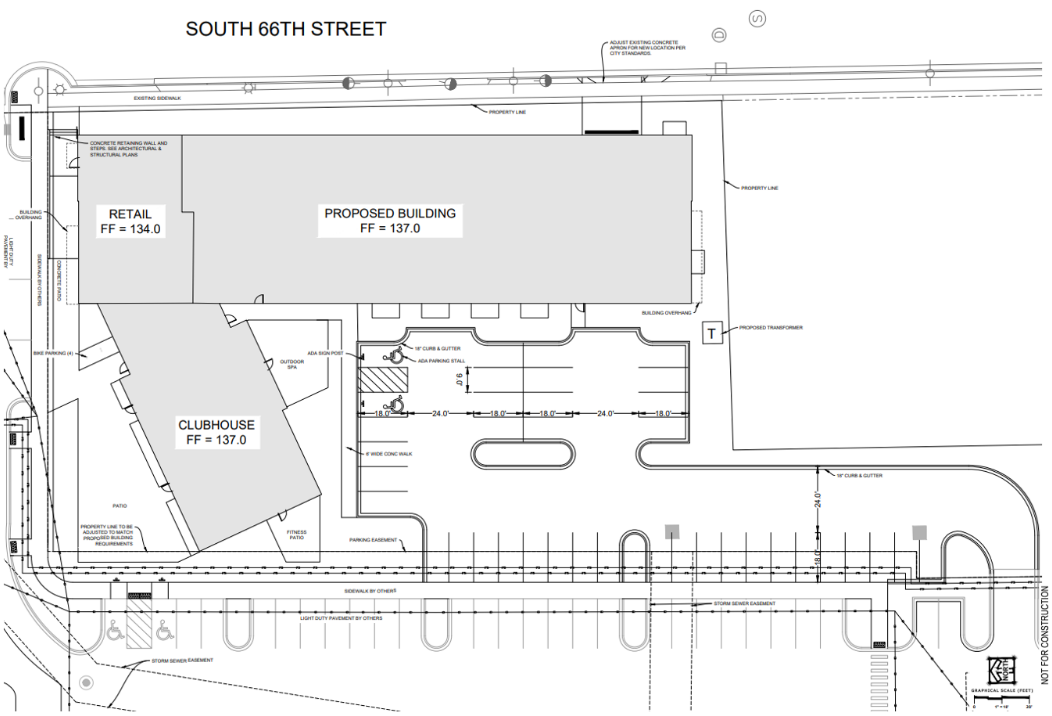


**EXHIBIT B**

**Development Project Plan**

66 th and Lapham




METAL COPING
FIBER CEMENT PANEL SMOOTH, TYP.
HORIZONTAL FIBER CEMENT PANEL, TYP.
DEVELOPMENT SIGNAGE ON STANDOFFS
FIBERGLASS WINDOWS, TYP.
EXPOSED STEEL BEAMS
WEATHERED STEEL
STANDING SEAM ROOF

