

City of Rochelle
Engineering Department

Memo

To: Meggon McKinley, City Manager
CC: Jason Anderson, Economic Development Director
Chris Limas, Community Development Director
Ed Carr, General Manager of Utilities
Don Elliott, Supt. of Street Division
Chris Frye, Finance Director
Alan Cooper, City Attorney (via council packet)
From: Sam Tesreau, City Engineer
Date: April 6, 2011
Re: State Local joint EDP/TARP agreement for Ritchie Road and Ritchie Court improvements
Sec. No. 11-00109-00-PV
Encl:

- (1) Support package sent to Illinois Dept. of Transportation (IDOT) Bureau of Statewide Program Planning
- (2) IDOT letter (dated 3/17/2011), from IDOT Secretary Hannig's office, approving Economic Development Program (EDP) and Truck Access Route Program (TARP) funding for Ritchie Road and Ritchie Court (previously Nippon Sharyo Ct.)
- (3) Preliminary Draft EDP/TARP state/local joint agreement sec. #11-00109-00PV
- (4) Company Information and Local Agency/Company Agreement with Nippon Sharyo USA, Inc. (shown as exhibit B and C as attachments to enclosure (3))
- (5) Resolution establishing a Class II designated truck route along Ritchie Road and Ritchie Court (shown as exhibit D in enclosure (3))

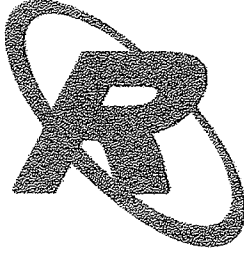
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1. The City Manager's office submitted a revised request, dated on or about 2/28/2011, for economic development support (encl. 1) to IDOT Bureau of Statewide Program Planning Chief Jeff South for the Ritchie Road and Ritchie Court (previously Nippon Sharyo Court) improvements and access in conjunction with the relocation, development and new construction of the Nippon Sharyo USA, Inc. facility in Prologis Park Rochelle Unit 1 Subdivision South of I-88 in Rochelle, IL. The City received a letter (encl. 2), dated 3/17/2011, from IDOT Secretary Gary Hannig's office approving EDP funds for the new project. Since Nippon Sharyo USA is relocating to another site this approval will replace a previously approved EDP agreement between the City of Rochelle and the State for the project along W. Rte 38 with section #10-00108-00PV.

2. According to the IDOT letter (encl. 2) a state/local joint agreement must be fully executed prior to advertisement of this project for engineering or construction. IDOT District 2 Local Roads Engineers have worked with City staff to prepare the preliminary draft agreement (encl. 3). The agreement has been sent to IDOT's Springfield office for review and will not be finalized and signed for approximately 4-6 weeks and until such time the LA approves the necessary resolutions and concurs with the draft agreement. The agreement is the mechanism for releasing funds and beginning the period in which the project must be under a construction contract. Please note that if the agreement is to be approved by an appointed official, a resolution authorizing said appointed official to execute the agreement is required.

Furthermore, the "Local Agency (LA)", or the City of Rochelle, needs to pass an ordinance/resolution defining the limits of the proposed 80,000 pound truck route and identifying the truck route class. This resolution (encl. 5) will be attached as exhibit D in the agreement for this particular truck route. The truck route will be established along Ritchie Road, from the intersection with Steward Rd to the intersection with Ritchie Court, and North along Ritchie Court to its northerly terminus. Furthermore, this truck route shall be properly signed in accordance with the Illinois Manual on Uniform Traffic Control Devices.

According to paragraph 11 and 12 (encl. 3) the LOCAL AGENCY/COMPANY AGREEMENT is another requirement of the EDP agreement. Jason Anderson, Economic Development Director, has negotiated and secured a letter of commitment and the LOCAL AGENCY/COMPANY AGREEMENT from Nippon Sharyo USA, Inc.. This agreement has been executed by Mayor Olson. The EDP Employment report and the LOCAL AGENCY/COMPANY AGREEMENT will be attached as exhibit B and C in enclosure (3). Please be advised that the company is required to submit job creation progress reports for a period of 5 years and if the company defaults on their commitment the STATE will seek reimbursement from the LA.

