



# Illinois



**Meadows Mennonite Retirement Home, McLean County, IL**

# 2003 Annual Report



### **Statement by Secretary Ann M. Veneman**

The Bush Administration has made great strides in supporting investments in America's rural communities. From the successful implementation of the 2002 Farm Bill to passage of the Healthy Forest Restoration Act, President Bush's policy are helping strengthen the economic health of rural America.

Through USDA's Rural Development programs, it is estimated that over 510,000 jobs have been created or saved since the beginning of the Bush Administration. USDA has invested nearly \$2.5 billion for rural business development in the form of loans, grants and technical assistance.

As we look to the future, we remain dedicated to ensuring that investments in rural Illinois continue to bring new economic opportunities and an improved quality of life to rural families and communities.

### **Acting Under Secretary for Rural Development Gilbert Gonzalez**

Citizens and community leaders throughout rural America share a common desire to bring economic opportunity and an improved quality of life to their community. There is a remarkable cohesiveness amongst rural citizens that allows the energy and enthusiasm of local citizens to harness the resources needed to bring solutions to economic and social issues facing their community.

As rural America's venture capital bank, USDA Rural Development seeks to support local efforts by providing financing to create housing, business development, technology and community infrastructure and essential community facilities. Over the last year, the Bush Administration through USDA Rural Development has provided over \$13 billion in capital financing to assist rural citizens and communities invest in their future.



### **Message from State Director Douglas Wilson**

I am pleased to announce that in Fiscal Year 2003 USDA Rural Development provided more than \$339 million in loans and grants to rural Illinois. Our efforts to improve the health, safety and economic well-being of rural areas have placed Illinois among the top funding recipients in the nation. Rural Development in Illinois led the nation in overall housing loans and achieved substantial increases in many other programs.

Rural Development continues to build relationships among agencies, communities, and individuals. By partnering with others, USDA-RD has stretched its federal funding to do more projects in rural areas. During the past year we have developed stronger working relationships with our Congressional delegation, Offices of the Lt. Governor and State Treasurer, state agencies, and

many not-for profits and private organizations. By sharing resources, we have achieved more funding capacity and accessed more expertise than otherwise would have been available.

We are especially proud of Illinois' success in a new program to expand the use of renewable energy systems and improve energy efficiency, a grant and loan program created in the 2002 Farm Bill. Illinois received over \$2.1 million in grants, the third largest amount in the nation, to support eight projects. The success of these projects is the result of a collaboration of federal, state and private entities that offers a model for future opportunities.

I want to thank all of the people with whom I work at USDA Rural Development. Their hard work and effort are responsible for the success of our programs. Congress can fund programs and administrators can provide direction, but the real delivery comes from those who work directly with our customers. I am proud to be a part of a great team with whom I can make good on my commitment to improve the well-being of rural Illinois.

As you read our report I hope you will recognize the integral role USDA Rural Development plays in Illinois and will consider ways that we may be able to assist you.

# ***Renewable Energy and Energy Efficiency***

## ***#3 in the amount of grant funds awarded***

In the first year of the Renewable Energy and Energy Efficiency Improvements Program, Illinois agricultural producers and rural small businesses competed nationally and eight projects were selected to receive over \$2 million. The grants comprised over 10 percent of the nationally available funds. The program is designed to convert our natural resources and the residuals of farming operations into new sources of energy and to help businesses reduce their energy use 15% or more.

The grant program is part of the Bush Administration's overall effort to increase America's energy independence through the development of renewable energy resources and improving energy efficiency.

Illinois' success is due in part to Rural Development's coordinated efforts with the Illinois Department of Commerce and Economic Opportunity, the Illinois Clean Energy Foundation, the Illinois Department of Agriculture, the Illinois Environmental Law and Policy Center, commodity organizations and other groups to pool expertise and leverage funding.

We look forward to continuing and expanding our use of this program in Fiscal Year 2004.



