


GLENBROOK HIGH SCHOOLS
Assistant Superintendent for Business Affairs
Regular Meeting – Monday – August 11, 2008

TO: Dr. Mike Riggle

FROM: Dr. Craig A. Schilling 

DATE: August 5, 2008

RE: **DISCUSSION/ACTION: Request for 7(b) Tax Assessment Incentive**

The Village of Glenview has received a request from Astellas Holding US, Inc. (“Astellas”), for a 7(b) tax assessment incentive. The 7(b) is similar in design to a 6(b) incentive, with the assessment rate being held at 16% for the first 10 years, 23% for the 11th year and 30% for the 12th year.

Attached, is a short description of Astellas, which is ranked as one of the top 25 global pharmaceutical companies in the world, and currently headquartered in Deerfield, Illinois. They are considering building a 400,000 square foot corporate headquarters on the former Culligan property.

The tax impact of having a 400,000 square foot facility built on that property is substantial. Both District 31, and District 225 have been in discussions with the Village of Glenview regarding Astellas’ request.

Attached, is a fiscal analysis, which District 225 requested, of the proposed site. Note: District 31 and District 225 are shown separately and at the end, please note two things:

- The property tax collections with the 7(b) is projected to double if Astellas relocates to the former Culligan site, and
- The property tax collections projected when the 7(b) incentive disappears will be approximately 5 – 6 times the tax collections, without the Astellas project

Also attached is a draft of a side agreement, which we are proposing that Astellas sign, that will provide some protection for the taxing bodies with regard to the 7(b). The protections we are specifying, among others are: the size of the development, the duration of the operation of the facility and Astellas waiving their right to challenge their annual real estate tax bill.

At Monday evening’s meeting we will be asking the board’s support of the 7(b) tax assessment incentive, as we believe this is both in the interest of the Village of Glenview, as well as District 225. We feel that the additional property tax base the 7(b) will provide will help insure the future financial success of the district.

CAS/lbw

Attachments

pc: Board of Education



Astellas Holding US, Inc. Corporate Description

In April 2005, Astellas Pharma Inc. was formed by the merger of Japan's third and fifth largest pharmaceutical companies. A year later, Astellas was ranked as one of the top 25 global pharmaceutical companies. Astellas is a pharmaceutical company dedicated to improving the health of people around the world through the provision of innovative and reliable pharmaceutical products. The company is committed to becoming a global leader by combining outstanding R&D and marketing capabilities. Astellas stands on a much stronger, more advanced business platform than either of the former companies could have mounted individually. With an unrelenting commitment to R&D as a value-creating core of its business, Astellas focuses on developing breakthrough products in the areas of immunology, infectious disease, dermatology, urology, and cardiovascular disease while continuing to explore unmet needs in other areas.

In the US, Astellas Holding US is headquartered in Deerfield, Illinois. Since locating the US operations in Deerfield, the company has significantly intensified its presence in the growing pharmaceutical industry. Astellas has a long-term strategy to grow established franchise businesses; this distinguishes the company as one that is focused on developing breakthrough treatments (such as VESIcare, Protopic and Flomax), rather than only focusing on blockbuster products. In the U.S., Astellas markets products in the areas of immunology, urology, infectious disease, cardiovascular disease, and dermatology. Products include Prograf (for the prevention and treatment of organ rejection after liver and kidney transplants), VESIcare (for the treatment of overactive bladder), Protopic (for the treatment of atopic dermatitis), Flomax (for the treatment of functional symptoms associated with benign prostatic hyperplasia), and many others.

