

MEMO

To: Dustin Anderson, Department of Community Development, City of Joliet
 From: SB Friedman Development Advisors, LLC
 Date: February 19, 2026

RE: Joliet Technology Center Property and Utility Tax Projections

Introduction

SB Friedman Development Advisors, LLC. (“SB Friedman”) was engaged by the City of Joliet (the “City”) to conduct a review of a study of the projected economic impact of the \$21.4 billion Joliet Technology Center (the “Project”) proposed by Hillwood (the “Developer”). The Developer submitted an economic impact study for the Project prepared by Strategic Economic Research in January 2026 (the “Study”). Included in the Study were projections of property taxes anticipated to result from the Project. SB Friedman reviewed the Study and prepared independent projections of property and utility taxes that could be collected by the City. Further detail regarding our analysis and its findings are discussed in subsequent sections of this memo.

Project Characteristics

The Project is to be located on approximately 600 acres south of West Schweitzer Road between South Rowell Road and South Ridge Road and is currently in unincorporated Will County. Annexation into the City will be required for the Project to proceed. Construction is anticipated to occur in multiple phases, starting in 2028 and concluding in 2033, totalling approximately 3.6M square feet (SF) of new data center buildings.

Each phase of construction is anticipated to result in increased taxable values and thus property taxes. Furthermore, as Project build-out occurs, greater data center capacity will increase electricity consumption and generate new utility taxes to the City. Annual electricity consumption upon Project completion is estimated to be 1,800 megawatts (MW).

The Developer provided a schedule of anticipated electricity consumption, which SB Friedman used to estimate the phasing of development, and is summarized in **Figure 1**.

Figure 1. Anticipated Electricity Consumption and Phasing

| Year | Est. Electricity Consumption (MW) | % of Electricity Consumption | Est. SF of Building |
|--------------|-----------------------------------|------------------------------|---------------------|
| 2028 | 113 | 6% | 226,000 |
| 2029 | 450 | 19% | 674,000 |
| 2030 | 900 | 25% | 900,000 |
| 2031 | 1,350 | 25% | 900,000 |
| 2032 | 1,688 | 19% | 676,000 |
| 2033 | 1,800 | 6% | 224,000 |
| Total | -- | 100% | 3,600,000 |

Source: Developer, SB Friedman

Methodology

SB Friedman conducted a detailed review of the Study to understand the key assumptions used to estimate taxes resulting from the Project that would flow to the City. While the Study estimates potential economic impacts directly and indirectly stimulated by the Project over a 30-year timeframe, this memo addresses only the estimated City property and utility taxes generated by the Project. Our work included:

- Reviewing the Study and key assumptions used to estimate the Project’s economic impact;
- Preparing independent projections of property taxes and utility taxes generated by the Project that would flow to the City.

Property Tax Assumptions Review and Projections

The Study projects property tax generation for multiple local taxing bodies. Specifically, the Study estimates the Project will generate more than \$305.7 million in City property taxes (reflecting taxes generated by the general and fire protection property tax rates) over a 30-year period. SB Friedman reviewed the key assumptions outlined in the Study, which are described in further detail below:

- **Property Value.** Industrial properties in Will County are assessed at 33% of their market value. While the Project’s assumed market and equalized assessed value (EAV) are not stated in the Study, the methodology to estimate EAV described in the Study appears to be consistent with typical assessment practices in Will County.
- **Property Value Growth Rate.** The Study assumed the EAV of the Project would decline annually by 3% starting in 2034, producing a straight-line reduction in property taxes over the 30-year analysis period.
- **EAV Phasing.** The Study assumed that EAV would be phased in each year as new buildings are delivered. The Study’s assumed EAV phasing was therefore approximated based on the growth in projected annual property taxes resulting from new construction between 2028 to 2033, summarized in **Figure 2**.