3. Please be advised the Ritchie Road and Ritchie Court improvements, and other related expenses, have not been programmed into the current City FY 10/11 budget but will be programmed into the upcoming FY 11/12 budget. Furthermore, it's my understanding that a development agreement has been negotiated, by your office, the City Attorney and the developer known as Prologis and Nippon Sharyo, to include any and all reimbursement and/or payment for funds that the EDP grant will not cover. Please consider approval of enclosure (3), (4) and (5) will allow the EDP state/local agreement to be sent back to IDOT for their final review and necessary signatures. Please note this agreement is to be signed by the Mayor.



City of Rochelle

420 N 6th Street
P.O. Box 601
Rochelle, IL 61068-0601
Tele: (815) 562-8161
Fax: (815) 562-3888

February 28, 2011

Chief, Bureau of Statewide Program Planning
Economic Development Program
Illinois Department of Transportation
2300 South Dirksen Parkway, Room 307
Springfield, Illinois 62764

Re: Request for EDP Funds
City of Rochelle

Attn: Mr. Jeff South

Dear Mr. Jeff South:

On behalf of the City of Rochelle, I am excited to submit the attached request for Economic Development Funds. This request is being made on the heels of months of hard work by the City staff to attract a vital expansion of the industrial work force to the community. This expansion is Nippon Sharyo USA, Inc.

Nippon Sharyo USA, Inc., a New York corporation, was established on April 16, 1982 as the US subsidiary company of Nippon Sharyo, Ltd., which was established in 1896 and is one of Japan's largest and leading manufacturers of railroad rolling stock, including high-speed rail cars, locomotives, inter-city and commuter rail cars, freight cars, light rail vehicles, as well as special purpose road vehicles, industrial and electrical equipment, and steel structures. All of the issued and outstanding shares of Nippon Sharyo USA, Inc. are owned by Nippon Sharyo, Ltd.

The site selected by Nippon Sharyo for this new facility is located just southeast of the City of Rochelle in Prologis Park near the southwest quadrant of the interchange of Interstate 88 and Interstate 39. A site within a 100-mile radius of Chicago with the ability to maintain the infrastructural requirements necessary is imperative to the success of Nippon Sharyo. Rochelle was a logical choice for siting of this facility. The location in Rochelle has the ability to meet Nippon Sharyo's infrastructural requirements, will be cost effective for the company, and will locate the new facility in an area that will

www.cityofrochelle.net

Enclosure(1)

Mr. Jeff South
Request for EDP Funds
City of Rochelle
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position them for the opportunity to enjoy long-term success. In addition, the City of Rochelle offers Nippon Sharyo the following: presence of a qualified workforce to meet current needs and any future expansion requirements; favorable business environment (local tax environment, ability to support sustainable growth, ease of permitting, etc.); business climate favorable to the manufacturing industry; and technical building (soil conditions, flood plains, water supply, power supply, telecommunications, etc.) and environmental risk assessment.

The completion of the Ritchie Road and internal roadway improvements will create new job opportunities in the Rochelle area. The Nippon Sharyo manufacturing center will result in the creation of nearly 265 new jobs in Rochelle Illinois in 2014. A private investment of approx. \$35 million is planned for this facility.

Nippon Sharyo's investment in this manufacturing center will be a significant asset to the community for several reasons, including the following: Nippon Sharyo will likely hire a significant number of its employees from the local workforce; the skill level and quality of jobs for new hires should provide ample opportunities for career advancement and higher wages for the workforce.

At this time Nippon Sharyo USA, Inc. has committed to this expansion in Rochelle as demonstrated by the commitment letter as attached. In return, the City of Rochelle must act to initiate the improvements to Ritchie Road and the internal roadway and secure bids for the planned improvements. Please consider the attached application located in Exhibit I which includes:

- a site location map
- cost estimate of proposed improvements
- proposed alignment of project
- letter of commitment from Nippon Sharyo USA, Inc.
- completed employment reporting form
- executed copy of the agreement between Nippon Sharyo and the City of Rochelle regarding reporting requirements