Culligan Property
Property Tax to All Taxing Bodies
 Prepared by True Partners Consulting, LLC

	<u>2005 Tax Rates</u>	<u>Tax Revenue at Full Buildout</u>
Elementary School District #31	1.5420	\$4,796,230
Northfield Township High School #225	1.4750	\$4,587,833

<u>2005 Rates</u>	<u>2005 Tax Rates</u>	<u>Tax Revenue at Full Buildout</u>
Cook County	0.5330	\$1,657,841
Cook County Forest Preserve	0.0600	\$186,624
Consolidated Elections	0.0140	\$43,546
Northfield Township	0.0110	\$34,214
General Assistance	0.0080	\$24,883
Northfield Township Road and Bridge	0.0330	\$102,643
Northfield Township Special Police District	0.0100	\$31,104
Village of Glenview	0.4210	\$1,309,477
Village of Glenview Library Fund	0.2490	\$774,489
Community College District #535	0.1580	\$491,443
Glenview Park District	0.4900	\$1,524,094
Elementary School District #31	1.5420	\$4,796,230
Northfield Township High School #225	1.4750	\$4,587,833
Metro Water Reclamation District	0.3150	\$979,775
Northfield Woods Sanitary District	0.0530	\$164,851
North Shore Mosquito Abatement District	0.0080	\$24,883
Union Drainage District	0.0090	\$27,994
Suburban Cook County TB Sanitarium District	0.0050	\$15,552
Total	5.3940	\$16,777,474

Astellas Pharma US, LLC (Property Tax Calculations)

Assumptions
 Growth Rate: 2% every three (3) years
 16% 10 years
 30% 12th Year
 Illinois Equalization Factor: 2.7076
 20% 11th Year
 Glenview Tax Rate: 5.394%
 400,000
 Square Footage per Square Foot: \$2.81
 Property Tax Assessed per Square Foot: 38.0%
 County Assessment Rate:

7B Incentives and Benefits to begin in 2011

2005 Actual Tax on Vacant Culligan Site (Dist. 225)	\$124,583
2006 Actual Tax on Vacant Culligan Site (Dist. 225)	\$135,859
2005 Actual Tax on Vacant Culligan Site (Dist. 31)	\$130,242
2006 Actual Tax on Vacant Culligan Site (Dist. 31)	\$135,943

Year	District 225		District 31	
	Property Tax Collections w/o 7B Incentive	Property Tax Collections w/7B Incentive	Property Tax Collections w/o 7B Incentive	Property Tax Collections w/7B Incentive
2007	\$734,629	\$309,317	\$323,368	\$158,966
2008	\$796,500	\$335,368	\$350,602	\$158,966
2009	\$812,430	\$335,368	\$357,614	\$158,966
2011	\$812,430	\$342,076	\$357,614	\$158,966
2012	\$812,430	\$342,076	\$357,614	\$158,966
2013	\$812,430	\$342,076	\$357,614	\$158,966
2014	\$812,430	\$342,076	\$357,614	\$158,966
2015	\$812,430	\$342,076	\$357,614	\$158,966
2016	\$812,430	\$342,076	\$357,614	\$158,966
2017	\$812,430	\$342,076	\$357,614	\$158,966
2018	\$812,430	\$342,076	\$357,614	\$158,966
2019	\$812,430	\$342,076	\$357,614	\$158,966
2020	\$812,430	\$342,076	\$357,614	\$158,966
2021	\$812,430	\$342,076	\$357,614	\$158,966
2022	\$812,430	\$342,076	\$357,614	\$158,966
2023	\$812,430	\$342,076	\$357,614	\$158,966
2024	\$812,430	\$342,076	\$357,614	\$158,966
2025	\$812,430	\$342,076	\$357,614	\$158,966
2026	\$812,430	\$342,076	\$357,614	\$158,966
Total	\$9,786,711	\$4,587,833	\$10,231,260	\$1,907,586