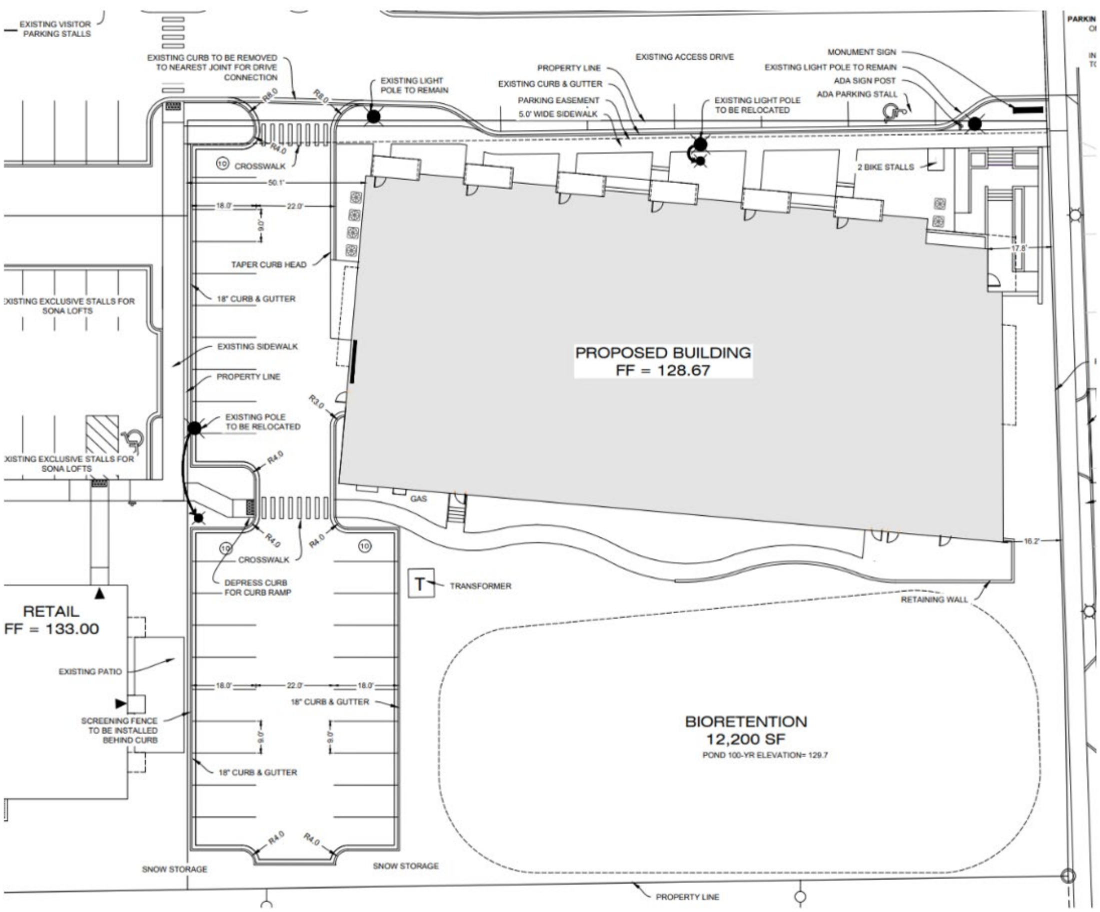
578


3 CLUBHOUSE - WEST ELEVATION
BHOUSE - SOUTH ELEVATION
2 CLUBHOUSE - NORTH ELEVATION

579


PRE-FAB. ALUM. BALCONY & RAILING , TYP.
WOOD-LOOK FIBER CEMENT PANEL, TYP.
METAL COPING
STACK BOND BRICK - LIGHT, TYP.
HORIZONTAL FIBER CEMENT PANEL, TYP.
FIBER CEMENT PANEL SMOOTH, TYP.
FIBERGLASS WINDOWS, TYP.
WEATHERED STEEL
DEVELOPMENT SIGNAGE ON STANDOFFS
STANDING SEAM ROOF
EXPOSED STEEL BEAMS

66** W. Mitchel


EXISTING VISITOR PARKING STALLS
EXISTING CURB TO BE REMOVED TO NEAREST JOINT FOR DRIVE CONNECTION
EXISTING LIGHT POLE TO REMAIN
PROPERTY LINE
EXISTING ACCESS DRIVE
EXISTING CURB & GUTTER
PARKING EASEMENT
5.0' WIDE SIDEWALK
EXISTING LIGHT POLE TO BE RELOCATED
MONUMENT SIGN
EXISTING LIGHT POLE TO REMAIN
ADA SIGN POST
ADA PARKING STALL
CROSSWALK
2 BIKE STALLS
TAPER CURB HEAD
18" CURB & GUTTER
EXISTING SIDEWALK
PROPERTY LINE
EXISTING POLE TO BE RELOCATED
PROPOSED BUILDING
FF = 128.67
GAS
CROSSWALK
DEPRESS CURB FOR CURB RAMP
TRANSFORMER
RETAINING WALL
RETAIL
FF = 133.00
EXISTING PATIO
SCREENING FENCE TO BE INSTALLED BEHIND CURB
18" CURB & GUTTER
BIORETENTION
12,200 SF
POND 100-YR ELEVATION= 129.7
SNOW STORAGE
SNOW STORAGE
PROPERTY LINE


2 NORTH ELEVATION


1 SOUTH ELEVATION
SIGNAGE


4 WEST ELEVATION


3 EAST ELEVATION

**Exhibit C – TIF Plan**

**The Project Plan for Tax Incremental District Number 22 is on file in the office of the City Clerk and is incorporated herein by reference.**