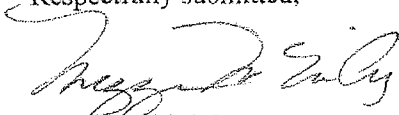
The City of Rochelle respectfully request assistance through the Economic Development Program (EDP) to fund 50% of the \$1,672,509.35 required for the construction of the Ritchie Road and internal roadway. In addition to the request above, the City would like to request assistance from the Truck Access Route Program (TARP) for two local intersections and 1.0 local lane miles. Due to the timing of this proposal, along with an accelerated construction schedule for the development, it is imperative that preliminary engineering begin as soon as possible so as to not delay progress of the project. We are requesting authorization to begin engineering work. We have contacted the department regarding this request, demonstrated the need for the work to begin, and are awaiting a

Mr. Jeff South
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Page 3

duly executed letter authorizing us to initiate this work from your office. An engineering agreement will be prepared and submitted to the Bureau of Local Roads at the District Office.

Should you have any questions, or should you require additional information, please do not hesitate to contact me at this office.

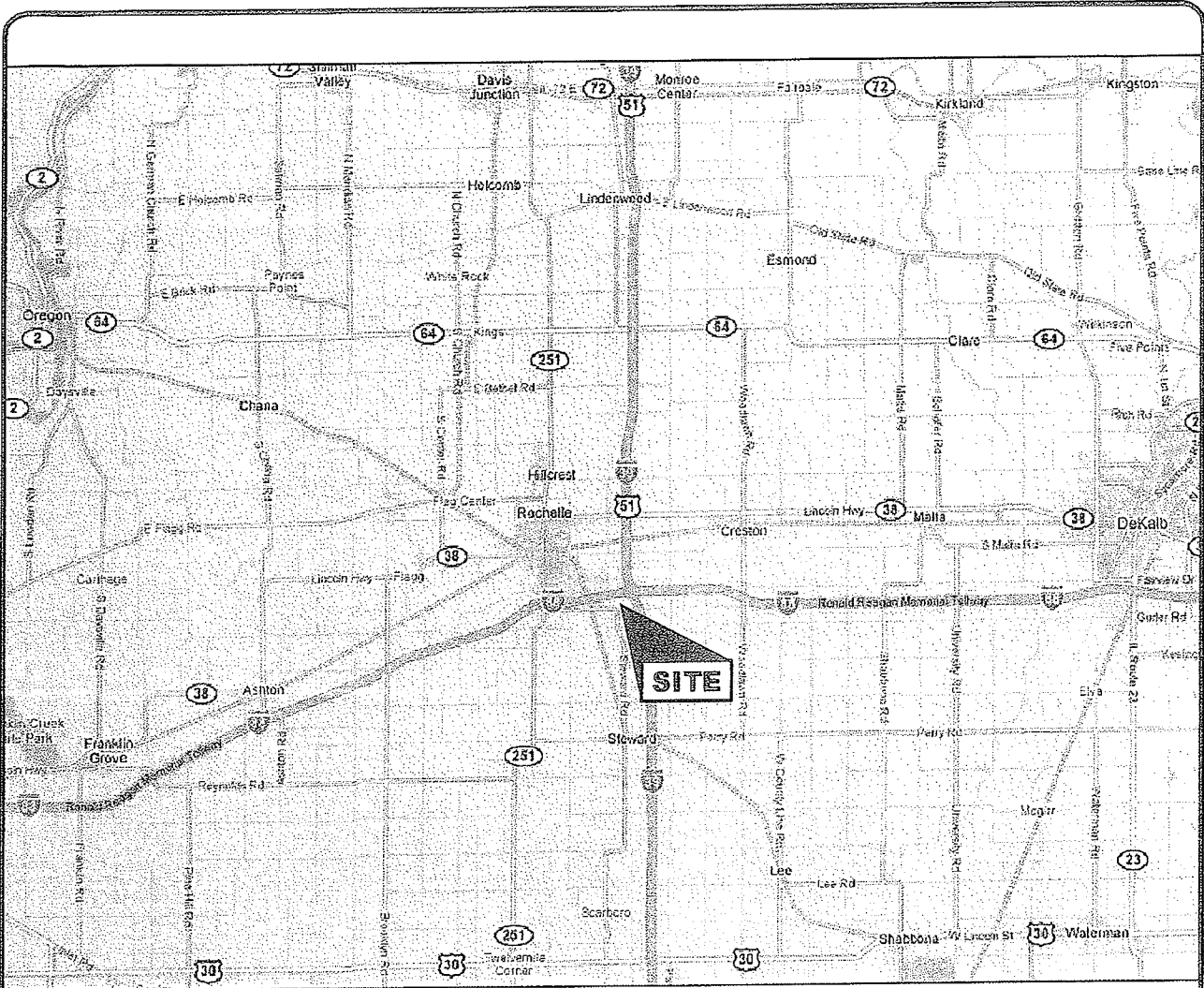
Respectfully submitted,



Meggon McKinley
City Manager

cc:	Denise Todd	Economic Development Coordinator – IDOT -Springfield
	Jason Nelson	IDOT - District 2
	Chet Olson	Mayor - City of Rochelle
	Jason Anderson	Economic Development Director - City of Rochelle
	Sam Tesreau	City Engineer - City of Rochelle
	Kevin Koyasu	Nippon Sharyo USA, Inc.
	Frank Mochizuki	Nippon Sharyo USA, Inc
	Mick Gronewold	Fehr-Graham & Associates

EXHIBIT 1



NOT TO SCALE

NIPPON SHARYO USA, INC. SITE LOCATION MAP ROCHELLE, ILLINOIS

G:\EQUIP\1111-142A\11-142A - Site Location Exhibit.dwg, SITE

FEHR-GRAHAM & ASSOCIATES, LLC
 ENGINEERING AND SCIENCE CONSULTANTS
 FREEPORT, IL ROCKFORD, IL ROCHELLE, IL SPRINGFIELD, IL MONROE, WI
 ILLINOIS DESIGN FIRM NO. 184-003323

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Nippon Sharyo/Prologis Park Roadway Improvements