Year	TAX DUE			TAX DUE			TAX DUE
	Fair Market Value of Building and Land (Glenview)	Astellas Assessed Value of Building and Land (Glenview)	EAV of Building and Land	Total Tax of Building and Land	Astellas w/7B Assessment (Glenview)	EAV of Building and Land w/7B Assessment	
2007	\$9,823,139	\$3,732,793	\$10,106,910	\$545,167	\$3,732,793	\$10,106,910	\$1,124,000
2008	\$9,823,139	\$3,732,793	\$10,106,910	\$545,167	\$3,732,793	\$10,106,910	\$1,124,000
2009	\$10,019,602	\$3,807,449	\$10,309,049	\$556,070	\$3,807,449	\$10,309,049	\$1,146,480
2011	\$48,406,959	\$18,394,644	\$49,805,339	\$2,686,500	\$7,745,113	\$20,970,669	\$1,146,480
2012	\$52,483,847	\$19,943,862	\$54,000,000	\$2,912,760	\$8,397,415	\$22,736,842	\$1,169,410
2013	\$53,533,524	\$20,342,739	\$55,080,000	\$2,971,015	\$8,565,364	\$23,191,579	\$1,169,410
2014	\$53,533,524	\$20,342,739	\$55,080,000	\$2,971,015	\$8,565,364	\$23,191,579	\$1,169,410
2015	\$53,533,524	\$20,342,739	\$55,080,000	\$2,971,015	\$8,565,364	\$23,191,579	\$1,169,410
2016	\$54,604,194	\$20,749,594	\$56,181,600	\$3,030,436	\$8,736,671	\$23,655,411	\$1,192,798
2017	\$54,604,194	\$20,749,594	\$56,181,600	\$3,030,436	\$8,736,671	\$23,655,411	\$1,192,798
2018	\$54,604,194	\$20,749,594	\$56,181,600	\$3,030,436	\$8,736,671	\$23,655,411	\$1,192,798
2019	\$54,604,194	\$20,749,594	\$56,181,600	\$3,030,436	\$8,736,671	\$23,655,411	\$1,192,798
2020	\$55,696,278	\$21,164,586	\$57,305,232	\$3,091,044	\$8,911,404	\$24,128,519	\$1,216,654
2021	\$55,696,278	\$21,164,586	\$57,305,232	\$3,091,044	\$8,911,404	\$24,128,519	\$1,216,654
2022	\$55,696,278	\$21,164,586	\$57,305,232	\$3,091,044	\$8,911,404	\$24,128,519	\$1,216,654
2023	\$56,810,203	\$21,587,877	\$58,451,337	\$3,152,865	\$9,100,987	\$25,240,987	\$1,240,987
2024	\$56,810,203	\$21,587,877	\$58,451,337	\$3,152,865	\$9,100,987	\$25,240,987	\$1,240,987
2025	\$56,810,203	\$21,587,877	\$58,451,337	\$3,152,865	\$9,100,987	\$25,240,987	\$1,240,987
2026	\$57,946,408	\$22,019,635	\$59,620,363	\$3,215,922	\$9,291,922	\$26,315,922	\$1,265,807
Total	\$912,742,678	\$346,842,217	\$939,109,988	\$50,655,593	\$216,665,675	\$586,643,712	\$23,802,597

Property Tax Revenue for duration of 7B: \$16,777,474

2005 Actual Tax on Vacant Culligan Site (Dist. 225)	\$124,583
2006 Actual Tax on Vacant Culligan Site (Dist. 225)	\$135,859
2005 Actual Tax on Vacant Culligan Site (Dist. 31)	\$130,242
2006 Actual Tax on Vacant Culligan Site (Dist. 31)	\$135,943

2007	\$1,124,000
2008	\$1,124,000
2009	\$1,146,480
2011	\$1,146,480
2012	\$1,169,410
2013	\$1,169,410
2014	\$1,169,410
2015	\$1,169,410
2016	\$1,192,798
2017	\$1,192,798
2018	\$1,192,798
2019	\$1,192,798
2020	\$1,216,654
2021	\$1,216,654
2022	\$1,240,987
2023	\$1,240,987
2024	\$1,240,987
2025	\$1,265,807
2026	\$1,265,807
Total	\$14,270,530

AGREEMENT

THIS AGREEMENT ("**Agreement**") is made and entered into as of the ___ day of August, 2008, by and between the VILLAGE OF GLENVIEW, an Illinois home rule municipal corporation (the "**Village**"), and Astellas US Holding, Inc., a Delaware corporation ("**Astellas**").

IN CONSIDERATION OF the recitals and mutual covenants and agreements set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged and agreed to by Astellas and the Village, the parties agree as follows:

RECITALS

A. The Village is a home rule unit of local government by virtue of the provisions of the Illinois Constitution of 1970.

B. Astellas is a Delaware limited liability company authorized to do business in the State of Illinois.

C. Astellas is considering relocating its existing business headquarters to the Village, by leasing approximately ___ acres (the "Property") of a portion of a certain parcel of real property that the Village annexed on August 5, 2008. The Property is located generally north of Willow Road, west of the Interstate 294 Tollway and east of Sanders Road, and was the former corporate headquarters for Culligan Water International.

