

**REAL PROPERTY TAX ABATEMENT AGREEMENT**  
**FedEx Ground Package System, Inc.**

THIS AGREEMENT entered into by and between **FedEx Ground Package System, Inc.**, hereinafter referred to as the "**Applicant**," and **County of Lake, Village of Grayslake, Grayslake Fire Protection District, Fremont School District 79, Grayslake Community High School District 127, and Grayslake Consolidated School District 46**, hereinafter collectively referred to as the "**Taxing Bodies**;"

WHEREAS, the Taxing Bodies have the power to abate real property taxes pursuant to Section 200/18-165 of the Illinois Property Tax Code, as amended (35 ILCS 200/18-165); and

WHEREAS, the Taxing Bodies may enter into intergovernmental cooperation agreements pursuant to Article VII, Section 10 of the Illinois Constitution of 1970, and the Intergovernmental Cooperation Act (5 ILCS 220/1 et seq.); and

WHEREAS, the Taxing Bodies believe that it is in the best interest of each, their residents and taxpayers to attract new and diverse commercial and industrial businesses within their boundaries in order to stimulate growth, encourage business expansion in undeveloped areas, and increase the assessed valuation within their boundaries; and

WHEREAS, the Applicant will locate or cause to be located a business-to-business and business-to-residential small package transportation center and related improvements with a minimum square footage of 200,000 square feet (collectively, the "**Improvements**") on property described in **Exhibit A** (the "**Property**") attached hereto and incorporated herein by reference (the Property and the Improvements may hereinafter collectively be referred to as the "**Facility**"); and

WHEREAS, the Applicant will employ a minimum of thirty-four (34) full-time and two hundred eleven (211) part-time employees at the Facility by December 31, 2013; and

WHEREAS, the Applicant agrees and shall be responsible for ensuring the compliance of contractors and sub-contractors, constructing or using the Facility, with the terms of this Agreement.

NOW, THEREFORE, in consideration of the promises each to the other made, as hereinafter set forth and other good and valuable consideration, IT IS HEREBY UNDERSTOOD AND AGREED by and between the parties as follows:

I. RECITALS

The above recitals are incorporated into this Agreement as if they appeared in the body as numbered paragraphs.

II. AGREEMENT TO GRANT REAL PROPERTY TAX ABATEMENT

The Taxing Bodies agree to provide real property tax abatements for the Property and Improvements in accordance with Section 200/18-165 of the Illinois Property Tax Code, the terms of this Agreement and the Applicant's Lake County Partners' Property Tax Abatement Application (the "**Application**"), as set forth in **Exhibit B** attached hereto and incorporated herein by reference.

III. TERMS OF THE AGREEMENT

A. Definition:

For the purposes of this Agreement:

**Real Property Taxes** shall mean all taxes levied or extended upon the Property and any Improvements on the Property, including the taxes now existing or which may in the future exist.

**Fully Assessed** shall mean an occupancy permit has been issued for the Facility.

**Tax Year** shall mean from January 1 through December 31 of a given calendar year.

B. Amount and Duration:

Starting in the Tax Year after the Tax Year in which the Property and the Improvements are Fully Assessed by the Assessor of the Township of Fremont (the "**Township Assessor**") for the entire Tax Year, the Taxing Bodies shall, pursuant to 35 ILCS 200/18-165 as it may be amended subsequent to the effective date of this Agreement, each take any and all acts necessary to abate fifty percent (50%) of their portion of the Real Property Taxes allocated to them by the Clerk of the County of Lake, for a period of five (5) years (the "**Abatement**"). As provided in 35 ILCS 200/18-165, the aggregate amount of Real Property Taxes abated for the Property and Improvements by all Taxing Bodies will not exceed \$4,000,000 for the life of the Abatement.

This Agreement becomes null and void if the Improvements fail to be Fully Assessed within three (3) years of the effective date of this Agreement.

C. Employees:

When hiring to either fill the newly created jobs at the Facility or to fill existing jobs that become open, the Applicant will use reasonable efforts to hire Lake County residents by posting jobs openings with the Lake County Workforce Investment Board. The Applicant shall maintain, at a minimum, the levels of employees, wage rates and fringe benefits for said employees pursuant to the figures provided by the Applicant in the Application.

The Applicant shall provide the Taxing Bodies with documentation of compliance with employment, wage rate and fringe benefit requirements by sending the documentation to the Taxing Bodies, and will also provide a copy of this documentation to Lake County Partners. Said documentation

shall be provided on or before June 1 of each Tax Year following a Tax Year in which the Abatement is granted.

Should the Applicant fail to substantially meet the requirements set forth in this paragraph and/or the Application, then the Taxing Bodies may terminate the Abatement from that time forward and the Applicant shall repay any terminating Taxing Body in full an amount of money equal to all Real Property Taxes abated by the Taxing Body for any Tax Year in which the Applicant failed to substantially meet the requirements of this paragraph.

D. Community Involvement:

The Applicant shall agree to engage the Taxing Bodies in separate discussions on the subject of community involvement. The Taxing Bodies agree to work together with the Applicant to define this community involvement. Further, both the Applicant and the Taxing Bodies agree that these discussions will occur after this Agreement is fully executed.

E. Compliance with Applicable Laws:

The Applicant shall not violate any environmental performance standard or environmental or building code, ordinance, rule, or regulation of the United States of America, the State of Illinois, the County of Lake, or the Village of Grayslake. Should the Applicant receive notice of any such violation and fail to cure the violation within thirty (30) days of the notice, any Taxing Body has the right to terminate its respective Abatement. Upon such termination, the Applicant shall repay the terminating Taxing Body in full an amount of money equal to all Real Property Taxes previously abated by the Taxing Body pursuant to this Agreement.

F. Termination:

Each Taxing Body may terminate its respective Abatement pursuant to the terms of this Agreement by providing notice to the Applicant in writing or by written agreement of the respective Taxing Body and the Applicant.

G. Applicant Cooperation:

On or before June 1 of each Tax Year following a Tax Year in which the Abatement is granted, the Applicant agrees to provide the Chief County Assessment Officer for the County of Lake (the "**Chief County Assessor**") with the original capitalized cost of any real property improvements in excess of \$5,000 added to the Property in the prior Tax Year. The Chief County Assessor shall be allowed to verify the information provided by the Applicant either through requested additional documentation or reasonable access for on-site inspections.

Should the Applicant fail to provide the information or access required, and should such failure continue for more than thirty (30) days after notice from the Chief County Assessor or any Taxing Body, any Taxing Body may

terminate the Abatement for the Tax Year occurring after the Tax Year in which the information was not provided.

#### IV. BINDING PARTIES

A. Guarantee of Authorization:

Each of the parties signing this Agreement represents, warrants, and guarantees to all the other parties that:

- (1) They are authorized to execute this Agreement on behalf of the party for whom they signed this instrument;
- (2) All the action(s) necessary, including, but not limited to corporate resolutions, ordinances and notices, to make this Agreement a lawful and binding agreement upon that party have been taken;
- (3) The performance of the transactions contemplated by the provisions of this Agreement, and the execution, issuance, delivery and performance of this Agreement to be executed and delivered by the Taxing Bodies and the Applicant have each been duly authorized by all the necessary actions on the part of each.