Preliminary Cost Estimate - Roadway & Storm
Ritchie Rd from Steward Rd East 1650' and Nippon Sharyo Court from Ritchie Road North 1000' to N/S Site
FEHR-GRAHAM AND ASSOCIATES
February 25, 2011

ITEMS	UNITS	QUANTITY	UNIT COST	TOTAL COST
ROADS				
PAVEMENT REMOVAL	SY	1200	\$ 10.00	\$ 12,000.00
EARTH EXCAVATION/EMBANKMENT	CY	3,000	\$ 13.00	\$ 39,000.00
FURNISHED EMBANKMENT	CY	2,400	\$ 16.00	\$ 38,400.00
TRENCH BACKFILL	CY	550	\$ 35.00	\$ 19,250.00
HOT MIX ASPHALT SURF. CRSE., MIX D, N70	TON	2,663	\$ 90.00	\$ 238,770.00
HOT MIX ASPHALT BIND. CRSE., N70	TON	3,147	\$ 80.00	\$ 251,760.00
AGGREGATE BASE COURSE, TYPE B, 6"	TON	4,350	\$ 15.00	\$ 65,250.00
SUBBASE AGGREGATE MATERIAL	TON	1,600	\$ 15.00	\$ 24,000.00
SOIL STABILIZATION & PROCESSING	SY	6,000	\$ 4.00	\$ 24,000.00
COMBINATION CONCRETE CURB AND GUTTER, TYPE B6.18	FT	5,910	\$ 25.00	\$ 147,750.00
PEDESTRIAN PATH	SF	8,182	\$ 5.50	\$ 45,001.00
THERMOPLASTIC PAVEMENT MARKINGS	LS	1	\$ 10,500.00	\$ 10,500.00
SIGNAGE	LS	1	\$ 4,000.00	\$ 4,000.00
REMOVE AND DISPOSAL OF UNSUITABLE MATERIAL	CY	1,000	\$ 35.00	\$ 35,000.00
TRAFFIC CONTROL AND PROTECTION	LS	1	\$ 13,000.00	\$ 13,000.00
STORM SEWERS				
RCCP STORM SEWER, CLASS A, TYPE 2, 12"	FT	960	\$ 50.00	\$ 48,000.00
RCCP STORM SEWER, CLASS A, TYPE 2, 18"	FT	900	\$ 60.00	\$ 54,000.00
RCCP STORM SEWER, CLASS A, TYPE 2, 24"	FT	700	\$ 65.00	\$ 45,500.00
RCCP STORM SEWER, CLASS A, TYPE 2, 30"	FT	240	\$ 75.00	\$ 18,000.00
RCCP STORM SEWER, CLASS A, TYPE 2, 36"	FT	50	\$ 85.00	\$ 4,250.00
STORM INLET, SPECIAL NO. 1	EA	26	\$ 2,200.00	\$ 57,200.00
STORM INLET, SPECIAL NO. 3	EA	4	\$ 4,000.00	\$ 16,000.00
STORM MANHOLE, 4' DIA	EA	14	\$ 3,000.00	\$ 42,000.00
RCCP END SECTION, 30"	EA	1	\$ 2,500.00	\$ 2,500.00
RCCP END SECTION, 36"	EA	2	\$ 3,800.00	\$ 7,600.00
RIP RAP PAD	SY	40	\$ 100.00	\$ 4,000.00
EROSION CONTROL				
PERIMETER EROSION BARRIER	LF	5,500	\$ 3.00	\$ 16,500.00
TOPSOIL FURNISH AND PLACE, 6"	AC	3.5	\$ 10,000.00	\$ 35,000.00
SEEDING, CLASS 2A	AC	3.5	\$ 1,700.00	\$ 5,950.00
MULCH METHOD 2	AC	3.5	\$ 1,200.00	\$ 4,200.00
OTHER				
UTILITY ADJUSTMENTS (ONLY CITY UTILITIES)	LS	1.0	\$ 15,000.00	\$ 15,000.00
TOTAL				\$ 1,343,381.00

