

ROCHELLE CITY COUNCIL AGENDA ITEM MEMO REGULAR MEETING

SUBJECT: A Resolution authorizing a development agreement between Midwest Power Investors, LLC and the City of Rochelle

Staff Contact: Zeke Jackson, City Manager and Sam Tesreau, City Engineer

Summary:

Since the beginning of 2025 City staff have been working on a development agreement (DA) with Midwest Power Investors, LLC (MW) for a potential data center located north of Steward Road, west of the BNSF RR and south of I-88. On March 3, 2025, City Council approved an amendment to the Zoning ordinance to define and further allow a Data Center in an I1, I2 and I3 zoning district. A public informational meeting was held in November 2025 to discuss the proposed data Center development along Steward Road.

Subsequently in early 2026 a discussion item was presented to the City Council, and action was taken at the April 2026 City Council meeting, to deny the approval of a development agreement with MW as presented. As a result, MW has re-engaged the City on the DA and modified concerns expressed in early 2026 at the council meeting.

Summary items of the agreement are as follows:

Subject Site development

- Construction of Project Electrical Improvements, including substation upgrades, dedicated feeder, primary metering (City/RMU constructs and paid for by MW)
- MW funds all Electrical work up to \$4.75M and overages if they occur through notice from the City
- MW must purchase all electricity from the City until costs are recovered
- City must make up to 48 MW available upon completion of the improvements
- MW funds all water and water reclamation (sanitary sewer) improvements infrastructure estimated at \$3.47M with a surety being required before construction begins. Water supply will be to the subject site along with fiber optic service.
- MW funds all roadway widening and shared use path improvements to Steward Road, along the subject site frontage, including design, planning, widening, drainage, lighting, ROW and easements plus provide an escrow or surety at 110% of approved estimated costs
- An impact fee of \$50,000 is due in mid-2027 to cover the City's expenses with the DA
- A preliminary site perimeter landscape plan has been developed, to be approved by the City, at the time of the actual site plan review and permitting process
- Under no circumstance can MW receive delivery of electricity services from another provider within the City's distribution territory

Additional site development conditions

- City has reasonable approval over the appearance of the development as well as suppression measures to reduce sound that are generated from the subject property
- MW, its heirs, successors and assigns shall only construct a permitted use data center storage facility on the subject property as defined by the plat of survey and legal description in exhibit 1 as attached to the DA. This is generally bounded on the north side by I-88, Steward Road on the south side and the BNSF RR on the east side

- Landscaping features along the westerly and southerly sides of the subject site in general conformance with preliminary site
- RMU has incorporated conditions that all increases in capacity charges, NITS charges, Peak charges, Transmission charges, above our current levels, will be the responsibility of the developer and DC occupants.

City/RMU benefits

- Expanded RMU utility and transportation infrastructure along Steward Road including electrical transmission upgrades, Water/Water Reclamation improvements (water and sanitary sewer extensions), Roadway widening to collector status and pedestrian path improvements along the frontage of the property to the overpass
- Additional revenue to RMU in excess of \$1.3M and the UTF of about \$400K annually.
- Additional real estate property tax to the community taxing bodies, once the site is fully developed, without any tiered abatements through the Enterprise Zone. However, the sales tax and other incentives portion of the Lee-Ogle Enterprise Zone is available for development.
- Additional Electric revenue will help defray costs associated with RMU Integrated Resource Plan to be completed over the next several months as well as ongoing operational expenses over the next several years.

Revenue Sources:

Source:	Budgeted Amount:	Proposed Expenditure
N/A	N/A	N/A

Strategic Goal Application:

Community and Economic Development

Recommendation:

Consider approval of a Resolution authorizing a development agreement between Midwest Power Investors, LLC and the City of Rochelle