October 21, 2026

MEMORANDUM

TO: Board of Trustees of the Village of Coal City, Illinois

FROM: Mary O'Connor, ASA, CRE, CMI, CFE
Principal, Sikich LLC

RE: Analysis of the Economic & Fiscal Contribution Report Prepared by Mangum Economics

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Purpose and Scope

Sikich LLC ("Sikich") was engaged by the Village of Coal City, Illinois (the "Village") to provide financial consulting services related to a proposed data center. At the Village's request, Sikich reviewed an economic impact report prepared by Mangum Economics ("Mangum"), which estimated the potential tax revenues and local economic effects of the proposed data center on the Village and Grundy County (the "County"). Mangum also responded to Sikich's requests for additional information and clarification.

Sikich's review focused on whether the report's principal assumptions provide a reasonable basis for decision-making. Because the underlying economic model is proprietary, Sikich could not independently reproduce its calculations or validate its formulas, multipliers, source data, or calculation logic. Accordingly, Sikich's observations are limited to the assumptions and results presented in the report and in Mangum's responses to inquiries.

Key Observations on Economic Impact

The report's estimated economic impact consists of direct effects from construction and ongoing operations, as well as indirect and induced effects arising from locally purchased goods and services, employee spending, and related activity throughout the surrounding community.

The report does not quantify how many construction or operational workers are expected to reside locally versus commute from outside the County. Although Mangum indicated that the economic model incorporates measures for those uncertainties, the extent to which the projected economic activity depends on new workers and businesses locating within the County is not separately identified. Because construction workers serving rural projects may commute long distances for temporary assignments rather than relocate, the report's assumptions may overstate the share of workforce-related economic activity retained locally. Accordingly, the amount of workforce-related economic activity remains uncertain.

In addition, the report identifies potential economic benefits but does not evaluate whether existing Village and County infrastructure and public services can support the projected growth. In response to Sikich's inquiries, Mangum indicated that project-specific estimates of infrastructure and public-service costs were beyond the scope of its analysis and that its conclusions regarding comparatively low public-service demands were based on experience evaluating other data centers. Mangum also indicated that its economic impact analysis did not constrain the model's results based on the current size and capacity of the County economy. Accordingly, the potential

infrastructure and public-service costs are not quantified in the report and the County's ability to accommodate the projected level of economic growth within a short period remains uncertain.

Key Observations on Tax Revenue

The report's projected tax revenues include property taxes attributable to the proposed data center, electricity-related taxes, sales taxes, and other indirect taxes associated with the project's broader economic activity.

The property tax projections appear high in the early forecast years based on Sikich's review of the estimated construction costs and timing of building completion. Actual receipts will depend on construction progress, when improvements are placed in service, and the assessment and collection cycle. If the report recognizes a substantial portion of the ultimate taxable value before these milestones occur, early-year revenues may be overstated or recognized earlier than the applicable assessment and collection cycles would permit.

Indirect sales tax is the least readily verifiable component of the analysis. The estimate depends on employee compensation and spending, where purchases occur, whether those purchases are taxable, the local share of the tax, and the location of vendor and supply-chain activity. Because much of this activity is outside the Village's control and may occur outside the County, the resulting revenues are particularly sensitive to workforce and local-spending assumptions.

Mangum indicated that its estimates of taxes generated by indirect and induced economic activity includes, but is not limited to, (1) property tax revenues from new homes, new businesses, and business expansions and (2) local sales tax revenues. Mangum further noted that, given the Village's size, most of these revenues would accrue at the County level rather than the Village. However, these revenues may not be fully realized if construction workers primarily commute from outside the area and the permanent operating workforce remains comparatively limited.

Conclusion

The Mangum report provides a useful estimate of the project's potential economic scale. However, several assumptions may accelerate the timing or increase the magnitude of the projected benefits. The most significant areas of uncertainty involve workforce commuting, public-service capacity, and indirect and induced tax benefits. Sikich's review does not conclude that the proposed development will fail to generate meaningful economic or fiscal benefits. Rather, it indicates that the amount and timing of those benefits are sensitive to assumptions that are not fully transparent or may be optimistic. Accordingly, the Village should view the projected benefits as estimates rather than assured outcomes and consider the identified uncertainties when evaluating the proposed development.