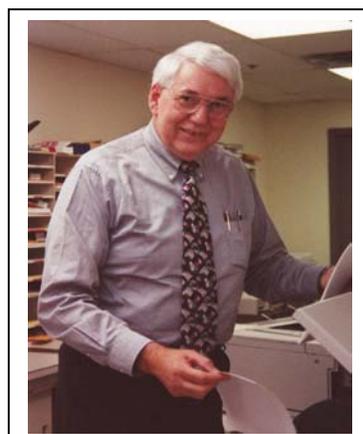
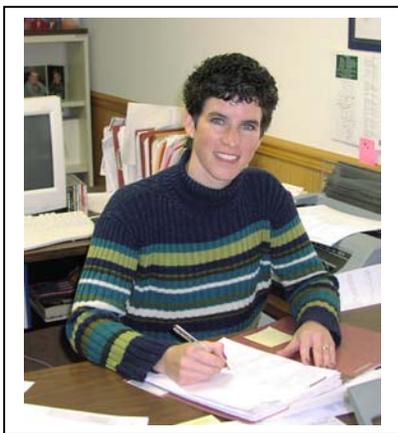


Rural Development

U. S. Department of Agriculture

Illinois

Fiscal Year 2002 Annual Report



State Directors Report



I am proud to announce that in Fiscal Year 2002 USDA Rural Development provided more than \$417,128,000 in financial assistance, to rural Illinois. These dollars went directly to projects which affect the everyday lives of rural Illinois residents; clean drinking water, affordable homes, business development, daycare centers, city halls, senior housing, emergency service vehicles and many more.

Rural Development has proudly served rural America for over 67 years. Although our name has changed over the years, our mission remains the same, to enhance the ability of rural communities to develop, grow and improve the quality of life through our financial and technical assistance. Our assistance touches thousands of lives throughout the state and is possible only through working in partnership with local community leaders, state agencies, private lenders, political leaders, individual citizens and many others. I want to take this opportunity to thank all of our partners as well as the Rural Development employees in Illinois that work so diligently to ensure that rural Illinois continues to receive the highest level of assistance possible.

This year we are particularly proud of one of our new programs, the “Value Added Development Grant”. Seven grants totaling \$1,244,650 were awarded. These grants will fund a variety of agricultural ventures. We hope to see the Value-Added program grow in the future and look forward to seeing positive impact on our communities and producers. I hope you will take a minute to read through the next few pages and discover what programs Rural Development might have to offer you or your community.

*Douglas Wilson
State Director*



Presentation of Value-Added Grant Checks
Illinois Commodity Conference, Bloomington, IL



The Cover: (Top Left) Cathy Jones, Rural Development Technician, Harrisburg, Support Staff Employee of the Year; (Top Right) Carla Taylor, Community Development Technician and Kevin Mellendorf, Community Development Manager, Charleston, Office of the Year; (Middle) In the fall of 2001 the State Office moved into their new facilities in Champaign, IL, where we are now co-located with the NRCS State Office. (Bottom Left) Meleah Smith, Community Development Technician and Kananur Ravi, Community Development Specialist, Charleston, Office of the Year; and (Bottom Right) Marvin Teckenbrock, Rural Development Manager, Harrisburg, Manager/Specialist of the Year.

Value Added

Providing new opportunities and investments in our rural communities.