10% Contingency =	\$134,338
Design Engineering =	\$127,621
Construction Engineering =	\$67,169
TOTAL =	\$ 1,672,509.35

Mr. Jason Anderson
Economic Development Director
City of Rochelle
420 North 6th Street
Rochelle, IL 61068

February 17, 2011

Re: LETTER OF COMMITMENT

Dear Mr. Anderson:

On behalf of Nippon Sharyo USA, Inc., I would like to express our desire to locate our new facility to operate a railway rolling stock manufacturing center in Rochelle, Illinois. We see your community continues to be an advantageous location for a new, state-of-the-art facility (the "Project"). The purpose of this letter is to solidify our commitment to your community as well as reiterate the off-site infrastructure needs we will be looking for the City to complete. This Letter of Commitment is not intended to be a legal or binding obligation of either Nippon Sharyo or the City of Rochelle, and is, and must be, subject to and contingent upon completion of negotiations for, and finalization and execution of, all agreements between Nippon Sharyo and the State of Illinois with respect to incentives and assistance being provided Nippon Sharyo by or through the State of Illinois. Subject to the foregoing, this letter confirms our present intent to develop the project in Rochelle and induce the City to undertake the matters necessary for the provision of the development incentives outlined herein.

The Project will be developed with construction to be initiated in Spring 2011. The Project will result in approximately \$35 million in private investment and create up to 250 full-time jobs and retain 15 existing full time jobs with Nippon Sharyo.

Please know that, but for the completion of the City Lead Track rail access, Ritchie Road improvements and proposed access frontage roads, the intended site in Rochelle would not meet our needs. By initiating this project, the City will provide Nippon Sharyo with adequate transportation routes to accommodate the needs as related to the manufacturing process. Without question, these items are imperative to our operations.

By my signature below, this letter is evidence of Nippon Sharyo's intention to locate the Project within the City of Rochelle as described herein. We understand that the City will incur substantial expense in completing these infrastructure improvements. Further, it is our understanding that if not for the assistance made available by the State of Illinois through the Department of Commerce and Economic Opportunity Community Development Assistance Program Grant and the Illinois Department of Transportation Economic Development Program Grant currently being sought, the City would not have the financial means to complete these projects. Again, Nippon Sharyo looks forward to the development of the Project and working with the City of Rochelle. Please do not hesitate to call on me for any questions or assistance.

Respectfully yours,


Akira Koyasu
President, Nippon Sharyo U.S.A., Inc.



Date of Application _____

Application Tracking Number _____
(Assigned by IDOT)

COMPANY INFORMATION

Name of Company Nippon Sharyo USA, Inc.