B. Effective Date:

This Agreement shall not be effective until all of the parties to this Agreement have in fact signed this Agreement and the effective date of this Agreement shall be the latest date that any one party actually signs and dates this Agreement.

C. No Assignment or Transfer:

The Abatement is specifically granted to the Applicant and may not be assigned or transferred, except to an affiliate of the Applicant or a subsidiary of FedEx Corporation ("Successor[s]"). In the event that the Applicant or its Successor[s] cease[s] operation of the Facility, the Abatement shall immediately terminate.

D. Early Closure of Applicant's Abated Facility:

The Applicant agrees that by signing this Agreement it agrees to remain in the Facility for a minimum of fifteen (15) years, the term of its initial lease with Scannell Properties #116, LLC, the owner of the Property on which the Improvements will be constructed (the "Lease"). Should the Applicant or its Successor[s] fail to remain in the Facility for a minimum of fifteen (15) years from the date the Lease is signed, the Applicant or its Successor[s] shall repay to the Taxing Bodies one hundred percent (100%) of the previously abated Real Property Taxes within thirty (30) days of receiving notice from any Taxing Body.

E. Successors of Taxing Bodies:

This Agreement shall be binding upon the Taxing Bodies, their successors, and their assigns, notwithstanding the provisions of Paragraph C.

F. Communication Requirements:

All notices, requests, demands, waivers and other communications shall be in writing and shall be considered duly given three (3) days following dispatch when deposited in the mail, certified or registered mail, postage prepaid, properly addressed to the party entitled to receive such notices at the addresses as follows:

County Board Chairman  
County Board Office  
County of Lake  
18 N. County Street, 10th Floor  
Waukegan, Illinois 60085-4351

Village Hall  
Mayor's Office  
Village of Grayslake  
10 South Seymour Avenue  
Grayslake, Illinois 60030

Office of the President  
Grayslake Fire Protection District  
160 Hawley Street  
Grayslake, Illinois 60030

Office of the Superintendent  
Community Consolidated School District No. 46  
565 Frederick Road  
Grayslake, Illinois 60030

Office of the Superintendent  
Fremont School District No. 79  
28855 N. Fremont Center Road  
Mundelein, Illinois 60060

Office of the Superintendent  
Grayslake Community High School District No. 127  
400 N. Lake Street  
Grayslake, Illinois 60030

FedEx Ground Package System, Inc.  
1000 FedEx Drive  
Moon Township, Pennsylvania 15108  
Attention: Vice President & Controller

Each party may designate a new place or places, or a new person or persons, for notice purposes, by providing thirty (30) days written notice to all other parties.

- G. Applicable Law:  
 This Agreement shall be interpreted and enforced according to the statutes and case laws of the State of Illinois regardless of the later legal residence or domicile of any of the Taxing Bodies or the Applicant. Venue shall be the Circuit Court of the 19<sup>th</sup> Judicial Circuit, Lake County, Illinois. The parties hereto waive any claim or defense that such venue is not convenient or proper.
- H. Severability:  
 If any clause in this Agreement is deemed to be void or unenforceable, such clause shall be severed and the remaining provisions in this Agreement shall remain in full force and effect.
- I. Entire Agreement/Amendment:  
 This Agreement constitutes the entire agreement of the parties and any alterations, amendments, or other changes to this Agreement shall be in writing, signed by all Taxing Bodies and the Applicant. This Agreement may be executed in several counterparts, all of which shall constitute the Agreement.
- J. Captions and Paragraph Headings:  
 Captions and paragraph headings are for conveniences only and are not a part of this Agreement and shall not be used in construing it.

THE PARTIES TO THIS AGREEMENT by their signatures acknowledge that they have read and understand this Agreement and intend to be bound by its terms.

**COUNTY OF LAKE**  
 BY:

\_\_\_\_\_  
 CHAIR, COUNTY BOARD                      Date

ATTESTED:

\_\_\_\_\_  
 COUNTY CLERK                              Date

**VILLAGE OF GRAYSLAKE**  
 BY:

\_\_\_\_\_  
 MAYOR    Date

ATTESTED:

\_\_\_\_\_  
 VILLAGE CLERK                              Date

**GRAYSLAKE FIRE PROTECTION DISTRICT**  
BY:

\_\_\_\_\_  
PRESIDENT Date

ATTESTED:

\_\_\_\_\_  
SECRETARY Date

**GRAYSLAKE COMMUNITY HIGH SCHOOL DISTRICT 127**  
BY:

\_\_\_\_\_  
PRESIDENT Date

ATTESTED:

\_\_\_\_\_  
SECRETARY Date

**FREMONT SCHOOL DISTRICT 79**  
BY:

\_\_\_\_\_  
PRESIDENT Date

ATTESTED:

\_\_\_\_\_  
SECRETARY Date

**GRAYSLAKE CONSOLIDATED SCHOOL DISTRICT 46**  
BY:

\_\_\_\_\_  
PRESIDENT Date

ATTESTED:

\_\_\_\_\_  
SECRETARY Date

**FEDEX GROUND PACKAGE SYSTEM, INC.**  
BY:

\_\_\_\_\_  
AUTHORIZED OFFICER Date

ATTESTED:

\_\_\_\_\_  
AUTHORIZED OFFICER Date

**Exhibit A**

**Legal Description of Property**

See attached.



Exhibit "A"

THAT PART OF GOVERNMENT LOTS 1 AND 2 IN THE FRACTIONAL NORTHWEST QUARTER AND THAT PART OF GOVERNMENT LOTS 1 AND 2 IN THE FRACTIONAL NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 44 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF THE WEST HALF OF GOVERNMENT LOT 1 IN SAID NORTHEAST QUARTER; THENCE 89 DEGREES 56 SECONDS 49 MINUTES WEST, ALONG THE SOUTH LINE OF LOT 1 IN SAID NORTHEAST QUARTER, 753.34 FEET (752.71 FEET - RECORD) TO THE SOUTHEAST CORNER OF PARCEL "A" IN SITE LEASE RECORDED AUGUST 23, 2001 AS DOCUMENT 4752466; THENCE NORTH 00 DEGREES 03 MINUTES 11 SECONDS WEST, ALONG THE EAST LINE OF SAID LEASE PARCEL AND BEING PERPENDICULAR TO THE LAST COURSE, 400.00 FEET TO THE NORTHEAST CORNER OF PARCEL "A" IN SAID SITE LEASE, SAID CORNER ALSO BEING THE POINT OF BEGINNING;