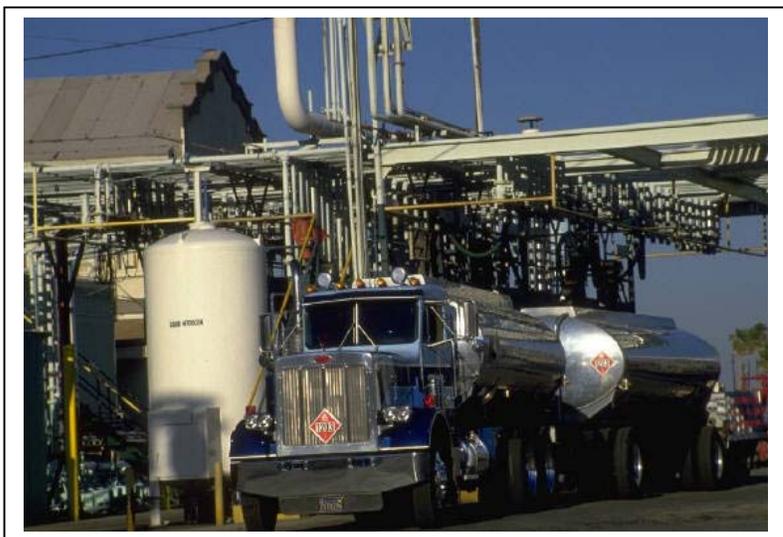
Seven **Value-Added Agricultural Development Grants (VADG)** totaling **\$1,244,650** were awarded in Fiscal Year 2002 in Illinois. These grants will fund a variety of agricultural ventures such as renewable energy, agri-marketing, high-value products from major crops and commodities.

- Ag Guild of Illinois \$ 11,050 Develop a grain segregation program for AGI members
- Illinois Branded Beef, LLC 92,200 To market high quality branded beef products to quality conscience Chicago consumers through a closed marketing alliance with independent grocers.
- Illinois Corn Marketing Board 30,000 Conduct a market study and update a business plan to develop new corn value-added co-products.
- LincolnLand Agri-Energy 500,000 Construct and operate a producer owned 40-million gallon per year ethanol production facility
- Meadowbrook Farms Coop. 500,000 Develop and implement an "Identity Preservation and Carcass Tracking System"
- Midwest Prairie Products, LLC 59,400 To determine feasibility and business model for establishing a soybean processing plant in North Central Illinois
- Shawnee Winery Coop., Inc. 52,000 To allow grape growers to establish a secure market and capture the advantages of centralized marketing, processing, bottling and retail wine sales.

VADG was authorized by the Agriculture Risk Protection Act of 2000 and was amended by the 2002 Farm Bill. The Farm Bill establishes four related, but different programs from the \$40 million of funds per year. The programs are (1) VADG producer grants, (2) a resource center, (3) a series of innovative centers, and (4) university research on the impact of value-added activities. The VADG producer grant program this year is different from the program offered last year. In FY 2002 the Farm Bill expanded applicant as well as activity eligibility. This year agricultural producer groups such as

commodity groups and majority-controlled producer-based groups have been added to the list of eligible applicants. Independent producer groups including cooperatives are also eligible.

One of this year's grant recipients is LincolnLand Agri-Energy located in Robinson, Illinois. Their \$500,000 VADG grant will be used to construct and operate a producer owned 40 million gallon per year farmer-owned ethanol production plant. The facility, slated to open in January of 2004, will be a corn-based dry-mill production facility producing ethanol, distillers dried grains and carbon dioxide. It will use approximately 16 million bushels of corn a year to produce 42 million gallons of ethanol. Ethanol is a fuel additive that allows gasoline to burn more cleanly.



Another recipient of a Value-Added Grant was Shawnee Winery Cooperative, Inc. located in Vienna, Illinois. Fifty-two thousand dollars in grant funds will be used to allow grape growers to establish a secure market and capture the advantages of centralized marketing, processing, bottling and retail wine sales.

Looking ahead, it is our hope that our increased outreach efforts will result in greater use of the Rural Business Cooperative Development Program authorities in FY 2003, particularly our Business and Industry Loan Guarantees, Value Added Grants and the Rural Economic Development Loan and Grant Program.

Rural Housing Service

Making the American dream of homeownership come true in rural Illinois.

The **Single Family Housing (SFH) Programs** administered by the Rural Housing Service offers home ownership and home improvement loans for individuals and families in rural areas. Financing is provided at favorable rates and terms with little or no down payment and in many cases, payments can be reduced according to the client's ability to pay.

In Fiscal Year 2002, we obligated **\$105,930,510** through our **Guaranteed Rural Housing Program**. As a result, **1,675** families were able to purchase or refinance a new or existing home of their own. In addition our **Direct Home Loan Program** assisted **424** families to purchase homes with **\$25,535,730**.

I LOVE MY HOUSE!