Chief Officer or Authorized Designee Akira Koyasu

Title President

Address 2340 South Arlington Heights Road
Arlington Heights, IL 60005

Phone Number 847-228-2700

E-mail Address koyasu@nipponsharyo.com
(required)

FEIN Number 13-3107194

Standard Industrial Classification
Number (SIC #) N/A

North American Industry Classification
System (NAICS) 541910

Project Site City of Rochelle, Illinois 61068
(City and Zip Code where employees,
new or retained, are to be located.)

SPONSOR INFORMATION

Sponsor (Unit of Government) City of Rochelle


Contact Person Jason Anderson

Title Economic Development Director

Address 420 North Sixth Street
Rochelle, IL 61068

Phone Number 815-562-7595

I, Akira Koyasu As the Chief Officer (or authorized designee of the recipient) verify that the information in the progress report contains no knowing misrepresentation of material facts upon which eligibility for development assistance is based. I further certify that, to the best of my knowledge, the recipient is in compliance with the development assistance agreement(s) between, or behalf of, the recipient and the Illinois Department of Transportation.



Signature

2/17/2011

Date

President

Title

Granting Body of Economic Development Program Funds: Illinois Department of Transportation
Mr. Dick Smith, Director
Office of Planning and Programming
2300 South Dirksen Parkway
Springfield, Illinois 62764

Please mail form to: Illinois Department of Transportation
Mr. Keith Sherman
Office of Planning and Programming, Rm. 307
2300 South Dirksen Parkway
Springfield, Illinois 62764
Attn: Economic Development Program
Phone (217) 782-0378

CITY OF ROCHELLE / NIPPON SHARYO USA, INC.

LOCAL AGENCY/COMPANY AGREEMENT

THIS AGREEMENT is made as of the 22 day of February, 2011 by and between the City of Rochelle, Illinois hereinafter called the LOCAL AGENCY and Nippon Sharyo USA, Inc., hereinafter called the COMPANY.

WHEREAS, the LOCAL AGENCY is interested in expanding its economic base with the primary emphasis on creating and retaining jobs; and

WHEREAS, the LOCAL AGENCY will enter into an agreement with the Illinois Department of Transportation, hereinafter called the STATE, to implement an economic development program that significantly impacts upon the LOCAL AGENCY's economic base; and

WHEREAS, the COMPANY has proposed a project that will create and/or retain jobs, thus providing a significant benefit to the LOCAL AGENCY's economic base; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

I. REPORTING REQUIREMENTS

1.1 As required by Public Act 93-552, the COMPANY is required to submit to the STATE an annual progress report of employment for five years from the date of the IDOT/Local Agency funding agreement.

1.2 The annual progress report shall consist of job classifications, wages, number of positions, and other pertinent information as shown on Exhibit I.

1.3 All annual employee progress reports will be completed on-line through the Department of Commerce and Economic Opportunity. The COMPANY will be notified by letter annually with instructions on how and when to fill out their annual report. This report will then be submitted electronically to IDOT.

II. DEFAULT AND REMEDIES

2.1 The COMPANY shall make the investment in the Project which shall create and/or retain a minimum of 250 full-time jobs at the facility on or before June 30, 2014.

2.2 In the event the COMPANY fails to create and/or retain the requisite number of full-time jobs, or the COMPANY fails to comply with the reporting requirements herein, the COMPANY may be held in default. If declared in default, the COMPANY shall be put on suspension and shall be prohibited from completing any current or providing any future development assistance until the state receives proof that the recipient has come into compliance with the requirements of Public Act 93-552.

III. TERMINATION

3.1 This Agreement may be terminated at any time by written, mutual agreement of the parties.

3.2 This Agreement, and all further obligations of the parties hereunder, will terminate when the Project has been completed and when the COMPANY has satisfied its reporting obligations under Section 1.

3.3 This Agreement will terminate when the COMPANY or its Partner Company is unable to secure the Contract of 160 Highliner Cars from Northwest Illinois Regional Commuter Railroad Corporation d/b/a METRA by the end of 2012.

IV. GENERAL PROVISIONS

4.1 Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision shall be invalid under applicable law, such provision shall be ineffective to the extent of such invalidity without invalidating the remaining provisions of this Agreement.