THENCE SOUTH 89 DEGREES 56 MINUTES 49 SECONDS WEST, ALONG A LINE PARALLEL WITH THE SOUTH LINE OF LOT 1 IN SAID NORTHEAST QUARTER AND ALSO BEING THE NORTH LINE OF SAID SITE LEASE PARCEL AND ITS WESTERLY EXTENSION, 926.21 FEET; THENCE NORTH 14 DEGREES 33 MINUTES 06 SECONDS WEST 166.91 FEET; THENCE NORTH 00 DEGREES 03 MINUTES 11 SECONDS WEST, ALONG A LINE PERPENDICULAR TO THE SOUTH LINE OF LOT 1 IN SAID NORTHEAST QUARTER, 633.25 FEET; THENCE NORTH 44 DEGREES 56 MINUTES 49 SECONDS EAST 83.92 FEET; THENCE NORTH 00 DEGREES 03 MINUTES 11 SECONDS WEST, ALONG A LINE PERPENDICULAR TO THE SOUTH LINE OF LOT 1 IN SAID NORTHEAST QUARTER, 679.19 FEET; THENCE NORTH 89 DEGREES 56 MINUTES 49 SECONDS EAST ALONG A LINE PARALLEL WITH THE SOUTH LINE OF LOT 1 IN SAID NORTHEAST QUARTER AND ALSO BEING PARALLEL WITH THE NORTH LINE OF SAID SITE LEASE PARCEL AND ITS WESTERLY EXTENSION, 870.00 FEET TO A POINT ON A NON-TANGENT CURVE; THENCE SOUTHEASTERLY 69.07 FEET ALONG SAID NON-TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 80.00 FEET AND WHOSE CHORD BEARS SOUTH 35 DEGREES 19 MINUTES 04 SECONDS EAST 66.95 FEET TO A POINT ON THE NORTHERLY EXTENSION OF THE EASTERLY LINE OF SAID PARCEL "A" IN SAID SITE LEASE; THENCE SOUTH 00 DEGREES 03 MINUTES 11 SECONDS EAST, ALONG SAID NORTHERLY EXTENSION, 1478.71 FEET TO THE POINT OF BEGINNING, IN LAKE COUNTY, ILLINOIS.

To Be Known As:

Lot 3 in Grayslake Business Park, being a subdivision of part of fractional Section 2, Township 44 North, Range 10 East of the Third Principal Meridian and part of the Southeast 1/4 of Section 35, Township 45 North, Range 10 East of the Third Principal Meridian, according to the plat thereof recorded \_\_\_\_\_ as document \_\_\_\_\_.

**Exhibit B**

**Lake County Partners' Property Tax Abatement Application**

See attached.

Lake  
County Partners

*Location. Collaboration. Opportunity.*



**Lake County Partners'  
Property Tax Abatement  
Application**

**FedEx Ground Package System, Inc.**

*(Latest revision 11/2007)*

# Part One: Property Tax Abatement Framework

## Introduction

Property tax abatement is a way to support and give incentives to a business expanding or locating a facility in Lake County. Basically, the theory behind it is that the business is given abatement on a portion of the difference between the existing property tax revenue from a property and the resulting property tax revenue after a facility expansion, improvement, or new construction project. Since this means that the municipality and school district(s) involved forego that revenue, there must be a justification for this lost revenue. Lake County Partners, along with the applicant business, will present the argument to the taxing authorities that the economic development impact of this project will ultimately be advantageous to the community as a whole, through capital investment and job growth which stimulates retail growth, sales tax generation, diversification and economic vitality.

The main criteria for determining the level of property tax abatement that a project qualifies are:

- **Economic Impact.** This includes job creation and retention and capital investment in land, buildings, and equipment.
- **Fiscal impact.** The total amount of new estimated property tax generated by the business expansion.
- **Strategic impact.** This includes factors such as whether the business is in one of Lake County Partners' "targeted" industries, the median salary of the employees, and the quality of benefits available to the employees.
- **Other impacts.** In addition, Lake County Partners considers the amount of local labor involved in the construction project, whether the business is minority- or women-owned, and whether the site is a brownfield, a vacant or under-utilized site, and whether it will be LEED-certified.

## Statutory Authority

Illinois Statute 35 ILCS 200/18-165 provides that:

*Any taxing jurisdiction, upon a majority vote of its governing authority may, after the determination of the assessed value of a property, order the Clerk of the County to abate any portion of its taxes on the following types of Commercial and Industrial property:*

1. *The property of any commercial or industrial firm. The abatement shall not exceed a period of (10) ten years and the aggregate amount of abated taxes for all jurisdictions combined shall not exceed \$4,000,000; or,*
2. *The property of any commercial or industrial development of at least 500 acres having been created within a taxing district. The abatement shall not exceed a period of 20 years and the aggregate amount of abated taxes for all taxing jurisdictions combined shall not exceed \$12,000,000.*

## Application Process

To create a level playing field, Lake County Partners (LCP), in collaboration with local public and private sector leaders, developed the following Property Tax Framework to assist prospective and expanding companies to reduce any financial gap in implementing capital investments and job creation in Lake County versus out of state locations.

Applications are reviewed and scored on a case by case basis on their economic, strategic and fiscal impacts on a community. Once a completed application is submitted, LCP staff evaluates it and approaches the

impacted taxing jurisdictions, most likely municipalities and school districts, to secure an indication of their support for the project.

If jurisdictions express an interest in supporting the application, LCP will convene a meeting or teleconference among interested parties to review the proposed project, including status of other state and local incentive applications and the jurisdictions' approval processes. The goal is to develop the parameters for a *Letter of Intent*, including proposed abatement levels, the approval process and schedule and the submission and confidentiality of required information.

If all parties sign onto the Letter of Intent, LCP develops a project description and Property Tax Abatement Framework for approval by the jurisdictions' governing boards. Once approved, the description and framework are the basis for negotiation by the parties to develop a *Final Property Tax Abatement Agreement*, which is approved by the taxing jurisdictions' governing boards. After the issuance of the project's Certification of Occupancy, LCP will prepare a *Final Property Tax Abatement Resolution* for approval of all governing boards. A copy of the resolution is then sent to the Local Township Assessor and the Chief Assessor of Lake County.

### Property Tax Abatement Eligibility Criteria

1. The property on which the tax is to be abated may be **owner-occupied or leased**. In the case of leased properties, the developer/owner of the leased property will need to be a party to the abatement agreement. **A company must submit a signed lease of a minimum of 3-years in order to be eligible to apply for property tax abatement. Additionally, abatement will not be offered in excess of the length of the lease. However, should a company have, for example, a 5-year lease with a renewable option after 5 years, they could be granted a 10-year abatement. Should the company choose not to renew their contract after five years, the abatement would cease.**
2. Applicants must demonstrate a **competitive need** for the property tax abatement. In order to do this, the company must either provide evidence of location options **or** an officer of the Corporation must sign a "but for" statement. **In either case the applicant must demonstrate a cost differential.**
  - a. **Evidence of location options** –The applicant must provide evidence of non-Lake County location options, that is, the applicant has multiple location options and could locate outside of Lake County; or demonstrate that at least one other non-Lake County location is being considered for the project. Such proof shall include, but is not limited to, incentive letters, prospective offers from other states, or other documentation indicating the firm's interest in alternative, non-Lake County locations; **or**,
  - b. **"But for" projects** – The applicant must establish that "but for the property tax abatement, the capital investment, job creation and retention would have occurred elsewhere.