Figure 2. Approximate Project EAV Phasing

| Year | Estimated Annual EAV Additions ^[1] | Phasing of EAV |
|--------------|---|----------------|
| 2028 | \$421,800 | 3% |
| 2029 | \$1,825,900 | 12% |
| 2030 | \$3,618,900 | 23% |
| 2031 | \$3,878,100 | 25% |
| 2032 | \$3,644,700 | 24% |
| 2033 | \$2,019,500 | 13% |
| Total | \$15,408,900 | 100% |

Source: Strategic Economic Research, SB Friedman

[1] SB Friedman estimated the Study’s implied annual EAV additions by dividing the projected annual property taxes presented in the Study by the City of Joliet property tax rate during the anticipated years of construction (2028-2033).

- **Projection Period.** The Study projected taxes over a period of 30 years from 2028–2057.
- **City Property Tax Rate.** The Study assumed the 2024 City of Joliet general property tax rate (0.6297%) and fire protection tax rate (0.4612%) would remain constant over the 30-year analysis period.

Based on these assumptions, the Study projected total property taxes to the City of Joliet of **\$305,682,217** from 2028 to 2057.

SB FRIEDMAN PROPERTY TAX PROJECTIONS

Following a review of the key assumptions outlined in the Study, SB Friedman prepared independent property tax projections.

- **Development Program.** The City provided SB Friedman with an anticipated development program that totaled 3.6M SF of new development.
- **Property Value.** SB Friedman utilized a comparables-based approach to estimate the Project’s EAV. We were unable to identify any existing data centers in Will County. Thus, SB Friedman analyzed the 2024 EAV of existing data center developments in Cook and DeKalb counties. Based on this research, SB Friedman assumed an EAV of \$230 per building SF for the Project.
- **Property Value Growth Rate.** SB Friedman assumed property value escalations of 1% per year, which was compounded and realized every four years based on the quadrennial reassessment schedule used in Will County.
- **EAV Phasing.** SB Friedman created a Project EAV phasing schedule based on the anticipated ramp-up of electricity consumption during the construction period (**Figure 3**) which was provided by the Developer.

Figure 3. SB Friedman Project Construction Phasing

| Year | Estimated Electricity Consumption (MW) | Est. SF of Building | Est. Annual EAV Additions |
|--------------|--|---------------------|---------------------------|
| 2028 | 113 | 226,000 | 6% |
| 2029 | 450 | 674,000 | 19% |
| 2030 | 900 | 900,000 | 25% |
| 2031 | 1,350 | 900,000 | 25% |
| 2032 | 1,688 | 676,000 | 19% |
| 2033 | 1,800 | 224,000 | 6% |
| Total | -- | 3,600,000 | 100% |

Source: Developer, SB Friedman

- **Projection Period.** SB Friedman projected property taxes over a 30-year period (2028–2057).
- **City Property Tax Rate.** SB Friedman assumed the 2024 City of Joliet general property tax rate (0.6297%) and fire protection tax rate (0.4612%) would remain constant over the 30-year analysis period.
- **Tax Collection.** SB Friedman’s property tax projections assume all property taxes are collected one year in arrears and all tax bills are paid on time.

SB Friedman projects total property taxes of **\$309,904,000** to the City from 2028 to 2057. The Study's property tax projections therefore appear reasonable based on its general alignment with SB Friedman's property tax projections. A comparison of projected annual City property taxes is provided in **Appendix A**.

Note that while this methodology is common when conducting fiscal impact analyses, it is important to acknowledge that these projected property taxes will not necessarily result in additional taxes to the City unless the City Council elects to increase their levy. Otherwise, the additional tax base resulting from the Project will grow the City's tax base and decrease the property tax burden on all other taxpayers.

Utility Tax Projections

The Study did not include projections of utility taxes generated by the Project. However, the City requested SB Friedman project potential City utility taxes based on the anticipated electricity consumption of the Project. The key assumptions used by SB Friedman to project City utility taxes are outlined below:

- **Electricity Consumption and Phasing.** SB Friedman relied on the anticipated annual electricity consumption and phasing of the Project provided by the Developer and shown in **Figure 1**. Since the City charges users for electricity consumption on a monthly basis, SB Friedman assumed that the anticipated annual electricity consumption would be consistent from month to month. We also assumed that annual electricity consumption upon Project completion in 2033 would remain constant for the remainder of the 30-year analysis period.
- **Utility Tax Rate.** SB Friedman assumed that the current utility tax rates, as outlined in the City's municipal code Sec. 28-231, would stay constant over the 30-year analysis period. The City's current utility tax rates are tiered based on monthly electricity consumption. The tiers and associated rates are shown in **Appendix C**.
- **Tax Collection.** Our utility tax projections do not account for any delay in collections and assume that all utility taxes are paid in the same month they are incurred.