4.2 This Agreement represents the full and complete agreement between the parties with respect to the matters addressed herein and there are no oral agreements or understandings between the parties.

4.3 This Agreement shall be construed in accordance with and governed by the law of the State of Illinois.

APPROVED BY

Company Name Nippon Sharyo USA, Inc.

Title Akira Koyasu, President

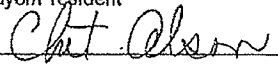
Signature 

Date 2/17/2011

APPROVED

City of Rochelle

By The Honorable Chet Olson, Mayor
Mayor/President

Signature 

Date 2-22-11



Illinois Department of Transportation

Office of the Secretary
2300 South Dirksen Parkway / Springfield, Illinois / 62764
Telephone 217/782-5597

March 17, 2011

Ms. Meggon McKinley
City Manager
420 N. 6th Street
P.O. Box 601
Rochelle, Illinois 61068-0601

Dear Ms. McKinley:

Thank you for your updated request for Economic Development Program (EDP) funding for the Nippon Sharyo USA Company. The department is pleased to hear that Nippon Sharyo USA has decided on a location that best suits the company's transportation needs.

In a letter dated August 19, 2010 (copy enclosed), the department committed funding to this project when the company was locating north of I-88. At that time, the department committed \$2 million for improvements to Illinois 38. However, now that the company will be locating on a different parcel of land located south of I-88, the transportation needs and funding amount of the project have changed.

The department's commitment will now be for construction of Richie Road and Nippon Sharyo Court north of Richie Road, which will be a public roadway leading toward the entrance of the company. Funding will include eligible roadway engineering, contingencies and construction costs in an amount up to but not exceeding \$866,480. Enclosed is a revised EDP Project Summary which provides a detailed description of this commitment and the employee reporting responsibilities. The department will also commit \$60,000 in Truck Access Route Program (TARP) funding for 1.0 lane miles and two intersections.

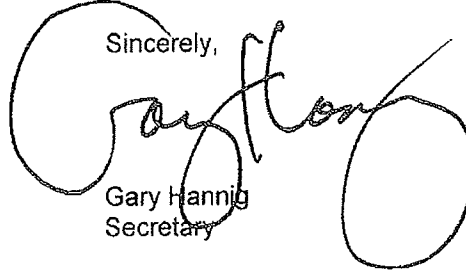
The previous joint agreement will be null and void upon receipt of this new commitment. Please contact Jason Nelson, Local Roads Engineer, at (815) 284-5380 to formulate a new state/local joint agreement. Please note, that the joint agreement must be fully executed prior to advertisement of this project for engineering or construction. Failure to do so may jeopardize the Illinois Department of Transportation's (IDOT) ability to reimburse the city for eligible expenses. It is also the responsibility of the city to notify the department of any changes in the status of this company. If the company fails to locate at its site, IDOT should be notified by the city immediately.

Enclosure(2)

Ms. Meggon McKinley
March 17, 2011
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Thank you for your interest in IDOT's EDP. If you have any questions or need additional information, please contact Jeff South, Bureau Chief of Statewide Program Planning, located at 2300 South Dirksen Parkway, Room 307, Springfield, Illinois 62764, or telephone him at (217) 782-2755.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Hannig". The signature is written in a cursive style with large, sweeping loops.

Gary Hannig
Secretary

Enclosures

[HTTPS://INSIDEIDOT.PORTAL.ILLINOIS.GOV/SITEDIRECTORY/OOS/STATEWIDE PROG
PLANNING RESP/30952 - EDP LETTER, MS. MEGGON MCKINLEY, REQUEST FOR EDP FUNDING,
NIPPON SHARYO USA CO.DOCX/charlespa](https://insideidot.portal.illinois.gov/sitedirectory/oos/statewide%20prog%20planning%20resp/30952%20-%20EDP%20letter%20ms.%20meggon%20mckinley%20request%20for%20EDP%20funding%20nippon%20sharyo%20usa%20co.docx/charlespa)

EDP PROJECT SUMMARY

Location: Ogle County

Companies: Nippon Sharyo, Ltd.