<b>Lincolnland Agri-Energy</b> Robinson, IL	<b>\$300,000</b>	Purchase a thermal oxidizer to control emissions for its ethanol processing facility. This limited liability company consists of 449 producers who own over 60% of the company.
<b>FPC Services</b> Sublette, IL	<b>\$300,000</b>	Develop a utility-scale wind farm initially consisting of 15 wind turbines producing 1.50 MW each.
<b>Hunter Haven Farm, Inc.</b> Pearl City, IL	<b>\$242,518</b>	Construct a methane digester to treat the manure produced by their 600 head dairy operation.
<b>Midwest Bio Energy</b> Thompson, IL	<b>\$500,000</b>	Construct a steam plant on the site of the Danisco Sweetener facility that will use wood waste and corn stover to produce steam to help power the plant.
<b>Illinois Rural Electric Cooperative</b> Pittsfield, IL	<b>\$438,544</b>	Construct a 1.65 MW wind turbine to produce energy for use by coop members in a six-county area.
<b>Willow Creek Organic Farm</b> Steward, IL	<b>\$125,000</b>	Purchase a 46 KW solar photovoltaic system to produce renewable energy to grow its organic produce.
<b>Central Illinois Energy Cooperative</b> Canton, IL	<b>\$200,000</b>	Construct a 30 million gallon per year ethanol processing facility and a co-generation facility to supply it with its steam and electricity requirement. The Coop consists of 262 Illinois farmers and 118 other investors.
<b>Momence Finer Foods</b> Momence, IL	<b>\$30,534</b>	Make energy improvement through the purchase of energy efficient refrigeration, T-8 fluorescent lighting and LED exit lights.

# **Rural Housing Program**

Rural Development's Rural Housing Program provides rural residents with loans and grants to buy, renovate, and repair their homes. Favorable financing rates and terms are available to the elderly, disabled and people with modest to low incomes, whether it is to purchase a home or assist with rent. Programs are also available to help build or renovate multi-family or single tenant rental properties.

In Fiscal Year 2003 Rural Development in Illinois provided loans and grants in the amount of \$218,551,654 to more than 4,760 families and customers. Another \$3,300,000 in loan funds were leveraged from other finding sources. Illinois is especially proud of the work accomplished in Fiscal Year 2003. It stands as the best year on record since USDA began making rural housing loans in 1950. In addition, Illinois was recognized as #1 in the Nation in the delivery of Single Family Housing Programs.

**SINGLE FAMILY HOUSING** - Rural Development provides rural residents with decent, safe and sanitary housing through direct and guaranteed loans. The **Guaranteed Rural Housing Program** helps moderate income families get loans for their first homes with reasonable terms and no down payment.



Ginny Waid is a delightful lady, who requested assistance to make repairs to her home in Milton, Illinois. When the staff from the Quincy Rural Development Office visited to help her complete an application, they found her home was beyond repair. Ginny has custody of two great grandsons, and she just wanted a decent place for them to live. The housing specialist worked with Ginny to review her budget and did the calculations to see if she could afford a Rural Development **Direct Housing Loan** to purchase a different home. When they realized that Ginny owned the vacant lot next to the existing house, it was recommended that, even with her limited income, Ginny could qualify to build a new home. Ginny is very proud of her new home.



Grants and low interest loans can help people with modest incomes make improvements, so their homes are free of health and safety hazards. **Section 504 Loans and Grant Program** funds can be used for a variety of purposes, such as fixing leaking roofs,

window replacement or repair, plumbing, installing central heating or construction of a front-door ramp. After her husband passed away, Roberta Oliver wasn't sure how she could afford the necessary repairs to the house they had shared for 40 years with only her social security to live on. With both a loan and grant from Rural Development, Roberta was able to restore the exterior of her home. Roberta regularly waits until her neighbor goes to work, "then I go across the street and sit on her porch and just to look at my house. I can't believe it."

**MULTI-FAMILY HOUSING** - Loans are available to construct affordable multi-family living quarters in small towns and rural areas. The supply of affordable rental housing in East Dubuque could serve only 20% of the market and mostly with one and two bedroom units. Rural Development helped by **guaranteeing** a \$1.5 million mortgage, including a 2.5% interest subsidy, for Badger Ridge, a development of 42 new detached single-family rental homes. New families with very modest incomes now can afford comfortable, safe and energy efficient three bedroom homes near work and school.