## Exhibit D – Project Budget of the Development Financing Agreement

**SoNa Lofts Phase II**
**Estimated Development Budget**

| | | |
|---|---|---|
| **DEVELOPMENT COSTS** | | |
| Land & Impact Fees | $ | 64,411 |
| Construction | | |
| General Conditions \| Trade Subcontracts \| Allowances | | 20,508,748 |
| Construction Fee | | 1,104,306 |
| Construction Contingency | | 1,181,569 |
| Subtotal | | 22,794,623 |
| Development Costs | | |
| Design & Engineering | | 914,284 |
| Taxes & Insurance | | 289,300 |
| Fees & Permits | | 98,000 |
| Legal & Professional | | 182,500 |
| Marketing & Property Start-Up | | 353,000 |
| Subtotal | | 1,837,084 |
| Financing | | |
| Construction Interest | | 520,000 |
| Financing Fees & Other Costs | | 326,975 |
| Subtotal | | 846,975 |
| Operating Reserve | | 265,000 |
| Development Contingency | | 100,000 |
| Developer Fee | | 1,295,405 |
| Total Development Budget | $ | 27,203,497 |
| **SOURCES OF FUNDS** | | |
| First Mortgage Bank Loan | $ | 16,150,000 |
| Grants/Product Rebates & Interest Earnings | | 99,914 |
| Sponsor Created Savings | | 753,583 |
| Investor Equity | | 9,700,000 |
| EPA Loan | | 500,000 |
| Total Sources of Funds | $ | 27,203,497 |

**Exhibit E - SONA II MRO Schedule**

Municipal Revenue Obligation

**CITY OF WEST ALLIS MUNICIPAL REVENUE OBLIGATION**

**$8,500,000**

THIS MUNICIPAL REVENUE OBLIGATION (the "Obligation") is issued pursuant to Wis. Stat. § 66.0621 this ________day of May _ , 2026, by the City of West Allis, Milwaukee County, Wisconsin (the "City") to SONA II, LLC, LLC, a Wisconsin limited liability company, its successors and assigns ("Developer").

WITNESSETH:

A. The City and Developer have entered into a Development Financing Agreement dated April ___, 2026 (the "Development Agreement").

B. This Obligation is issued by the City pursuant to the Development Agreement.

C. Terms that are capitalized in this Obligation that are not defined in this Obligation and that are defined in the Development Agreement shall have the meanings assigned to such terms by the Development Agreement.

1. Promise to Pay. The City shall pay to the Developer the principal amount of 100% of the Actual Tax Increment, not to exceed $8,500,000, in annual payments on or before October 1 in each year (each, a "Payment Date") commencing on October 1, 2028. An Estimated Scheduled of Payments is attached hereto as Schedule 1, but the parties acknowledge that payments under this Obligation will vary based upon the Actual Tax Increment generated and received by the City and can be greater or less than the amounts shown on Schedule 1. To the extent that on any Payment Date the City is unable to make a payment of the Actual Tax Increment due on such date as the result of the Common Council not having appropriated sufficient Actual Tax Increment, such failure shall not constitute a default under this Obligation and, except as hereinafter provided, the City shall have no obligation under this Obligation, or otherwise, to subsequently pay any such deficiency. Any payments on the Municipal Revenue Obligation, which are due on any Payment Date, shall be payable solely from and only to the extent that, as of such Payment Date, the City has received Actual Tax Increment. If, on any Payment Date, the Common Council shall not appropriate sufficient Actual Tax Increment to make the scheduled payment due on such date in full, the amount of such deficiency in the scheduled payment shall be deferred and shall be paid, on the next Payment Date on which the City has Actual Tax Increment in excess of the amount necessary to make the scheduled payment due on such Payment Date. In no case, shall the term of this Obligation and the City's obligation to make

payments hereunder, extend beyond the term of the District, nor shall the City be obligated to pay any amount not appropriated for such purpose by the Common Council. This Obligation shall terminate and the City's obligation to make any payments under this Obligation shall be discharged, and the City shall have no obligation and incur no liability to make any payments hereunder, after the expiration of the term of the District.