Such proof shall include, but is not limited to, a statement from the applicant that, without the abatement, the applicant would not be inclined to create new jobs and/or retain existing jobs in Lake County. The Applicant's statement will take the following form:

*"I certify capital improvements would not be placed in service and the job creation and/or retention of existing jobs would not occur without the property tax abatement."*

Signed: [CEO/President/Owner] Dated: \_\_\_\_\_;

**and**,

- c. **Demonstrate a Cost Differential** – The applicant must complete a cost comparison of Lake County's site vs. the non-Lake County alternative (s) and identify the cost differences. For example, the company must demonstrate that Lake County costs - such as utilities, property taxes, employee-based taxes, building construction and/or building lease, annual building

maintenance & operations and labor - exceed those of all competing locations under final consideration. The company can demonstrate a cost differential in one of two ways:

- i. **Industry Based Cost Differential:** Provide evidence of a cost differential based on comparison of industry costs in other areas. Such proof shall include, but is not limited to, financial statements or internal memoranda; a record of industry's cost structure in the other areas; general comparisons of costs of labor, utilities, taxes and so on; or any other financial documentation evidencing cost differential.
- ii. **Site Based Cost Differential:** Provide evidence of a cost differential based on comparison of Lake County vs. finalist non-Lake County sites. Such proof shall include, but is not limited to: written information such as non-Lake County sites under consideration; cost/benefit analyses of moving or closing the business; general comparisons of costs of labor, utilities, taxes, fees, construction and/or lease at the other sites under consideration; the specific value of incentives and/or lower taxes of a competing site; or any other documentation proving cost differential.

Once LCP receives this information, it will initiate primary and secondary research and dialog with the applicant to validate the cost differential.

3. **"New investment"** is necessary to be eligible for abatement of taxes. For example, if a company builds a new building or makes capital improvements to an existing building, those investments would be eligible, as they represent an addition to the fair market value of the property and therefore, the EAV. However, if a company buys an existing building and makes no additional improvements, no abatement would be applicable, as there would be no new value added to the tax base. The one exception to this would be for the re-occupancy of a vacant building.
4. Abatements will be offered for **vacant office, industrial, R&D or warehouse distribution buildings** according to the following guidelines:
  - a. Only a building with an assessed value that had been reduced by 50% of the vacant portion of the building's total square footage and subsequently restored to the appropriate value upon reoccupation of the building by a target industry company would be eligible.
  - b. The property taxes for that property should be abated for a maximum of three years based on the quality of the project (see the Property Tax Abatement Evaluation Guideline's suggested scoring criteria for Vacant/Abandoned Buildings); however, the abated portion of the property taxes should not exceed 50% of the incremental assessed value for a building that had its value reduced, or 50% of the improvement assessment [building's assessment] related to the newly leased space for a building that had not been reduced in value due to its vacancy.

Note: In cases where both new investment (improvements) and the re-occupancy of a vacant building are involved, the company's application would be scored based on the total incremental tax revenues resulting from both streams. The company's score would determine both the abatement level for the portion of the tax bill relating to the re-occupancy of the vacant building, as well as for the portion of the tax bill relating to the new investment.

5. **Businesses that are relocating operations within the county** must demonstrate the expansion cannot be accommodated at the current site due to constraints, including but not limited to:
  - lack of adequate street or road capacity or access;
  - inability of local authorities to assist in the expansion;
  - lack of available contiguous land for expansion;
  - excessive land costs in the current location;
  - reconstruction requires a shut down of operations;

- structurally or functionally obsolete facility;
- lack of adequate utility capacity;
- lack of available work force; or similar reasons.

Once an application is received, if the company is proposing to move a facility from one Lake County location to another, Lake County Partners will send a letter to the mayor of the current host community to verify the site constraints that are "pushing" the expansion to another Lake County location.

6. **Businesses located or locating within a Tax Increment Financing District** may not apply for property tax abatement under the provisions of this Framework.

#### **Level and Term of Abatement**

The maximum abatement would be 50% for 10 years, *or until such time as the company has received \$4 million in abatements from all taxing jurisdictions combined, whichever comes first.*

The term and depth of discount, whether it is fixed or a sliding scale, will be driven by the convergence of the above analyses.

In cases where the company's investment is added to the tax rolls mid-year, the amount of the abatement would be calculated on a pro-rated basis accordingly. The term of the abatement would not be diminished; however, it would not coincide with the tax year. That is, a company that is determined eligible for a three-year abatement may receive ½ year worth in Year 1, a full year's worth in Years 2 and 3, and the remaining ½ year in Year 4.

#### **Clawback Provisions/Verification Audit**

The company shall maintain operations at the project location for, at a minimum, the length of the abatement granted, beginning on the date the project is placed in service. A discontinuance by the company of operations at the project location during the first half of the term of this agreement shall result in all of the credits/abatements taken by the company during such period being deemed "wrongfully abated property taxes under provisions adopting this property tax abatement resolution" and shall be subject to forfeiture. Discontinuance by the company of operations at the project location after said initial period (one half of the length of abatement granted) shall not result in the forfeiture of any credits/abated taxes previously taken by the company but shall result in the discontinuance of future benefits. To verify compliance of Property Tax Abatement Agreement, companies must submit annually a payroll summary with listing of employees along with job titles, salaries, benefits, residential addresses and hiring dates.

# Lake County Partners

Location. Collaboration. Opportunity.

## Part Two: Application Form

This application provides the information needed for Lake County Partners to provide a "scored" presentation to the local municipality and school district(s) involved, showing 1) the need for property tax abatement, 2) the appropriate amount of the property tax abatement, and 3) the percentage abatement that is merited based on the impact of the project on Lake County.

Section 1: Applicant Information	
Name of business entity: FedEx Ground Package System, Inc.	
Current address: 1000 FedEx Drive, Moon Township, Pennsylvania 15108	
Is the business located in or locating in Lake County a: (X by your choice)	
single entity	branch      headquarters      subsidiary      warehouse - X      other (identify)
Address of corporate headquarters, if different from above: N/A	
Contact(s): Heidi K. Bartholomew, Vice President & Controller	
Phone: 412.747.4288	Fax: 412.747.4250
Email address: hkbartholomew@fedex.com	
Is business owned 51% or more by minority?	Yes      No - X      (X next to correct response)
Is business owned 51% or more by a woman?	Yes      No - X      (X next to correct response)
Name of attorney (firm and contact) Jennifer Fox Rabold, FedEx Ground Package System, Inc.	
Address of attorney: 1000 FedEx Drive, Moon Township, Pennsylvania 15108	
Phone: 412.859.2062	Fax: 412.859.5413
Email: jennifer.foxrabold@fedex.com	

Section 2: Project Information
Description of proposed project: The proposed project would involve the construction of a new Midwestern U.S business-to-business and business-to-residential small package transportation facility.