Project Sponsor: City of Rochelle

State Funding

The Illinois Department of Transportation (DEPARTMENT) will provide funding of eligible roadway-related items for new construction and roadway improvements to serve the above mentioned company. Funding will include preliminary engineering, construction, construction engineering and contingencies in an amount up to but not exceeding \$866,480 from the Economic Development Program (EDP).

These improvements must be constructed to State Motor Fuel Tax standards. All necessary land acquisition or building demolition to construct this roadway will be the responsibility of the city of Rochelle. All EDP commitments are capped. For this project, the EDP funding cap is \$866,480.

Public Act 93-552

The department is required to comply with Public Act 93-552, the Corporate Accountability for Tax Expenditures Act. The act requires any recipient business which is the intended beneficiary of EDP assistance submit an initial report stating that business' commitment to specific employment levels and to subsequently report the progress of the development and specified employment commitments for the project on an annual basis.

This company will be required to fill out an annual Reporting Form for five full calendar years after the execution date of the local intergovernmental agreement. All annual progress reports will be completed on-line through the Department of Commerce and Economic Opportunity. For the purpose of the EDP, the Nippon Sharyo USA, Inc. will be required to enter into agreement with the city of Rochelle to ensure that these reporting requirements are fulfilled. This agreement should be in place prior to the execution of the intergovernmental agreement between the DEPARTMENT and the city of Rochelle. The agreement between the city of Rochelle and the business must be in place prior to the disbursement of any EDP funds.

EDP Payback Provision

The commitment of EDP funds is contingent upon the fulfillment of the commitments to business investments and job creation/retention represented to the DEPARTMENT by the city of Rochelle and recipient businesses. Any substantial modifications to these commitments, change in location of this facility or the failure of the businesses to make firm commitment to this site will cause the DEPARTMENT's commitment to be reevaluated.

The employment levels committed by the Nippon Sharyo USA, Inc. must be created within and retained over the five-year reporting period required by Public Act 93-552. If these commitments are not met, the department will review the project funding provided to the city of Rochelle. If reasonable justification for non-performance of the commitments is not provided, the city will be required to repay the EDP funding (\$866,480) to the DEPARTMENT in total or an appropriate pro rata sum commensurate with the circumstances of the situation.

Denise Todd
Room 307



Illinois Department of Transportation

Office of the Secretary
2300 South Dirksen Parkway / Springfield, Illinois / 62764
Telephone 217/782-5597

August 19, 2010

Mr. Ken Alberts
City Manager
420 North 6th Street
Rochelle, Illinois 61068-0601

Dear Mr. Alberts:

Thank you for your letter requesting Economic Development Program (EDP) funding for new construction and roadway improvements to provide access to the Nippon Sharyo USA, Inc. facility. This company is a large manufacturer of railroad rolling stock which includes high-speed rail cars, locomotives and freight cars. The company plans to create 250 new employment positions. This will help maintain a strong economic employment base for the city of Rochelle as well as Ogle County.

We are pleased to inform you that the Illinois Department of Transportation (IDOT) will provide up to \$2 million for new construction of Industrial Nippon Drive and roadway improvements to ITC Parkway Frontage Road and Illinois 38. Funding will include eligible roadway engineering, contingencies and construction costs in an amount up to but not exceeding \$2 million. Enclosed is an EDP Project Summary which provides a detailed description of this commitment and the employee reporting responsibilities. The department will also commit \$48,000 in Truck Access Route Program funding for 1.10 lane miles and one intersection for this project.

Please contact Jason Nelson, Local Roads Engineer, at (815) 284-5380 to formulate a state/local joint agreement. Please note that the joint agreement must be fully executed prior to advertisement of this project for engineering or construction. Failure to do so may jeopardize IDOT's ability to reimburse the city for eligible expenses. It is also the responsibility of the city to notify the department of any changes in the status of this company. If the company fails to locate at its site, IDOT should be notified by the city immediately.

Thank you for your interest in the EDP. If you have any questions or need additional information, please contact Mr. Jeff South, Bureau Chief of Statewide Program Planning, located at 2300 South Dirksen Parkway, Springfield, Illinois 62764, or telephone him at (217) 782-2755.

Sincerely,

s/s 8-19-10

Gary Hannig
Secretary

Enclosure