Rural Development can subsidize the rents of the elderly, people with disabilities and people with limited incomes living in nonprofit or limited profit multi-family complexes. Thanks to rental assistance from Rural Development, seniors who have lived and worked in Hopkins Park their whole lives can stay in their community. Hickory Hills Senior Housing is a new, fully accessible 40 unit independent living center. All the units are available with rental assistance. Residents pay a percentage of their monthly income; Rural Development's rental assistance program pays the rest of the rent.



## **Community Facilities**

Community facilities such as health care clinics, fire stations, counseling centers, and child care centers are essential to the quality of life in rural communities. The USDA Rural Development Community Facilities Program provides funding to ensure these facilities are available to all rural Americans. This year we funded 17 Community Facility Projects in Illinois totaling \$7,530,180 in loans, grants and guarantees, surpassing last year's total of \$5,115,146. These projects include fire trucks and fire stations, township buildings, ambulance equipment, courthouse improvements, support centers, group homes and even emergency flood pumping equipment for a village.



The highlights of the year were a \$3,250,000 direct Community Facility Loan and a \$3,250,000 loan made by the Bank of Marion and guaranteed by USDA Rural Development to Harrisburg Medical Center, Inc. in Harrisburg, Illinois. Loan funds, combined with \$1,235,000 from the Center, will be used for refinancing debt, for renovating and constructing 31,000 square feet, and for purchasing equipment for the Hospital. This \$7,500,000 project will allow the Center to better serve the community by expanding their services and retaining 450 jobs.

## **Water & Waste**

Rural Development provides loans, grants and loan guarantees for drinking water systems, sanitary sewer projects, solid waste facilities and storm drainage in rural areas and in cities and towns with populations of 10,000 or less. Public bodies, special purpose districts and non-profit organizations are eligible applicants. In Fiscal Year 2003, twenty eight water and waste loans totaling \$17,111,480 were funded in Illinois. In addition, twenty two water and waste grants totaling \$15,168,350 were made. These projects provided central water service for the first time to 1,656 households, farms and businesses. The new sewer systems provided central sewer service to 793 properties that previously had inadequate individual systems. This is the equivalent of over 5,400 people getting new utility service. In addition, many of the projects financed enabled communities to improve existing systems thereby meeting regulatory requirements and providing improved service. Examples of project funded include:

- The City of Arcola in Douglas County - A \$1,400,000 USDA Rural Development loan to construct a much needed storm sewer project to benefit 464 residences and businesses.
- Henderson Water District in Montgomery County – A \$952,000 Rural Development loan and a \$1,087,000 Rural Development Grant were made to construct a 56 mile water system extension to serve and additional 150 farmers and rural residents. A \$400,000 Community Development Assistance Grant was received as well. Water is purchased from the City of Litchfield and the Otter Lake Water Commission.
- Village of Neponset in Bureau County – The Village received a \$651,000 USDA Rural Development loan and a \$478,000 Rural Development Grant to pay part of the cost of a new sanitary sewer system to serve the Village's 260 households and businesses. The Village received other funding from a grant and loan from the Illinois EPA and a design grant from the DCEO Community Development Assistance Grant Program.
- Northeast Mt. Vernon Water Company in Jefferson County – A \$908,000 USDA Rural Development loan was made to the company to extend water service to an additional 50 users with inadequate individual water supply systems. The company already provides service to 1,792 users. Water is purchased from the City of Mt. Vernon.

# **Value Added**

Five Value-Added Agricultural Development Grants (VADG) totaling \$813,000 were awarded in Fiscal Year 2003 in Illinois. These funds will be used to develop new products and markets for agriculturally based ventures such as renewable energy.

- Land of Lincoln Agriculture Coalition      \$150,000      To develop a 40 million gallon per year, coal fired, mire mouth ethanol plant and a coal-fired boiler system to power the plant in Sangamon County
- National Trail Biodiesel Cooperative      \$ 33,000      To examine the feasibility of establishing a soybean meal/biodiesel processing facility in South Central/Southeastern Illinois
- Central Illinois Energy Cooperative      \$ 250,000      Working capitol for inventory of a 30 million gallon ethanol processing plant to be powered by a co-generation facility in Fulton County
- Midwest Greenhouse, LLC      \$ 350,000      To produce and market high-value hydroponically grown red, yellow and orange bell peppers in DeWitt County
- Ursa Farmers Coop      \$ 30,000      To study the feasibility of constructing a state-of-the-art Identity Preserved grain elevator adjacent to its existing commodity grain terminal elevator in Adams County.