Proposed start date for construction: May 1, 2010			
Proposed start date for operations: September 1, 2011			
Location(s) under consideration in Lake County (include pin number) Site off of Illinois Route 83 (western side) in the			
Village of Grayslake, north of West Peterson Road and south of East Belvidere Road (directly west/northwest/north of			
Grayslake's cogeneration plant); Pin numbers 1002100006, 1002200021, 1002100004, and 1002200026			
Locations under consideration outside Lake County Genoa City, Wisconsin			
Will the property be owned or leased? Leased			
<i>(If the property is to be leased, please read Attachment#12 regarding required term and lessor involvement.)</i>			
If leased, proposed length? 15-year triple net lease with two five-year renewal options			
Lessor contact: Douglas L. Snyder, Manager, Scannell Properties (317.843.5959)			
Land size 34.37 acres			
Building size ~200,000 square feet (expandable to ~300,000 square feet)			
Building height 38'			
Type of construction Painted pre-cast exterior with conventional structural steel construction, and ballasted EPDM roof			
with interior downspouts.			
Place an "X" below beside any of the following that describes the facility:			
New facility - X		Expansion of existing facility	
Previously closed facility		Consolidation of company locations	
Current assessed value of the property:	Land ~\$3,234 (based on 34.37 acres)	Improvements \$0	Total ~\$3,234

<b>Section 3: Project Cost Estimates</b>	
Please estimate the construction budget (must be followed up with actual estimates when available):	
Cost of land and site development (to be incurred by lessor)	\$ 7,505,000
Cost of buildings (includes hard and soft costs; to be incurred by lessor)	\$11,555,000
Cost of permanent fixed equipment	\$
Cost of pollution control devices	\$
Cost of non-fixed equipment (includes installation)	\$15,512,000
Cost of public infrastructure improvements (to be incurred by lessor)	\$ 3,320,000
<b>Total Cost</b>	<b>\$37,892,000</b>
Estimate annual cost to operate / maintain the facility:	\$ /square foot To be determined
Estimate annual cost for property taxes	\$2.17/square foot

Estimate annual cost for utility taxes	\$	/square foot To be determined
Estimate annual cost for telecommunications tax	\$	/square foot To be determined
Estimate annual cost for special district tax	\$	/square foot N/A
Estimate total investment in new machinery and equipment, within first three years:		
Year 1: N/A	Year 2: N/A	Year 3: N/A

Section 4: Employee Benefits at Lake County Property			
Fringe Benefit	Type of Benefit	Company Portion (Annual %)	Employee Portion (Annual %)
Medical insurance	Employee	85%	15%
	Family	85%	15%
Dental Insurance	Employee	65%	35%
	Family	64%	36%
Vision insurance	Employee	51%	49%
	Family	51%	49%
401(k)	Employee	50 cents on the first 1% of eligible earnings contributed each pay period and 25 cents for each dollar contributed between 2% and 6% of eligible earnings each pay period	
Disability (Basic)	Employee	100%	0%
Life Insurance (Basic)	Employee	100%	0%
	Family	0%	100%
Other Benefits (EAP)	Employee	100%	0%
Stock Purchase	Employee	Company pays 100% of administrative costs	
Educational Reimbursement	Employee	Up to \$5,000 per calendar year	
Paid Vacation	Employee	10 to 25 days depending on years of service	
Paid Holidays	Employee	9 per fiscal year	
Flexible Spending Accounts	Employee	0%	100% (up to \$5,000)

Section 5: Project Impact on Employment/Sales				
	Year 1 (2011)	Year 2 (2012)	Year 3 (2013)	Full Capacity (~2024)
# of Employees Transferred	0	0	0	0
# of New Jobs Created	29 FT 192 PT	33 FT 202 PT	34 FT 211 PT	~48 FT ~448 PT
# of Lake County jobs retained	0	0	0	0
# of Lake County jobs lost from consolidation	0	0	0	0
Average Wage (non-management)	\$22.37/hour – FT \$12.49/hour – PT	\$23.88/hour – FT \$12.98/hour – PT	\$24.84/hour – FT \$13.53/hour – PT	~\$38.57/hour – FT ~\$20.91/hour – PT

Total payroll (all employees)	\$4,063,773	\$4,586,917	\$4,986,610	~\$14,184,675
Anticipated sales (\$) from Lake Co. location	N/A	N/A	N/A	N/A
Applicable sales tax rate	N/A	N/A	N/A	N/A

<b>Section 6: Facility's Impact Upon Services / Environment</b>	
What new additional utilities and / or infrastructure will be needed? (roads, electricity, natural gas, telecommunications, rail spurs, etc. The following public infrastructure improvements would be required:	
<ul style="list-style-type: none"> <li>• Illinois Route 83 – Lengthening of turn lanes and passing blisters. Estimated cost of \$1,169,000.</li> <li>• Access Road – 3,500 LF northward extension on the east side of the proposed site, along with improvements to the existing access road. Estimated cost of \$1,701,000 (portion that would be a direct cost to this project).</li> <li>• Water/Sewer Lines – 1,000 LF extension from Illinois Route 83 to the proposed site. Estimated cost of \$450,000.</li> </ul>	
How will these be funded? To be determined	
Will there be any pollution from facility (including air, water, soil, noise, other)? If so, please describe.	
The proposed facility would conduct cosmetic vehicle washing of FedEx Ground trailers and independent contractor vans and trucks. The vehicle wash water would go through an oil/water separator and would be properly discharged to the local sanitary sewer authority.	
Will hazardous chemicals, products, or waste be used or produced? If so, please specify and indicate how they will be managed. If an EPA permit is necessary, please attach the permit. IF not yet received, attach a copy of the application.	
Hazardous chemicals could be used by the proposed facility's janitorial service provider for facility cleaning purposes only.	
Will any waivers or exceptions from either federal or state EPA be needed? IF so, please specify and attach any EPA phase reports.	
Wetlands mitigation (See Attachment A)	
Are you familiar with Lake County and other local performance standards? (If not, refer to the applicable zoning ordinances and municipal codes). Will the proposed facility meet or exceed these standards? Please explain.	
The proposed facility would meet or exceed all Lake County and Village of Grayslake development standards and operational codes.	