Based on these assumptions, SB Friedman projects total utility taxes to the City of **\$10,030,000** from 2028 to 2057. Annual utility taxes are shown in **Appendix B**.

Conclusions

The Study estimates several beneficial economic impacts that could accrue to the City from Project construction and operation. Specifically, the Study projects that the Project could generate approximately \$305.7 million in new property taxes (reflecting taxes generated by the general and fire protection property tax rates) from 2028 to 2057.

SB Friedman estimated \$309.9 million in property taxes could be generated by the general and fire protection tax rates over the 30-year analysis period. The property taxes projected in the Study therefore appear reasonable, assuming Project buildout occurs as contemplated. SB Friedman also estimated the Project could generate approximately \$10.0 million in City utility taxes from new electricity consumption. A comparison between the Developer's and SB Friedman's adjusted property tax projection is presented in **Appendix A**. Additionally, SB Friedman's utility tax projection is presented in **Appendix B**.

Please call if you have questions.

Appendix A. Strategic Economic Research and SB Friedman Property Tax Projections

| Year | Strategic Economic Research Projected Property Taxes | SB Friedman ^[1] Projected Property Taxes |
|--------------|---|--|
| 2028 | \$460,160 | \$0 |
| 2029 | \$2,452,065 | \$614,000 |
| 2030 | \$6,399,897 | \$2,481,000 |
| 2031 | \$10,630,530 | \$5,024,000 |
| 2032 | \$14,606,545 | \$7,822,000 |
| 2033 | \$16,809,665 | \$9,809,000 |
| 2034 | \$16,693,237 | \$10,481,000 |
| 2035 | \$16,163,112 | \$10,481,000 |
| 2036 | \$15,632,988 | \$10,906,000 |
| 2037 | \$15,102,864 | \$10,906,000 |
| 2038 | \$14,572,740 | \$10,906,000 |
| 2039 | \$14,042,615 | \$10,906,000 |
| 2040 | \$13,512,490 | \$11,349,000 |
| 2041 | \$12,982,366 | \$11,349,000 |
| 2042 | \$12,452,242 | \$11,349,000 |
| 2043 | \$11,922,118 | \$11,349,000 |
| 2044 | \$11,391,993 | \$11,810,000 |
| 2045 | \$10,861,868 | \$11,810,000 |
| 2046 | \$10,331,744 | \$11,810,000 |
| 2047 | \$9,801,620 | \$11,810,000 |
| 2048 | \$9,271,496 | \$12,290,000 |
| 2049 | \$8,741,371 | \$12,290,000 |
| 2050 | \$8,211,246 | \$12,290,000 |
| 2051 | \$7,681,123 | \$12,290,000 |
| 2052 | \$7,150,998 | \$12,789,000 |
| 2053 | \$6,620,874 | \$12,789,000 |
| 2054 | \$6,090,749 | \$12,789,000 |
| 2055 | \$5,560,624 | \$12,789,000 |
| 2056 | \$5,030,501 | \$13,308,000 |
| 2057 | \$4,500,376 | \$13,308,000 |
| TOTAL | \$305,682,217 | \$309,904,000 |

Source: Strategic Economic Research, SB Friedman

[1] Property taxes are assumed to be collected one year in arrears. Therefore, no property taxes are assumed to be collected in the first year of Project construction.