The Redman family consists of Laura and her 2 daughters Amanda and Tracey. Laura said her small two bedroom house might have been considered a mansion in another part of the world but it was in dire need of repairs. It also didn't have a dependable source of water, so hauling water was a regular part of Laura's life. Because Laura's income was too low she was unable to purchase a home with traditional financing. She turned to the Rural Development Local Office in Effingham. Rural Development offers 100% financing to eligible applicants. Eligibility requirements include modest income, repayment ability and acceptable credit history. Rural Development was able to help Laura to find her dream home in Hutsonville. Her new house has all city utilities, each girl has her own bedroom and lots more space. Laura moved into her new house on September 20th, two months later she still can't stop saying, "I love being a homeowner! I love my home!"



JOINT EFFORTS PAY OFF

Florence Nichols, a Hancock County senior citizen, contacted our Carthage Office to have her home repaired. After discussing the poor condition of her house, it was determined the house was too deteriorated and bug infested to be saved. With the help of the Adams County Senior Citizens and Ramsey-Jones Mobile Home Sales, Florence was able to purchase a used mobile home to put on the property. Her old house had to be burned and the soil treated for pests before the mobile home could be set on the property. USDA Rural Development made Florence a 504 loan to install a septic system, running water and the gas line. With the help of a good neighbor and donations of time and materials from several organizations and businesses, Florence was able to move into a decent, safe and sanitary house.

Through the **Section 504 Direct Loan and Grant Programs**, very-low income rural homeowners are able to remove health and safety hazards and make needed repairs to their homes. This year Rural Development in Illinois made **398 Repair Loans** amounting to **\$1,622,720** and **275 Repair Grants** totaling **\$1,027,970**.

MULTI-FAMILY HOUSING

For families that cannot afford to purchase a home, or choose to rent—the **Multi-Family Housing Program** provides low-income families with safe housing in an apartment setting. Depending on income some families may qualify for assistance or subsidies to pay rent. Currently there are over 11,116 units of multi-family housing financed by Rural Development in Illinois. In Fiscal Year 2002 Rural Development assisted families with \$21,641,852 in rental assistance.

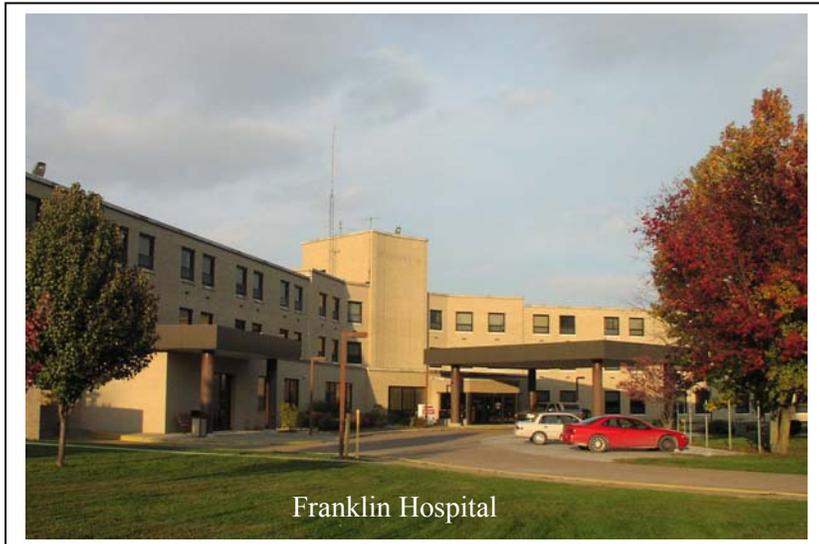
A high number of Pembroke Township senior citizens live on fixed incomes and were having difficulty finding suitable affordable housing. The USDA Rural Development along with the Illinois Housing Development Authority are financing the construction of a senior complex in Hopkins Park.

When completed in January of 2003, the Hickory Hills Senior Housing Complex will have 36 (1 bedroom) and 4 (2 bedroom) units. All 40 units will receive rental assistance, provided by USDA Rural Development. By providing the financing to construct this complex, Rural Development has not only provided decent, safe and sanitary housing but more importantly a "home" for individuals that could have found themselves living alone in substandard housing, with no one to provide for their needs.