The purpose of the program is to strengthen the agricultural base of many rural communities by providing the necessary tools to help rural businesses create jobs. The grant program is often used in conjunction with other Rural Development business funding programs.

The funding encourages entrepreneurial ventures by agricultural producers, producer organizations, cooperatives and majority-controlled producer-based businesses. Planning grants were awarded to examine the feasibility of ethanol and soybean meal/biodiesel facilities and an identity-preserved grain elevator. Working capital was awarded to an ethanol plant and a greenhouse producing hydroponically grown bell peppers.

# **Business Programs**

Creating and preserving quality jobs is a key aspect of a vital rural economy. The Business and Industry Loan Guarantee (B&I) Program offers unique benefits to lenders and businesses resulting in a positive partnership. In Fiscal Year 2003, USDA, Rural Development in Illinois approved business loan guarantees totaling \$37,122,867 that created or preserved 412 jobs.

Meadowbrook Farms Cooperative received a \$19,700,000 B&I Loan Guarantee to construct and equip a pork processing plant in Rantoul, Illinois. Stearns Bank of St. Cloud, MN is the lead lender with participation from several local banks. Over 200 producers are investors in the facility. The Cooperative will have a unique farm to the store tracking system and many of the products will carry the Meadowbrook Farms label. The Cooperative will produce a case ready product to assure freshness.

Haag Food Service, Inc. received a \$998,670 loan from the State Bank of Aviston guaranteed by USDA, Rural Development to construct a warehouse. Haag operates a food distribution business to stores in six states and employees over 100 people.

Again this year, USDA Rural Development was able to utilize its various business development assistance programs to create and preserve jobs, increase local tax bases and contribute in other ways to a stronger rural economy.

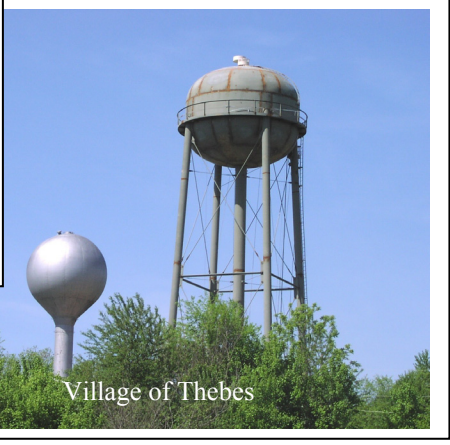


Meat cutter trimming whole loins prior to packaging and shipping

# ***SIDEZ***

Laura Kennedy, at right, says

*"I will be glad when the project is done, so I will have water and water with good pressure."* A total of \$1,113,550 was provided to upgrade the village's water system; \$713,550 from Rural Development and \$400,000 from DCEO.

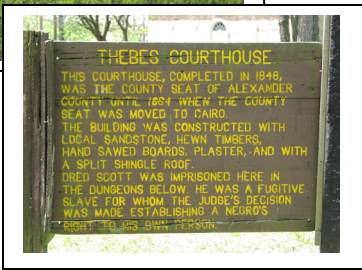


The Southernmost Illinois Delta Empowerment Zone

(SIDEZ) was one of only 5 rural Empowerment Zones (EZ) selected nationally in FY 1999.

Sought by local officials as a way to attract jobs and boost economic development in the area, the EZ Program is based upon the principles of sustainable development, leadership from the local grassroots level, economic opportunity, long range strategic planning and community based partnerships. The village of Thebes exemplifies the success of this designation.

Thebes is a small town of 478 people nestled on a bluff overlooking the Mississippi River. The community was in dire need of water and some structural improvements throughout town. Rural Development in partnership with Illinois' Department of Community and Economic Opportunity (DCEO) provided a total of \$1,259,750 in loans and grants to the community to upgrade its water system and restore the Thebes Courthouse.