**Part Three: Required Attachments to Application**

The following items must accompany the application in order for it to be complete:

1. **Company Description:** Describe the nature of the applicant business seeking the abatement -- its products and markets, competition, corporate structure, and specifically its Lake County operations. See Attachment B
2. **Project Description:** Describe the nature and purpose of the project for the business, including a description of the facility and / or equipment involved and the impact of the project on the business's future. See Attachment C
3. **Need for Property Tax Abatement:** Describe the need for property tax abatement for this project in Lake County. See Attachment D
4. **Need for Assistance:** Applicants must demonstrate a competitive need for the property tax abatement. In order to do this, the company must either provide evidence of location options or sign a "but for" statement. *In either case the applicant must demonstrate a cost differential, either by:*
  - a. **Evidence of location options** –The applicant must provide evidence of non-Lake County location options. Such proof shall include, but is not limited to, incentive letters, prospective offers from other states, or other documentation indicating the firm's interest in alternative, non-Lake County locations. **Or,**
  - b. **"But for" projects** – The applicant must establish that "but for the property tax abatement, the capital investment, job creation and retention would have occurred elsewhere." If you select this option, a corporate officer shall submit the statement below, signed and dated, on the applicant's letterhead. *"I certify capital improvements would not be placed in service and the job creation and/or retention of existing jobs would not occur without the property tax abatement."* See Attachment E
5. **Statement of Cost Differential:**
  - a. **Industry Based Cost Differential:** Provide evidence of a cost differential based on comparison of industry costs in other areas. Such proof shall include, but is not limited to, financial statements or internal memoranda; a record of industry's cost structure in the other areas; general comparisons of costs of labor, utilities, taxes and so on; or any other financial documentation evidencing cost differential. **Or,**
  - b. **Site Based Cost Differential:** Provide evidence of a cost differential based on comparison of Lake County vs. finalist non-Lake County sites. Such proof shall include, but is not limited to: written information such as non-Lake County sites under consideration; cost/benefit analyses of moving or closing the business; general comparisons of costs of labor, utilities, taxes, fees, construction and/or lease at the other sites under consideration; the specific value of incentives and/or lower taxes of a competing site; or any other documentation proving cost differential. See Attachment F
6. **Copy of lease / statement from lessor:** If the business will be leasing the subject facility in Lake County, it must submit a signed copy of the lease. (The lease must be a minimum of 3 years in length in order to be eligible to apply for a property tax abatement. Additionally, an abatement will not be offered in excess of the length of the lease. However, should a company have, for example, a 5-year lease with a renewable option after 5 years, they could be granted a 10-year abatement. Should the business choose not to renew their contract after five years, the abatement would cease.) A lease has yet to be executed, as the project is still being evaluated by FedEx Ground and has yet to receive required corporate approvals.

The business must also submit a letter, signed by the lessor, stating that he/she/they agree to be a party to the Property Tax Abatement. See Attachment G **Copy of insurance and pension plans:** The business must submit a copy of insurance plans and pension plans offered to employees. This information will be provided at a later date, if necessary.

- 7. Reason for relocation within Lake County (if applicable):** If relocating operations within Lake County, the business must submit a statement demonstrating that the expansion cannot be accommodated at the current site due to constraints, including but not limited to: N/A
- a. lack of adequate street or road capacity or access;
  - b. inability of local authorities to assist in the expansion;
  - c. lack of available contiguous land for expansion;
  - d. excessive land costs in the current location;
  - e. reconstruction requires a shut down of operations;
  - f. structurally or functionally obsolete facility;
  - g. lack of adequate utility capacity;
  - h. lack of available work force; or similar reasons.
- (Once the application is received, if the company is proposing to move a facility from one Lake County location to another, Lake County Partners will send a letter to the mayor of the current host community to verify the site constraints that are "pushing" the expansion to another Lake County location.)

**The following items should be submitted as soon as available, and must be submitted before a Letter of Intent can be issued:**

1. Site plan and a sketch or artists conception of the building(s), landscape plans, etc. See Attachment H
2. Construction contract / Equipment invoices / Executed Purchase Contract or Settlement Statement / Other applicable finalized project cost documentation. Construction and equipment contracts have yet to be executed, as the project is still being evaluated by FedEx Ground and has yet to receive required corporate approvals. If applicable and necessary, copies of certain contracts can be provided at a later date.

## Part Four: Lake County Property Tax Abatement Evaluation Guide

*[To Be Completed by Lake County Partners]*

Company Name: Fed Ex Ground		
Date: 2/24/2010	Company contact: C.J. Girod, Ryan Co.	
Phone: 412.535.4400 Ext. 26-2403	Email: Christopher.Girod@ryanco.com	
Municipal Taxing District: Grayslake	School district: District 79 / 46. HS Dist. 127	
Existing Illinois Location: various		
Existing Lake County Location: no other distribution centers		
New Location: Route 83, Grayslake IL		
<b>ECONOMIC IMPACT (maximum 25 points)</b>		
<b>1. Total jobs created and/or retained (Max 15 points available)</b>		
<i>(first two years of operation)</i>		
<b>Criteria</b>	<b>Value</b>	<b>Score</b>
Under 25	5 points	
26-50	7 points	
51-99	10 points	
100-199	13 points	13
200 and more	15 points	
<b>Total:</b>		<b>13</b>
<i>Note: During times of high unemployment (i.e. county unemployment rate is 7% as calculated for the previous 12-month period), this category receives double-weighting. Thus, multiply the company's score by two before entering it on the total line.</i>		
<b>2. Total capital investment in land and building (Max 8 points available)</b>		
<i>(first two years of operation)</i>		
\$2,000,000-\$4,499,999	4 points	
\$4,500,000-\$6,999,999	5 points	
\$7,000,000-\$9,499,999	6 points	
\$9,500,000-11,999,999	7 points	
\$12,000,000 and over	8 points	8
<b>Total:</b>		<b>8</b>
<b>3. Total capital investment, machinery/equipment (Max 7 points available)</b>		
<i>(first two years of operation)</i>		
\$2,000,000-\$4,499,999	4 points	
\$4,500,000-\$6,999,999	5 points	
\$7,000,000-\$9,499,999	6 points	
\$9,500,000-11,999,999	7 points	7
\$12,000,000 and over	8 points	
<b>Total:</b>		<b>7</b>
<b>Total Economic Impact Score (maximum 25 points):</b>		<b>25</b>

**STRATEGIC IMPACT (maximum 25 points)**

<b>4. Type of Business/Industry (Max 10 points available)</b>		
Criteria	Value	Score
Manufacturing / Distribution	10 points	10
Life Sciences	10 points	
Professional/Office	10 points	
Corporate HQ	10 points	
Other	0 points	
<b>Total:</b>		<b>10</b>

*(Note: corporate headquarters are operations responsible for administering either the worldwide, multi-country, or U.S. activities of the company.)*

<b>5. Median Employee Salary (Max 10 points available)</b>		
Under \$25,000	2 points	
\$25,000 - \$29,000	4 points	
\$30,000 - \$39,000	6 points	6
\$40,000 - \$49,000	8 points	
\$50,000 and more	10 points	
<b>Total:</b>		<b>6</b>

<b>6. Benefits (Max 5 points available)</b>		
Group insurance for employee	3 points	
Group insurance for family	5 points	5
No insurance	0 points	
<b>Total:</b>		<b>5</b>

**Total Strategic Impact Score (maximum 25 points): 21**

**FISCAL IMPACT (maximum 50 points)**

<b>7. Total new property tax generated (annually) (Max 50 points available)</b>		
\$100,000 - \$199,999	25 points	
\$200,000 - \$299,999	30 points	
\$300,000 - \$399,999	36 points	
\$400,000 - \$499,999	43 points	
\$500,000 and more	50 points	50
<b>Total:</b>		<b>50</b>