Appendix B. SB Friedman Annual Utility Tax Projections

| Year | Estimated Electricity Consumption (MW) | Utility Taxes |
|--|--|---------------------|
| 2028 | 113 | \$29,000 |
| 2029 | 450 | \$106,000 |
| 2030 | 900 | \$197,000 |
| 2031 | 1,350 | \$280,000 |
| 2032 | 1,688 | \$343,000 |
| 2033 | 1,800 | \$363,000 |
| 2034 | 1,800 | \$363,000 |
| 2035 | 1,800 | \$363,000 |
| 2036 | 1,800 | \$363,000 |
| 2037 | 1,800 | \$363,000 |
| 2038 | 1,800 | \$363,000 |
| 2039 | 1,800 | \$363,000 |
| 2040 | 1,800 | \$363,000 |
| 2041 | 1,800 | \$363,000 |
| 2042 | 1,800 | \$363,000 |
| 2043 | 1,800 | \$363,000 |
| 2044 | 1,800 | \$363,000 |
| 2045 | 1,800 | \$363,000 |
| 2046 | 1,800 | \$363,000 |
| 2047 | 1,800 | \$363,000 |
| 2048 | 1,800 | \$363,000 |
| 2049 | 1,800 | \$363,000 |
| 2050 | 1,800 | \$363,000 |
| 2051 | 1,800 | \$363,000 |
| 2052 | 1,800 | \$363,000 |
| 2053 | 1,800 | \$363,000 |
| 2054 | 1,800 | \$363,000 |
| 2055 | 1,800 | \$363,000 |
| 2056 | 1,800 | \$363,000 |
| 2057 | 1,800 | \$363,000 |
| Total Projected Taxes (2028-2057) | | \$10,030,000 |

Source: Developer, SB Friedman

Appendix C. City of Joliet Electricity Tax Rates

| Tax Rate Usage Categories | Rate (in cents per kWh) |
|---|-------------------------|
| For the first 2,000 kWh used in the month | \$0.348 |
| For the next 48,000 kWh used in the month | \$0.230 |
| For the next 50,000 kWh used in the month | \$0.186 |
| For the next 400,000 kWh used in the month | \$0.185 |
| For the next 500,000 kWh used in the month | \$0.183 |
| For the next 2,000,000 kWh used in the month | \$0.149 |
| For the next 2,000,000 kWh used in the month | \$0.059 |
| For the next 5,000,000 kWh used in the month | \$0.048 |
| For the next 10,000,000 kWh used in the month | \$0.045 |
| For all over 20,000,000 kWh used in the month | \$0.038 |

Source: City

Limitations of our Engagement

Our deliverables are based on estimates, assumptions and other information developed from research of the market, knowledge of the industry, and information provided by the City and the Developer. The sources of information and bases of the estimates and assumptions are stated in the deliverable. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our report, and the variations may be material.

The terms of this engagement are such that we have no obligation to revise analyses or the deliverables to reflect events or conditions that occur subsequent to the date of the deliverable. These events or conditions include, without limitation, economic growth trends, governmental actions, changes in state statute or local ordinance, additional competitive developments, interest rates, and other market factors. However, we will be available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Our deliverable is intended solely for your information and that of the City, for purposes of evaluating the impact of the Project, and is not a recommendation to issue bonds or other securities. The deliverable should not be relied upon by any other person, firm or corporation, or for any other purposes. Neither the report nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan, or other agreement or document intended for use in obtaining funds from individual investors without our prior written consent.

Although SB Friedman is registered with the Municipal Securities Rulemaking Board (MSRB) as a Municipal Advisor, we are not recommending an action to you as the municipal entity or to any obligated person under MSRB rules. The information and material provided in the deliverable is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934. The information and material provided in the deliverable is being provided for discussion purposes, and you or any obligated person should discuss any information and material contained in the deliverable with any and all internal or external advisors and experts that you or any such obligated person deem appropriate before acting on the information or material set forth in the deliverable. Unless otherwise agreed, we are not acting as a municipal advisor to you or any obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you or any obligated person with respect to the information and material contained in the deliverable.

We acknowledge that upon submission to the City, the report may become a public document within the meaning of the Freedom of Information Act. Nothing in these limitations is intended to block the disclosure of the documents under such Act.