2. Limited Obligation of City. This Obligation shall be payable solely from Actual Tax Increment, and shall not constitute a charge against the City's general credit or taxing power. The City shall not be subject to any liability hereunder, or be deemed to have obligated itself to pay Developer any amounts from any funds, except the Actual Tax Increment, and then only to the extent and in the manner herein specified.

3. Subject to Annual Appropriations. Each payment under this Obligation shall be subject to annual appropriation by the City in accordance with the requirements for revenue obligations and in a manner approved by the City's counsel; provided, however, the City agrees to use good faith efforts to annually appropriate the Actual Tax Increment for payment under this Obligation until the payment in full of this Obligation as provided herein.

4. No Other Appropriation of Actual Tax Increment. The City covenants and agrees that 100% of the Actual Tax Increment generated by the Property and the improvements thereon proposed to be annually appropriated in a given year shall not be appropriated for any use during that year if not appropriated for repayment of this Obligation until this Obligation has been paid in full.

5. Prepayment Option. To satisfy in full the City's obligations under this Obligation, the City shall have the right to prepay all or a portion of the outstanding principal balance of this Obligation at any time, at par and without penalty.

6. Assignment. This Obligation is assignable or transferable by the registered owner hereof as provided in the Development Agreement. Any assignment or transfer of this Obligation shall be subject to the limitations provided in the Development Agreement. This Obligation is issuable in fully registered form only in an amount up to the Principal Amount stated herein.

7. Miscellaneous. This Obligation is subject to the Tax Increment Law and to the Development Agreement.

SIGNATURES ON FOLLOWING PAGE

**SIGNATURE PAGE TO MUNICIPAL REVENUE OBLIGATION**

Dated this day of ________ May, 2026.

CITY OF WEST ALLIS, WISCONSIN

By: ___________________________________

Dan Devine, Mayor

By: ___________________________________

Erin Hirn, City Administrator

By: ___________________________________

Tracy Uttke, City Clerk

Estimated MRO Payment Schedule

| | | |
|---|---|---|
| 1 | 2026 | |
| 2 | 2027 | |
| 3 | 2028 | $ 154,030.00 |
| 4 | 2029 | $ 474,304.00 |
| 5 | 2030 | $ 476,548.00 |
| 6 | 2031 | $ 478,801.00 |
| 7 | 2032 | $ 481,065.00 |
| 8 | 2033 | $ 483,339.00 |
| 9 | 2034 | $ 485,623.00 |
| 10 | 2035 | $ 487,917.00 |
| 11 | 2036 | $ 490,222.00 |
| 12 | 2037 | $ 492,536.00 |
| 13 | 2038 | $ 494,861.00 |
| 14 | 2039 | $ 497,196.00 |
| 15 | 2040 | $ 499,541.00 |
| 16 | 2041 | $ 501,896.00 |
| 17 | 2042 | $ 504,262.00 |
| 18 | 2043 | $ 506,638.00 |
| 19 | 2044 | $ 509,025.00 |
| 20 | 2045 | $ 482,197.00 |
| | Total | $ 8,500,000.00 |

## Exhibit F – TIF Cash Flow

# City of West Allis, Wisconsin

## Tax Increment District No. 22

### Tax Increment Projection Worksheet

| | | | | |
|---|---|---|---|---|
| Type of District | Blighted Area | | Base Value | 0 |
| District Creation Date | March 24, 2026 | | Economic Change Factor | 0.50% |
| Valuation Date | Jan 1, | 2026 | Apply to Base Value | |
| Max Life (Years) | 27 | | Base Tax Rate | $20.90 |
| End of Expenditure Period | 22 | 3/24/2048 | Rate Adjustment Factor | 0.00% |
| Revenue Periods/Final Year | 27 | 2054 | | |
| Extension Eligibility/Years | Yes | 3 | | |
| Eligible Recipient District | Yes | | | |