**Total Fiscal Impact Score (maximum 50 points):**

**OTHER IMPACT (maximum 20 points)**

<b>8. Estimated Local Labor Construction Content (Max 5 points available)</b>		
50 - 65%	3 points	
66 - 80%	4 points	
81 - 100%	5 points	5
<b>Total:</b>		<b>5</b>

<b>9. Ownership (Max 5 points available)</b>		
Minority-owned	3 points	
Women-owned	3 points	
Other	0 points	0
<b>Total:</b>		<b>0</b>

<b>10. Site/Building (points possible in more than one category)</b>			<b>(Max 10 points available)</b>
<b>Criteria</b>	<b>Value</b>	<b>Score</b>	
Brownfield	8 points		
Building vacant for over 1 year	4 points		
Bldg. underutilized over 1 year	3 points		
Bldg. will be LEED certified	2 points		
<b>Total:</b>			<b>0</b>
<b>Total "Other" Score (maximum 20 points):</b>			<b>5</b>

<b>Total Points:</b>	<b>100</b>
<b>Abatement:</b>	

<b>Grading System for New Investment</b>	
<b><u>Points Received</u></b>	<b><u>Eligible Abatement</u></b>
<b>50-69</b>	<b>3 years (75/50/25% accordingly)</b>
<b>70-84</b>	<b>5 years (50% each year)</b>
<b>85-94 returning to full value year 10)</b>	<b>10 years (5 years at 50%, declining 10% per year,</b>
<b>95-100</b>	<b>10 years (50% each year)</b>

<b>Grading System for Occupying of Vacant Buildings</b>	
<b><u>Points Received</u></b>	<b><u>Eligible Abatement</u></b>
<b>50-70</b>	<b>1 year (50% of vacancy level)*</b>
<b>71-85</b>	<b>2 years (50% of vacancy level)*</b>
<b>85-100</b>	<b>3 years (50% of vacancy level)*</b>
<p>* Fifty percent of the incremental assessed value for a building that had its value reduced, or 50% of the improvement assessment [building's assessment] related to the newly leased space for a building that had not been reduced in value due to its vacancy.</p>	



## **Attachment A**

### **Phase One, Environmental Site Assessment**

Environmental Assessment by Pioneer Engineering & Environmental Services is on file at Lake County Partners. The report states that no evidence of recognized environmental conditions was found.

## Attachment B

### Company Description

#### Overview

FedEx Ground is a wholly-owned subsidiary of FedEx Corporation, which is a publicly-traded company on the New York Stock Exchange.

FedEx Ground specializes in cost-effective, small-package shipping, offering dependable business-to-business delivery or convenient residential service through FedEx Home Delivery and FedEx SmartPost. FedEx Ground provides 100-percent coverage to every business address in the United States, with small-package delivery in one to five business days in the continental U.S. and in three to seven business days to Alaska and Hawaii.

On an International level, FedEx Ground provides 100-percent coverage to every business address in Canada and Puerto Rico, with small-package delivery in three to seven business days. Among its many competitive service options, FedEx Ground offers C.O.D. service for all destinations served.

FedEx Ground's major competitors include United Parcel Service of America, Inc. and the United States Postal Service.

While FedEx Ground has operations in Cook, Du Page, and Winnebago Counties in northern Illinois, the company currently does not have any facilities in Lake County.

#### History

FedEx Ground began in 1985 as RPS (Roadway Package System), a division of Roadway Services, which became Caliber System Inc. in 1996.

RPS revolutionized the small-package ground shipping market. It was the first in the ground business to use bar coding and automated sorting, providing customers with relevant information about their packages. In 1993 RPS exceeded \$1 billion in annual revenue, just nine years after its creation, to record the fastest growth of any ground transportation company. By 1996, it offered 100 percent coverage of North America.

Following the acquisition of the Caliber companies by FDX Corp. in 1998, RPS was officially rebranded FedEx Ground in January 2000. Later that year, the company launched FedEx Home Delivery, a business-to-consumer service designed to help catalog and online retailers meet the needs of the residential market with standard features such as evening and Saturday deliveries. In September 2002, FedEx Home Delivery completed its expansion and is now available nationwide, serving virtually every U.S. address.

In September 2004, Parcel Direct became a subsidiary of FedEx Ground after FedEx Corporation acquired the leading parcel consolidator. The service was later rebranded FedEx SmartPost and currently provides a cost-effective solution for low-weight, less time-sensitive residential shipments.

## **Attachment C**

### **Project Description**

The proposed project would involve the construction of a new Midwestern U.S. business-to-business and business-to-residential small package transportation facility. The project would be part of FedEx Ground's ongoing North American network expansion plan, which includes a multi-billion dollar investment to add 6 hubs, relocate or expand 31 existing hubs, and relocate or expand approximately 200 pickup and delivery terminals by mid 2014. This North American expansion will boost FedEx Ground's current average daily pickup capacity by 60%, from 3.8 million to 6.1 million packages per day.

## **Attachment D**

### **Need for Property Tax Abatement**

As a result of FedEx Ground's aggressive North American expansion plan, there is significant internal competition for capital within the company. This competition has only been further exacerbated by the recent downturn in global economic conditions.

Therefore, like most other companies, FedEx Ground is being forced to evaluate proposed capital projects strictly from a return-on-investment perspective. Accordingly, given that the proposed project has yet to receive the required corporate funding approvals, any assistance that the Village of Grayslake, Lake County, and the State of Illinois can provide in reducing the upfront cost of the proposed project and/or future operating costs of the proposed facility could greatly assist with FedEx Ground's ability and/or desire to move forward with the proposed project.

**Attachment E**  
**Need for Assistance**

See Attached



Ground January 28, 2010

Ms. Patricia Fening Gayes  
Economic Development Manager  
Lake County Partners, Inc.  
28055 Ashley Circle, Suite 212  
Libertyville, Illinois 60048

RE: Proposed New Midwestern U.S. Transportation Facility.

Dear Ms. Gayes,

As you are aware, FedEx Ground Package System, Inc. ("FedEx Ground") is considering the construction of a new Midwestern U.S. business-to-business and business-to-residential small package transportation facility (the "Proposed Project"). One of the sites that is currently being considered for the Proposed Project is located off of Illinois Route 83 in the Village of Grayslake, Lake County, Illinois (the "Proposed Site").

As noted in Attachment D to FedEx Ground's Property Tax Abatement Application (the "Application"), due to the fact that FedEx Ground is expanding its operations across North America, there is significant internal competition for capital within the company. This competition has only been further exacerbated by the recent downturn in global economic conditions. Accordingly, FedEx Ground is being forced to evaluate projects based largely on projected return-on-investment.