A new water system consisting of the construction of a new larger water storage tank and replacement of the old water main, meters, valves and hydrants was completed. In addition, the village clerk was provided with a new computer with software for the water system billing and record keeping.

To help preserve the Village's place in history, the Thebes Courthouse, which is listed on the National Registry of Historic Places, was given a face lift. A hand-hewn stone structure built in 1845: the courthouse crowns a sandstone bluff overlooking the Mississippi. Abraham Lincoln, riding circuit, practiced law there. Dred Scott, a slave whose Supreme Court decision advanced black civil rights, was given overnight housing in the courthouse jail.

It is hoped that these new improvements will assist Thebes in both its community and economic development efforts.

## ***Accomplishments***

### **Rural Business & Cooperative Programs**

Rural Business Enterprise Grants	\$ 2,036,600
Rural Business Opportunity Grants	232,500
Business & Industry Guaranteed Loans	37,122,867
Rural Cooperative Development Grants	209,992
Renewable Energy System Grants	2,186,596
Intermediary Relending Program	400,000
Value Added Development Grants	<u>813,000</u>
	<b>\$ 43,001,555</b>

### **Rural Utilities Service Programs**

Water & Waste Loans	\$ 17,111,480
Water & Waste Grants	15,168,350
Telecommunication Loans & Grants	5,648,548
Electric Loans	<u>31,710,000</u>
	<b>\$ 69,638,378</b>

### **Rural Housing Service Programs**

502 Guaranteed Housing Loans	\$ 163,997,041
502 Direct Housing Loans	25,778,155
504 Repair Loans & Grants	2,737,240
514 Farm Labor Housing Loan	163,150
525 Technical Assistance Grant	75,000
Housing Preservation Grants	280,040
Multi-Family Housing/Credit Sales	5,538,480
Rental Assistance	<u>20,009,548</u>
	<b>\$ 218,551,654</b>

### **Community Facility Programs**

Community Facility Loans	\$ 6,870,000
Community Facility Grants	<u>1,214,480</u>
	<b>\$ 8,084,480</b>

### **Total**

**\$ 339,276,067**

Committed to the future  
of rural communities.

The American humorist, Will Rogers once said,  
“A man makes a living by what he gets.  
He makes a life by what he gives.”  
I thank the entire Rural Development team in  
Illinois for the life that they give our agency and  
our rural neighbors in Illinois.

*Douglas Wilson*

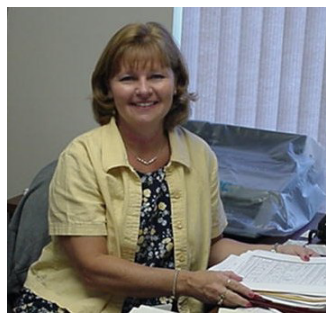
## Fiscal Year 2003 Investments

<b>Housing</b>	<b>\$ 218,551,654</b>
<b>Community Facilities</b>	<b>8,084,480</b>
<b>Water &amp; Waste</b>	<b>32,279,830</b>
<b>Business &amp; Value Added</b>	<b>43,001,555</b>
<b>Utilities (Electric &amp; Telecommunications)</b>	<b>37,358,548</b>
<b>Total</b>	<b>\$ 339,276,067</b>

### Our Employees of the Year



**Manager/Specialist of the Year**  
Jerry Townsend, Business and  
Community Programs Director



**Support Staff Employee  
of the Year**  
Jan K. Studer, Rural Development  
Technician, Ottawa



**Office of the Year** Jacksonville Area Office  
(Standing L to R) Shirley Hanson, Area Technician;  
Bobett Dunphy, Area Technician,  
(Seated L to R) Robert Maschhoff, Area Specialist  
Tracy Ashbaugh, Area Specialist,

For more information about USDA, Rural Development loans and services, contact us by mail at USDA, Rural Development, 2118 West Park Court, Suite A, Champaign, IL 61821 or call us at 217-403-6200. Our Fax is 217-403-6243 and our TDD is 217-403-6240. You can also visit us on the world wide web at: [www.rurdev.usda.gov/il/index.html](http://www.rurdev.usda.gov/il/index.html).

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