D. Astellas seeks the Village's assistance in obtaining a tax incentive under Class 7(b) of the Cook County Real Property Assessment Classification Ordinance (the "7(b) Incentive"), in order to receive a reduced assessment level for the Property for real estate property tax purposes.

E. The Village is willing to assist in Astellas obtaining the 7(b) Incentive, provided it receives certain assurances from Astellas relating thereto.

IN CONSIDERATION OF THE RECITALS and mutual covenants and agreements set forth in this Agreement, the parties agree as follows:

Section 1. The foregoing recitals are hereby incorporated into this Agreement.

Section 2. The Village will take all reasonable steps necessary to assist Astellas in qualifying the Property for the 7(b) Incentive, including taking legislative action required to allow Astellas to satisfy each of the eligibility requirements set forth in Section 4(A) of the Cook County Real Property Assessment Classification Ordinance. The Village further agrees that it will not protest Astellas' application for the 7(b) Incentive.

Section 3. In exchange for the support of the Village for the 7(b) Incentive, as well as the support of those taxing jurisdictions impacted by such tax incentive (the "Impacted Taxing Jurisdictions"), and as a condition precedent for any action by the Village in that regard, Astellas agrees to the following conditions:

- a. Astellas will develop an office building at the Property of not less than four hundred thousand square feet (400,000 s.f.) (the "Office Building"), to be opened no later than **DATE**;
- b. Upon the opening of the Office Building, Astellas shall transition no less than six hundred (600) employees from its existing facility in Deerfield, Lake County, Illinois; and Astellas shall further create no less than one hundred fifty (150) new full-time jobs at the Property by January 1, 2010;
- c. Astellas will operate its facility at the Property for a period of not less than fifteen (15) years; and
- d. Astellas will not protest, or otherwise challenge, the amount of its annual real estate property tax bill during the period of the 7(b) Incentive, not to exceed twelve (12) years.

Section 4. Astellas acknowledges that the support of the Village, as well as the support of the Impacted Taxing Jurisdictions, for the 7(b) Incentive is predicated upon Astellas complying with each and every requirement set forth in this Agreement. In the event Astellas does not so comply, Astellas shall, within ten (10) days of receipt of a written demand by the Village, submit payment to the Village of an amount equal to the amount of real estate property tax that would have been assessed against the Property had the 7(b) Incentive not been in place, less the amount of such tax already paid by Astellas (the "Tax Incentive Differential Amount") for same. In such event, the Village agrees to provide the Impacted Taxing Jurisdictions with their proportionate share of the Tax Incentive Differential Amount after payment by Astellas to the Village hereunder. In addition, Astellas shall, within thirty (30) days of the receipt of the written demand from the Village described herein, submit the necessary documentation to Cook County for the repeal of the 7(b) Incentive.

Section 5. This Agreement shall not be assigned or transferred by either party, and the benefits conferred herein apply only to Astellas, or any entity that wholly acquires Astellas, in the event that said acquiring company maintains a similar facility at the Property to that operated by Astellas. Any attempt by Astellas to assign or transfer its rights under this Agreement, except as specifically provided for herein, shall be considered a breach thereof, and the Village shall have the right to seek payment of the Tax Incentive Differential Amount as set forth in Section 4 above.

Section 6. Astellas hereby represents and warrants to and covenants with the Village as follows:

- a. As of the date hereof, Astellas is financially solvent, able to pay its debts as they mature and able to perform the obligations hereunder and will promptly give to the Village written notice of any material adverse change in the financial condition of Astellas.
- b. Astellas is authorized to do business in the State of Illinois. Astellas represents and warrants that it is a company which is in good standing under the laws of the State of Illinois with power and authority to conduct its business as currently conducted and as contemplated by this Agreement.
- c. All necessary corporate, regulatory, or other similar action has been taken to authorize and empower Astellas to execute, deliver and perform this Agreement. The person(s) executing this Agreement on behalf of Astellas is duly authorized to do so and this Agreement is a legal, valid and binding obligation of each and all of the owners, shareholders, officers, managers or members of Astellas, enforceable against them in accordance with its terms, subject to bankruptcy, equitable principles and laws affecting creditor's rights generally.
- d. Except only for those representations, statements or promises expressly contained in this Agreement, no representation, statement or promise, oral or in writing, of any kind whatsoever by the Village, its officials, agents, or employees has induced Astellas to enter into this Agreement or has been relied upon by Astellas.
- e. No proceeding of any kind, including, but not limited to, litigation, arbitration, judicial or administrative, is pending or threatened against or contemplated by Astellas which would under any circumstance have any material adverse effect on the execution, delivery, performance or enforceability of this Agreement. As of the date of execution of this Agreement, Astellas has not received notice, or has a reasonable basis for believing that Astellas or any of its members, shareholders, associates, officers, managers or employees are the subject of any criminal action, complaint or investigation pertaining to any felony charge, or any civil action or claim predicated on alleged acts of antitrust violations; business fraud; discrimination due to race, creed, color, disability, gender, marital status, age, national origin, or religious affiliation.
- f. No information, certificate of an officer, statement furnished in writing, or report delivered to the Village by Astellas, contains, to the knowledge of Astellas, any untrue statement of a material fact or omits a material fact relevant to the information, certificate, statement, or report.

- g. This Agreement constitutes a valid, legal and binding obligation of Astellas, and to the extent permissible by law, is enforceable against it in bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights generally and to general principles of equity, regardless of whether such enforcement is considered in a proceeding in equity or at law.
- h. Astellas shall provide prompt notice to Glenview whenever any of the representations or warranties contained in this Section 6 ceases to be true or correct.

Section 7. The Village hereby represents and warrants to and covenants with Astellas as follows:

- a. All necessary corporate, regulatory or other similar action has been taken to authorize and empower the Village to execute, deliver and perform this Agreement.
- b. No proceeding of any kind, including, but not limited to, litigation, arbitration, judicial or administrative, is pending or threatened against or contemplated by the Village which would under any circumstance have any material adverse effect on the execution, delivery, performance or enforceability of this Agreement.

Section 8. Any notices or demands, which may be or are required, to be given by either party to the other under this Agreement shall be in writing, and all notices, demands and payments required to be given or made hereunder shall be given or made either: (a) by hand delivery; or (b) by United States certified mail, postage prepaid addressed to Astellas or the Village, respectively, at the following addresses, or at such other place as Astellas or the Village may from time to time designate in writing:

If to the Village:

 The Village of Glenview
 1225 Waukegan Road
 Glenview, IL 60025
 Attn: Todd Hileman, Village
 Manager

With a copy to:

 Eric G. Patt, Esq.
 Robbins, Salomon & Patt, Ltd.
 2222 Chestnut Avenue, Suite 101
 Glenview, Illinois 60026

If to Astellas:

 Astellas US, LLC

 Attn: _____

With a copy to:

All notices, demands and payments will be deemed to be received: (i) if given by hand delivery, when delivered in person; or (ii) if given by certified mail, four (4) business days after deposit in the United States mail.

Section 9. This Agreement, and the obligations of the Village hereunder, shall terminate and be null and void if any of the following occur: a) construction of the Office Building on the Property has not commenced by **DATE**; b) construction of the Office Building has not been completed by **DATE**; or c) Astellas has not occupied the Office Building by **DATE**.

Section 10. The parties hereto shall do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement and to aid and assist each other in carrying out the terms and objectives of this Agreement and the intentions of the parties as reflected by said terms, including but not limited to, the enactment by the Village of such resolutions and ordinances and the taking of such other actions as may be necessary to give effect to the terms and objectives of this Agreement and the intentions of the Parties as reflected by said terms. No Party shall challenge the validity of this Agreement or any resolutions or ordinances adopted pursuant hereto.