Since the primary alternative site in the Village of Genoa City, Wisconsin is less costly, as outlined in Attachment F to the Application, I certify that the capital improvements would likely not be placed in service and the job creation would likely not occur at the Proposed Illinois Site without the property tax abatement.

Please do not hesitate to contact C.J. Girod of Ryan, Inc. at 412.535.4400 or me directly at 412.747.4288 if you have any questions and/or if you need any additional information regarding the Proposed Project. Thank you for your time and consideration. We look forward to working with you to bring the Proposed Project to fruition at the Proposed Site.

Sincerely,

Heidi K. Bartholomew  
Vice President & Controller

Cc: C.J. Girod, Ryan

**Attachment F**

**Statement of Cost Differential**

See Attached

**FedEx Ground Package System, Inc.**  
Proposed New Midwestern U.S. Transportation Facility  
Preliminary Net Tax and Operating Cost Comparative Analysis

	Start-Up Costs		Illinois		Wisconsin	
	Total	NPV	Total	NPV	Total	NPV
Personal Property						
Material Handling Equipment Cost	\$ 7,955,000	\$ 7,331,797	\$ 7,955,000	\$ 7,331,797	\$ 7,955,000	\$ 7,331,797
Material Handling Equipment	\$ 4,500,000	\$ 4,147,465	\$ 4,500,000	\$ 4,147,465	\$ 4,500,000	\$ 4,147,465
Material Handling Equipment Installation	\$ 770,000	\$ 709,677	\$ 770,000	\$ 709,677	\$ 770,000	\$ 709,677
Engineering / Project Management	\$ 20,000	\$ 18,433	\$ 20,000	\$ 18,433	\$ 20,000	\$ 18,433
Training and Manuals	\$ 1,600,000	\$ 1,474,654	\$ 1,600,000	\$ 1,474,654	\$ 1,600,000	\$ 1,474,654
Contingency	\$ 110,000	\$ 101,382	\$ 110,000	\$ 101,382	\$ 110,000	\$ 101,382
Freight						
Total Material Handling Equipment Cost	\$ 14,955,000	\$ 13,783,410	\$ 14,955,000	\$ 13,783,410	\$ 14,955,000	\$ 13,783,410
Taxable Portion	\$ 7,955,000	\$ 7,331,797	\$ 7,955,000	\$ 7,331,797	\$ 7,955,000	\$ 7,331,797
Sales Tax	\$ 556,850	\$ 513,226	\$ 556,850	\$ 513,226	\$ 556,850	\$ 513,226
Total Start-Up Costs	\$ 15,511,850	\$ 14,296,636	\$ 15,511,850	\$ 14,296,636	\$ 15,511,850	\$ 14,296,636
<b>Operating Costs (15 Years)</b>						
Real Property Lease Payments						
Land Cost	\$ 4,160,000	\$ 4,160,000	\$ 4,160,000	\$ 4,160,000	\$ 4,160,000	\$ 4,160,000
Real Property Improvements Cost						
On-Site (building construction, site work/improvements, etc.)	\$ 14,546,258	\$ 13,976,474	\$ 14,546,258	\$ 13,976,474	\$ 14,546,258	\$ 13,976,474
Off-Site (public infrastructure improvements)	\$ 3,320,213	\$ 3,190,159	\$ 3,320,213	\$ 3,190,159	\$ 3,320,213	\$ 3,190,159
Sales Tax	\$ 353,735	\$ 339,879	\$ 353,735	\$ 339,879	\$ 353,735	\$ 339,879
Total Real Property Improvements Cost	\$ 18,220,206	\$ 17,506,511	\$ 18,220,206	\$ 17,506,511	\$ 18,220,206	\$ 17,506,511
Total Project Cost	\$ 22,380,206	\$ 21,666,511	\$ 22,380,206	\$ 21,666,511	\$ 22,380,206	\$ 21,666,511
Total Real Property Lease Payments	\$ 33,801,209	\$ 16,696,984	\$ 33,801,209	\$ 16,696,984	\$ 33,801,209	\$ 16,696,984
Real Property Tax	\$ 6,714,853	\$ 3,157,806	\$ 6,714,853	\$ 3,157,806	\$ 6,714,853	\$ 3,157,806
Personal Property Tax	N/A	N/A	N/A	N/A	N/A	N/A
Operating Cost Penalty	\$ 3,180,000	\$ 1,537,836	\$ 3,180,000	\$ 1,537,836	\$ 3,180,000	\$ 1,537,836
Total Operating Costs	\$ 43,696,062	\$ 21,392,626	\$ 43,696,062	\$ 21,392,626	\$ 43,696,062	\$ 21,392,626
Gross Start-Up & Operating Costs	\$ 59,207,912	\$ 35,689,262	\$ 59,207,912	\$ 35,689,262	\$ 59,207,912	\$ 35,689,262
<b>Preliminary Incremental Location Cost</b>	<b>\$ 7,519,182</b>	<b>\$ 3,436,796</b>	<b>\$ 7,519,182</b>	<b>\$ 3,436,796</b>	<b>\$ 7,519,182</b>	<b>\$ 3,436,796</b>



**Attachment G**  
**Statement from Lessor**

See Attached



Offices  
Indianapolis  
Alexandria  
Cincinnati  
St. Louis

800 E. 96th Street  
Suite 175  
Indianapolis, IN 46240  
tel: 317.843.5959  
fax: 317.843.5957

January 8, 2010

Ms. Patricia Fening Gayes  
Economic Development Manager  
Lake County Partners, Inc  
28055 Ashley Circle, Suite 212  
Libertyville, Illinois 60048

RE: FedEx Ground Package System, Inc.

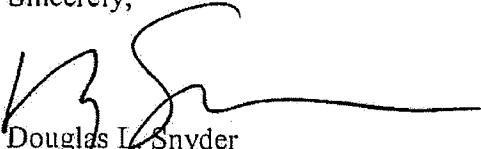
Dear Ms. Gayes:

As you are aware, FedEx Ground Package System, Inc. ("FedEx Ground") is considering the construction of a new Midwestern U.S business-to-business and business-to-residential small package transportation facility (the "Proposed Project" or "Proposed Facility"). One of the sites that is currently being considered for the Proposed Facility is located off of Illinois Route 83 in the Village of Grayslake, Lake County, Illinois (the "Proposed Site").

Should FedEx Ground decide to move forward with the establishment of the Proposed Facility at the Proposed Site, as proposed owner and lessor of the Proposed Facility, Scannell Properties agrees to be a party to the Property Tax Abatement Agreement (the "Agreement") that may be established in conjunction with the Proposed Project, if all terms and conditions included in the Agreement are acceptable to Scannell Properties.

Please do not hesitate to contact me at 317.843.5959 if you have any questions and/or if you need any additional information.

Sincerely,



Douglas L. Snyder  
Manager

cc: Heidi K. Bartholomew, FedEx Ground  
C.J. Girod, Ryan

**Attachment H**

**Preliminary Site Plan, Building Elevations, Site Development (Landscape) Plan,  
and Overall Grading and Utility Plan**

On file at Lake County Partners