| | Construction Year | Value Added | Valuation Year | Economic Change | Total Increment | Revenue Year | Tax Rate[1] | Tax Increment |
|---|---|---|---|---|---|---|---|---|
| 1 | 2026 | 11,925,250 | 2027 | 0 | 11,925,250 | 2028 | $20.90 | 249,280 |
| 2 | 2027 | 11,925,250 | 2028 | 59,626 | 23,910,126 | 2029 | $20.90 | 499,806 |
| 3 | 2028 | 0 | 2029 | 119,551 | 24,029,677 | 2030 | $20.90 | 502,305 |
| 4 | 2029 | 0 | 2030 | 120,148 | 24,149,825 | 2031 | $20.90 | 504,817 |
| 5 | 2030 | 0 | 2031 | 120,749 | 24,270,574 | 2032 | $20.90 | 507,341 |
| 6 | 2031 | 0 | 2032 | 121,353 | 24,391,927 | 2033 | $20.90 | 509,877 |
| 7 | 2032 | 0 | 2033 | 121,960 | 24,513,887 | 2034 | $20.90 | 512,427 |
| 8 | 2033 | 0 | 2034 | 122,569 | 24,636,456 | 2035 | $20.90 | 514,989 |
| 9 | 2034 | 0 | 2035 | 123,182 | 24,759,639 | 2036 | $20.90 | 517,564 |
| 10 | 2035 | 0 | 2036 | 123,798 | 24,883,437 | 2037 | $20.90 | 520,152 |
| 11 | 2036 | 0 | 2037 | 124,417 | 25,007,854 | 2038 | $20.90 | 522,752 |
| 12 | 2037 | 0 | 2038 | 125,039 | 25,132,893 | 2039 | $20.90 | 525,366 |
| 13 | 2038 | 0 | 2039 | 125,664 | 25,258,558 | 2040 | $20.90 | 527,993 |
| 14 | 2039 | 0 | 2040 | 126,293 | 25,384,851 | 2041 | $20.90 | 530,633 |
| 15 | 2040 | 0 | 2041 | 126,924 | 25,511,775 | 2042 | $20.90 | 533,286 |
| 16 | 2041 | 0 | 2042 | 127,559 | 25,639,334 | 2043 | $20.90 | 535,953 |
| 17 | 2042 | 0 | 2043 | 128,197 | 25,767,530 | 2044 | $20.90 | 538,632 |
| 18 | 2043 | 0 | 2044 | 128,838 | 25,896,368 | 2045 | $20.90 | 541,325 |
| 19 | 2044 | 0 | 2045 | 129,482 | 26,025,850 | 2046 | $20.90 | 544,032 |
| 20 | 2045 | 0 | 2046 | 130,129 | 26,155,979 | 2047 | $20.90 | 546,752 |
| 21 | 2046 | 0 | 2047 | 130,780 | 26,286,759 | 2048 | $20.90 | 549,486 |
| 22 | 2047 | 0 | 2048 | 131,434 | 26,418,193 | 2049 | $20.90 | 552,233 |
| 23 | 2048 | 0 | 2049 | 132,091 | 26,550,284 | 2050 | $20.90 | 554,995 |
| 24 | 2049 | 0 | 2050 | 132,751 | 26,683,035 | 2051 | $20.90 | 557,770 |
| 25 | 2050 | 0 | 2051 | 133,415 | 26,816,450 | 2052 | $20.90 | 560,558 |
| 26 | 2051 | 0 | 2052 | 134,082 | 26,950,533 | 2053 | $20.90 | 563,361 |
| 27 | 2052 | 0 | 2053 | 134,753 | 27,085,285 | 2054 | $20.90 | 566,178 |
| Totals | | 23,850,500 | | 3,234,785 | | Future Value of Increment | | 14,089,863 |

Notes:
1) Tax rate shown is actual 2025/2026 rate per DOR Form PC-202 (Tax Increment Collection Worksheet).