Rural Utilities & Community Facilities

Creating a better quality of life for rural Illinoisians with clean healthy water, better educational and economic development opportunities.

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. This program provides funding to ensure these facilities are available to all rural Americans. This year Illinois Rural Development funded **14 Community Facility Projects** totaling \$5,115,146 in loans, grants and guarantees.



Franklin Hospital

The highlight of the year was a \$4,000,000 direct community facility loan made to **Franklin Hospital** in Benton, IL. Loan funds were used to purchase equipment from the previous management and to provide startup working capital. This loan enabled the hospital to convert its operations to a critical access hospital thus saving 131 jobs.

With the cooperation of our National Office staff this loan was processed and closed within three months from the time of the initial contact to the Agency.

WATER & SEWER

Rural Development also provides loans, grants and loan guarantees for drinking water, sanitary sewer, solid waste and storm drainage facilities in

rural areas and cities and towns of 10,000 or less. Public bodies, non-profit organizations and recognized Indian tribes may qualify for assistance. In Fiscal Year 2002 **Forty-Five Water and Waste Loans** totaling **\$22,909,000** were funded in rural Illinois. In addition **34 Water and Waste Grants** totaling **\$20,253,000** were made. These projects provided central water services for the first time to 2,690 households, farms and businesses. The new sewer systems provided central sewer service to 662 households and businesses that previously had inadequate individual systems.

A Rural Development Loan of \$1,755,000 and a grant of \$800,000 is providing the financing for the **Dallas Rural Water District** Phase VIII. The purpose of this phase is to develop three new wells and a treatment plant in Warsaw, IL. They will also be constructing a 500,000 gallon storage tank. The district currently serves 1,420 rural residents and farms primarily in Hancock County, however, they also sell bulk water to another 1,100 users located in Warren County.

The **Village of Lostant** located in southwest LaSalle County was in need of a sewage treatment facility, along with a collection system throughout the village. The cost of these improvements is estimated to be \$2.5 million. Since paying for this would be difficult, village officials turned to USDA's Rural Development for assistance. Rural Development was able to provide a \$1.176 million loan and a \$930,000 grant.

This winter when the project is completed it will serve approximately 208 households and 46 businesses. The village board and mayor agree that not only will the project improve the water quality, but is also a real asset to the future of the Village of Lostant.



Groundbreaking Ceremony, Dallas Rural Water District
Warsaw, Illinois

Office of Community Development

Working together to bring about positive change.

Illinois received a **\$1,995,600 Grant** for the Southernmost Illinois Delta Empowerment Zone (SIDEZ) to continue its operations in 2002. Total assistance this fiscal year was **\$6,773,575 in Community and Business Programs Loans and Grants**, made to applicants from the Empowerment Zone with leverage of \$4,945,229.

Some of the projects funded in the EZ this year include: the purchase of a semi tractor and trailer for a truck driver training school; construction of a business park; a new city hall building; construction of an access road for an ambulance; two water systems; an intermediary relending loan; and business support through technical assistance. A total of nineteen micro enterprise loans were made to small businesses that saved or created over 130 jobs.

Another important part of the EZ's mission is to improve housing. Ms Joyce Adams (shown here) lived with her three grandchildren in a small rental house. It was her desire to have a home of her own with enough room to raise her growing grandchildren. With the assistance of a Rural Development direct housing loan she was able to purchase this 1,600 square foot home with a sun porch in Pulaski County.

Eight low and very low income housing loans were made in the zone totaling \$235,620; 1 housing preservation grant totaling \$44,250; 4 repair loans totaling \$22,290 and 1 repair grant of \$3,700.



Rural Business-Cooperative Service

Creating viable new and improved businesses through innovation and income generation.



The business projects we fund create or preserve quality jobs. For example, Rural Development in Illinois processed five **Business and Industry Loan Guarantees** totaling more than \$7.5 million and creating 231 jobs.

