**Section 810.50 Criteria for Project Selection**

a) The Department's role in selecting projects is shaped by its commitment to preserving the private-sector rail industry which serves and sustains the Illinois economy. The Department views its primary role as a catalyst to private-sector solutions for local freight service problems. While its ability to resolve local rail service problems is limited by the availability of funds, the Department will select projects based on the following criteria:

1) Lines with the greatest potential for regional economic development or retention, measured in the number and type of businesses, jobs and traffic that would be affected by a project.

2) Lines with the greatest potential for improving access to markets for Illinois agricultural products, coal and industrial products.

3) Lines in which the State's participation will leverage private investment and which will benefit the State's economic growth by fostering permanent solutions to rail service problems.

b) A determination of project eligibility does not guarantee implementation of a LRSA project. The State's decision to commit funds can be influenced by its limited financial resources; the lack of commitment, financial or otherwise, by shippers, railroads and local governmental entities; or by the prospective recipient's inability to establish the necessary detailed ownership and service arrangements. (For example, a typical type of service arrangement may include, but not be limited to, the execution of an industrial track agreement, a switching agreement or a trackage rights agreement; a typical type of land acquisition arrangement may include, but not be limited to, the conveyance of land by warranty deed, quit claim deed or lease agreement.) The LRSA program targets funds toward loans and, to a diminishing degree, grants that hold the most potential to provide permanent solutions to rail service problems on light density lines. Grants, generally, are awarded where additional public and/or private investments are present. Loans, generally, are provided where returns to a railroad generate a profit or where there are economic benefits accruing to a single industry, without major employment creation or retention.

c) Financing the Project

 The Department will make available to the recipient in the form of a loan or grant, such funds in such amounts as are necessary to finance the project. The Department generally offers funds in the form of a loan except for one or more of the following reasons:

1) When the offering of a grant instead of a loan affects the project's viability;

2) When the offering of a grant instead of a loan attracts investment by another party or parties greater than the State's investment;

3) When the offering of a grant instead of a loan is necessary due to a recipient's limited ability to repay loan amounts;

4) When the offering of a grant instead of a loan is warranted because the projected profitability of the rail operation subsequent to the rehabilitation, improvement or construction provides insufficient return to cover the repayment of loaned funds; and

5) When the offering of a grant instead of a loan is warranted because of the high level of public transportation, and economic benefits which will accrue as a result of the project.

d) The terms and conditions of a loan shall be:

1) the term of a loan shall be the minimum equal to that of the benefits, or the benefit stream (five year benefit equals a five year loan);

2) the interest rate shall never be higher than the prime; and

3) prepayment may be made without interest penalties.