| | Projected Revenues | | Projected Expenditures | | | Balances | | | |
|---|---|---|---|---|---|---|---|---|---|
| Year | Tax Increments | Total Revenues | MRO #1 2026 SoNa Residential[1] $10,599,094 | Ongoing Planning & Administration | Total Expenditures | Annual | Cumulative | Liabilities Outstanding | Year |
| 2026 | | **0** | | 45,000 | **45,000** | (45,000) | (45,000) | 10,599,094 | 2026 |
| 2027 | | **0** | | 25,000 | **25,000** | (25,000) | (70,000) | 10,599,094 | 2027 |
| 2028 | 249,280 | **249,280** | 154,030 | 25,250 | **179,280** | 70,000 | 0 | 10,445,064 | 2028 |
| 2029 | 499,806 | **499,806** | 474,304 | 25,503 | **499,806** | 0 | 0 | 9,970,761 | 2029 |
| 2030 | 502,305 | **502,305** | 476,548 | 25,758 | **502,305** | 0 | 0 | 9,494,213 | 2030 |
| 2031 | 504,817 | **504,817** | 478,801 | 26,015 | **504,817** | 0 | 0 | 9,015,412 | 2031 |
| 2032 | 507,341 | **507,341** | 481,065 | 26,275 | **507,341** | 0 | 0 | 8,534,346 | 2032 |
| 2033 | 509,877 | **509,877** | 483,339 | 26,538 | **509,877** | 0 | 0 | 8,051,007 | 2033 |
| 2034 | 512,427 | **512,427** | 485,623 | 26,803 | **512,427** | 0 | 0 | 7,565,383 | 2034 |
| 2035 | 514,989 | **514,989** | 487,917 | 27,071 | **514,989** | 0 | 0 | 7,077,466 | 2035 |
| 2036 | 517,564 | **517,564** | 490,222 | 27,342 | **517,564** | 0 | 0 | 6,587,244 | 2036 |
| 2037 | 520,152 | **520,152** | 492,536 | 27,616 | **520,152** | 0 | 0 | 6,094,708 | 2037 |
| 2038 | 522,752 | **522,752** | 494,861 | 27,892 | **522,752** | 0 | 0 | 5,599,847 | 2038 |
| 2039 | 525,366 | **525,366** | 497,196 | 28,171 | **525,366** | 0 | 0 | 5,102,652 | 2039 |
| 2040 | 527,993 | **527,993** | 499,541 | 28,452 | **527,993** | 0 | 0 | 4,603,111 | 2040 |
| 2041 | 530,633 | **530,633** | 501,896 | 28,737 | **530,633** | 0 | 0 | 4,101,215 | 2041 |
| 2042 | 533,286 | **533,286** | 504,262 | 29,024 | **533,286** | 0 | 0 | 3,596,953 | 2042 |
| 2043 | 535,953 | **535,953** | 506,638 | 29,314 | **535,953** | 0 | 0 | 3,090,315 | 2043 |
| 2044 | 538,632 | **538,632** | 509,025 | 29,608 | **538,632** | 0 | 0 | 2,581,290 | 2044 |
| 2045 | 541,325 | **541,325** | 511,422 | 29,904 | **541,325** | 0 | 0 | 2,069,869 | 2045 |
| 2046 | 544,032 | **544,032** | 513,829 | 30,203 | **544,032** | 0 | 0 | 1,556,039 | 2046 |
| 2047 | 546,752 | **546,752** | 516,248 | 30,505 | **546,752** | 0 | 0 | 1,039,792 | 2047 |
| 2048 | 549,486 | **549,486** | 518,676 | 30,810 | **549,486** | 0 | 0 | 521,116 | 2048 |
| 2049 | 552,233 | **552,233** | 521,116 | 31,118 | **552,233** | 0 | **0** | **0** | 2049 |
| 2050 | 554,995 | **554,995** | | 31,429 | **31,429** | 523,566 | 523,566 | | 2050 |
| 2051 | 557,770 | **557,770** | | 31,743 | **31,743** | 526,026 | 1,049,592 | | 2051 |
| 2052 | 560,558 | **560,558** | | 32,061 | **32,061** | 528,498 | 1,578,089 | | 2052 |
| 2053 | 563,361 | **563,361** | | 32,381 | **32,381** | 530,980 | 2,109,069 | | 2053 |
| 2054 | 566,178 | **566,178** | | 32,705 | **32,705** | 533,473 | 2,642,542 | | 2054 |
| **Totals** | **14,089,863** | **14,089,863** | **10,599,094** | **848,227** | **11,447,321** | | | | Totals |



Notes: NPV @ 6.00% $5,611,317

**PROJECTED CLOSURE YEAR**

1) Annual MRO payment is based on 100% of increment less the annual administrative costs. Assumes the 2028 payment is further reduced by the 2026 and 2027 administrative costs.

**LEGEND:**

CALLABLE MATURITIES

END OF EXP. PERIOD

**Exhibit G – Developer's Guaranty of Completion**

**COMPLETION GUARANTY**

This Guaranty by is made by SoNa Lofts II **LLC** , a Wisconsin Limited Liability Company ("**Guarantor**") to and for the benefit of the **Community Development Authority of the City of West** Allis (the "**Authority**").