One of the projects funded this year was **Liberty Coal Company, LLC** located in Saline County. Rural Development guaranteed a \$4,500,000 business and industry loan made by the Fifth Third Bank in Evansville, Indiana. The loan will be used to provide financing to purchase machinery, equipment, land, building improvements and other development costs of establishing a coal mine in Saline County. Production is expected to be approximately 850,000 tons of marketable coal this year and the company hopes to hire 127 new employees as a direct result of this loan.

The **Shawnee Community College District** received a \$50,000 grant from the RBEG program to purchase a semi tractor and trailer to be used in their truck drivers training school. **Richland Community College** also received a \$50,000 grant to purchase a truck drivers training simulator.

Illinois was first in the Nation in the number (21) and amount of **Rural Business Enterprise Grants (RBEG)** totaling **\$2.45 million** and creating an estimated **1,334 jobs**. RBEG's are designed to assist small and emerging businesses by providing funding for startup costs. Funds are designated to provide infrastructure, technical assistance or revolving loans to benefit private business enterprises.

Examples of other RBEG's include two revolving loan funds: one to **Prairie Hills Conservation and Development** in McDonough County and one to the **City of Pittsfield** in Pike County; the **Village of Freeburg**, the **City of Grayville**, and the **Village of New Athens** and **Southern Illinois Research Park, Inc.** each received grants to develop industrial business parks. **Western Illinois University Foundation** received funds for technical assistance and **Pulaski County Development Association, Inc.** received funds to construct buildings to lease to businesses.

Accomplishments

RURAL BUSINESS-COOPERATIVE SERVICE

Rural Business Enterprise Grants	\$ 2,455,460
Rural Business Opportunity Grants	457,000
Business & Industry Guaranteed Loans	7,539,000
Rural Cooperative Development Grants	213,967
Rural Community Development Grants	700,000
Intermediary Relending	500,000
Value Added Development Grants	<u>1,244,650</u>
TOTAL	<u>\$13,110,077</u>

RURAL UTILITIES SERVICE PROGRAMS

Water & Waste Loans	\$ 22,909,000
Water & Waste Grants	20,253,000
Solid Waste Management Grants	46,000
Electric and Telephone Loans	<u>196,588,900</u>
TOTAL	<u>\$239,796,900</u>

RURAL HOUSING SERVICE PROGRAMS

502 Guaranteed Housing Loans	\$105,930,510
502 Direct Housing Loans	25,535,730
504 Repair Loans and Grants	2,650,690
Housing Preservation Grants	192,750
Multi-Family Housing/Credit Sales	3,154,470
Rental Assistance	<u>21,641,852</u>
SUB-TOTAL	<u>\$159,106,002</u>
Community Facility Loans	\$ 4,484,500
Community Facility Grants	<u>630,646</u>
SUB-TOTAL	<u>\$ 5,115,146</u>
TOTAL	<u>\$164,221,148</u>
TOTAL ALL PROGRAMS	<u>\$417,128,125</u>

Civil Rights & Reaching Out

Commitment to fair and equal treatment to employees and customers.

USDA Rural Development is an equal opportunity lender, provider and employer. Loans are made without regard to any prohibited basis, while affirmative efforts are taken to ensure that government operated and financed facilities are readily accessible to persons with disabilities. To ensure all potential customers have full access to information, bilingual employees are available to assist applicants and borrowers, and interpreters are on call throughout the State. Programs and projects are routinely monitored to ensure the highest level of fairness in delivery.

Agency personnel regularly sponsor or participate in events, displays, and conferences, as well as individual contact to spread the word about services available from USDA. To make the most of limited resources, much networking and collaboration occurs with sister agencies, the private sector and state and local government bodies. In FY 2002, over 1,100 separate outreach contacts were recorded throughout Illinois; and while this number is impressive, it does not fully capture the ongoing daily efforts of the dedicated employees of USDA, Rural Development in Illinois.

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.

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To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410, or call 202-720-5964 (voice and TDD). USDA is an equal opportunity lender, provider and employer.

USDA – Rural Development Offices

Visit us at our web site to find more information about our programs and services.
www.rurdev.usda.gov/il/index.html

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