Section 11. Astellas agrees to, and does hereby, hold harmless and indemnify the Village, and all Village elected or appointed officials, officers, employees, agents, representatives, engineers, and attorneys, from any and all third-party claims that may be asserted at any time against any of such parties in connection with (i) any action taken by the Village assisting Astellas in meeting the eligibility requirements set forth in Section 4(A) of the Cook County Real Property Assessment Classification Ordinance; (ii) any action otherwise taken by the Village assisting Astellas in obtaining the 7(b) Incentive; (iii) the issuance of any approval, permit, certificate or acceptance for the Property or any improvements thereon; (iv) the development, construction, maintenance or use of any portion of the Property or any improvements thereon; and (v) the zoning of the Property; provided, however, the foregoing indemnification set forth in subsections (iii)-(v) shall not apply to the intentional acts or omissions of the Village. Astellas shall, and does hereby agree to, pay all expenses, including legal fees and administrative expenses, incurred by the Village in defending itself with regard to any and all of the claims referenced in this Section.

Section 12. If any action is brought by a party for the violation of any of the covenants set forth herein, the other party acknowledges and agrees that because of the immediate and irreparable injury which would be sustained by such party if such violation were to continue, an order may be entered enjoining the other party from violating any such covenant, either temporarily, preliminarily or as a part of a final judgment in the litigation, all without a requirement that such party post bond. If, contrary to this provision, a court shall require a party to post bond in connection with the entry of an injunctive order, the parties agree that such bond shall be without surety, and may stand as such party's own undertaking. A party's application for injunctive relief shall not prejudice any other claim or cause of action which such party may pursue by

reason of the violation of these covenants, nor shall it prejudice such party's right to maintain any other claim or cause of action under this Agreement.

Section 13. In the event of any successful legal proceeding brought by a party regarding this Agreement, the other party agrees to pay to such party all costs, including reasonable attorney fees, court costs and ancillary expenses incurred by such party in enforcing its rights hereunder.

Section 14. The terms of this Agreement shall be construed and take effect in all respects in accordance with the laws of the State of Illinois. The exclusive jurisdiction for all claims and controversies arising hereunder shall be the Circuit Court of Cook County, Illinois. Both parties agree to submit to the jurisdiction of the courts of the State of Illinois and agree that exclusive venue shall be proper in the Circuit Court of Cook County, Illinois.

Section 15. Time is of the essence of this Agreement and of each and every provision hereof. In the performance of this Agreement, each party agrees to comply with all applicable laws, rules, and regulations.

Section 16. The terms of this Agreement are separate and divisible. A conclusion of law that one or more provisions are void or voidable will not void the entire Agreement. Wherever possible, the terms of this Agreement shall be interpreted and construed so as to permit its enforceability.

Section 17. No waiver of a breach of any provision of this Agreement shall be construed as a waiver of any breach of any other provision. No delay in acting with regard to any breach of any provision of this Agreement shall be construed as a waiver of such breach.

Section 18. Neither party to this Agreement shall be liable for its failure to perform hereunder due to circumstances beyond its reasonable control, or if performance hereunder is prevented, restricted or interfered with by reason of any acts of war, insurrection, fire, flood, tornado, natural calamity, strike or other labor activities, or because of any law or government regulation, then that party shall be excused from such performance to the extent of the "force majeure." The party so affected shall give prompt notice to the other party, by any method appropriate under the circumstances. The party so affected shall use its best efforts to avoid or remove the "force majeure," and shall further continue on and use its best efforts to complete full performance of this Agreement when such causes are removed.

Section 19. Any respective obligations of the Village or Astellas hereunder which by their nature would continue beyond the termination, cancellation or expiration of this Agreement shall survive such termination, cancellation or expiration.

Section 20. This Agreement constitutes the entire agreement between the parties, superseding any prior understandings, arrangements or agreements whether in

writing or oral. This Agreement embodies the entire agreement between the parties hereto. Any amendment or modification or other change in the provisions of this Agreement must be made in writing and signed by both parties to be effective.

Section 21. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and when taken together shall constitute the entire agreement between the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized representatives as of the date first above written.

VILLAGE OF GLENVIEW, an Illinois home rule municipal corporation **ASTELLAS US HOLDING, INC.**, a Delaware corporation

By: _____
Kerry D. Cummings, President

By: _____
Its: _____

Attest:

Todd Hileman, Village Clerk