WHEREAS, Pursuant to that certain Development Agreement dated as of even date herewith (as amended, restated, supplemented or otherwise modified from time to time, collectively, the "**Development Agreement**") and Development Financing Agreement dated of even date herewith ((as amended, restated, supplemented or otherwise modified from time to time, collectively, the "**Development Financing Agreement**") by SoNa Lofts II LLC ("**Developer**"), the Authority, and the City of West Allis ("**City**"). Pursuant to Section 66.1105 of the Wisconsin Statutes , the City has agreed to make certain financial accommodations available to Developer, on the terms and subject to the conditions set forth in the Development Agreement and Development Financing Agreement; and,

WHEREAS, pursuant to that certain Development Agreement and Development Financing Agreement, the Developer agreed to certain terms and conditions with respect to the development and maintenance of a multifamily apartment project more particularly described in the Development Agreement (the "**Project**"); and

WHEREAS, the Authority requires, as a condition of entering into the Development Financing Agreement and the transactions related thereto, that Guarantor guaranty certain obligations of Developer to the Authority pursuant to the terms hereof; and,

WHEREAS, Guarantor will derive substantial benefits from the conduct of the Developer's business and operations; and, because of the relationship with the Developer, has agreed to execute this Guaranty; and,

WHEREAS, it is in the interests of the Developer to obtain the benefits under the Development Financing Agreement, and Developer would not construct the Project but for the assistance provided by the Development Financing Agreement.

NOW, THEREFORE, in consideration of the above premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby agrees as follows:

1. Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Development Financing Agreement.

2. So long as this Guaranty is outstanding, the Guarantor represents and warrants as follows as of the date hereof:

A. This Guaranty is legal, valid, binding upon and enforceable against such Guarantor in accordance with its terms, except as it may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights and except as may be limited by general principles of equity. The Guarantor agrees to file, when due, all federal and state income and other tax returns, which are required to be filed, and will pay all taxes shown on said returns and on all assessments received by it in connection with the foregoing to the extent that such taxes shall have become due and all extensions have expired. The Guarantor has no knowledge of any liabilities as to it, which may be asserted against it upon audit of its federal or state tax returns for any period that remains subject to audit.

B. Except as disclosed by the Guarantor to the Authority , in writing, prior to the date hereof, there is no action, suit, proceeding or investigation before any court, public board or body pending or threatened against the Guarantor, or any of its properties, which, if adversely determined, would have a material adverse effect upon the business, properties or financial condition of the Guarantor.

C. The Guarantor acknowledges that the Authority has not made any representations or warranties with respect to, and agrees that the Authority does not assume any responsibility to the Guarantor for and has no duty to provide information to the Guarantor regarding the collectability or enforceability of the Development Financing Agreement or the financial condition of Developer. The Guarantor has independently determined the issues relating to completion of the Project.

3. The Guarantor hereby absolutely and unconditionally guarantees to the Authority (i) the prompt and complete performance of Developer's obligation to complete the construction of the Project as set forth in the Development Agreement ("**Guaranteed Obligations**"); provided, however, Guarantor shall be entitled to the same applicable grace and cure periods afforded Developer for the applicable Guaranteed Obligations. In the event that Developer fails to substantially complete construction of the Project as required under the terms of the Development Agreement and applicable grace and cure periods, if any, then, upon receipt of written notice from the Authority , Guarantor will within thirty (30) days after receipt of such notice undertake to complete construction of the Project pursuant to the provisions of this Section 3 and thereafter pursue such construction through to substantial completion of the Project. If the Authority elects to require Guarantor to complete the Project as provided herein, then within thirty (30) days after written demand by the Authority, Guarantor will commence construction of the Project.

4. The Guarantor's Obligations hereunder shall be binding upon the Guarantor, its successors, and permitted assigns; however, the Guarantor shall not transfer or assign its Guaranteed Obligations to an affiliate or

another entity without the written consent of the Authority. This Guaranty shall remain in full force and effect so long as any of the Guaranteed Obligations are outstanding, without any right of offset and irrespective of:

A. The genuineness, validity, regularity or enforceability of the Development Agreement or any of the terms thereof, the continuance of any Guaranteed Obligations on the part of the Developer on the Development Agreement, or the power or authority or lack of power or authority of the Developer or any other party to execute and deliver the Development Financing Agreement, Development Agreement, or to perform any of the Guaranteed Obligations thereunder.

B. Any failure or lack of diligence in connection or protection, failure in presentment or demand, protest, notice of protest, notice of default and of nonpayment, failure of notice of acceptance of this Guaranty, failure to give notice of failure of the Developer to perform any covenant or agreement under the terms of the Development Agreement, or the failure to resort for payment to the Developer or to any other person or entity or to any rights or remedies of any type (the Guarantor hereby expressly waiving all of the foregoing).

C. The acceptance or release of any security or other guaranty, extension of the Development Financing Agreement and/or Development Agreement or amendments, modifications, consents or waivers with respect to the Development Financing Agreement and/or Development Agreement or any subordination of the Guaranteed Obligations to any other obligations of the Developer (the Guarantor hereby expressly consenting to all of the foregoing).

D. Any defense whatsoever that the Developer might have to the payment or to the performance or observance of any of the Guaranteed Obligations, other than full payment or performance thereof, as applicable.

E. Any legal or equitable principle of marshalling or other rule of law requiring a creditor to proceed against specific property, apply proceeds in a particular manner or otherwise exercise remedies so as to preserve the several estates of joint obligors or common debtors (the Guarantor hereby expressly waiving the benefit of all of the foregoing).

F. Without limiting any of the other terms or provisions hereof, it is understood and agreed that in order to hold the Guarantor liable hereunder, there shall be no obligation on the part of the City to resort in any manner or form for payment to the Developer or to any other person, firm or corporation, their properties or assets, or to any security, property or other rights or remedies whatsoever, and the City shall have the right to enforce this Guaranty irrespective of whether or not proceedings or steps are pending seeking resort to or realization upon from any of the foregoing. It is further understood that repeated and successive demands may be made and recoveries may be had hereunder as and when, from time to time, the Developer shall default in the performance of the Guaranteed Obligations under the terms of the Development Agreement beyond any applicable grace or cure period and that, notwithstanding recovery hereunder for or in respect of any given default or defaults, this Guaranty shall remain in full force and effect and shall apply to each and every subsequent default until terminated as herein provided.

5. This Guaranty shall be a continuing guaranty so long as any of the Guaranteed Obligations remain unpaid or unperformed, as applicable, and may be enforced by the Authority or any successor in interest under the Development Agreement; provided that the Authority may only transfer this Guaranty, the Development Agreement and the Development Financing Agreement to the Authority , in each case, affiliated with Authority and to no other party without the consent of Guarantor and provided further that notice is given to the Guarantor within a reasonable time after such assignment.

6. This Guaranty shall terminate, and Guarantor shall be released from all further liability hereunder upon the issuance of the Certificate of Completion (as defined in the Development Agreement).

7. Notices hereunder shall be given in accordance with the provisions of the Development Financing Agreement.

8. This Guaranty shall be governed by and construed in accordance with the laws of the State of Wisconsin.

(SIGNATURES CONTINUED ON NEXT PAGE)

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty, to take effect as of the ____ day of ____________, 2026.

**SONA LOFTS II LLC**,
a Wisconsin limited liability company

By: MANDEL/SONA LOFTS II LLC**,**
Its Manager

By: BR Mandel LLC
Its: Manager

By: ____________________________________
Barry R. Mandel, its Manager

**ACKNOWLEDGMENT**

STATE OF WISCONSIN )
) SS
COUNTY OF MILWAUKEE )

This instrument was acknowledged before me on ________ ___, 2026, by Barry R. Mandel, as the Manager of BR Mandel LLC, the Manager of Mandel/SoNa Lofts II LLC, the Manager of SoNa Lofts II LLC.

__________________________________________________
*_________________________________________________
Notary Public, State of Wisconsin
My commission is permanent/expires __________.

Acceptance:

This Guaranty is hereby accepted this _____ day of _______________ 2026, by the Community Development Authority of the City of West Allis.

By ________________________________

Patrick Schloss, Executive Director

**Exhibit H – IRR Calculation**

To be added