

\$1.5B available for loans to farms, businesses hurt by floods

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The Illinois Finance Authority this week announced a \$1.5 billion loan program for business and farm owners in 18 Illinois counties — including Winnebago — that were hit hard by the 2008 floods.

The funding comes from the Emergency Economic Stabilization Act of 2008, which created a new category of tax-exempt bonds — Midwest Disaster Area Bonds. It allows companies to sell tax-free bonds to finance a variety of projects, from improving manufacturing facilities and retail centers to commercial development and agricultural improvements.

To qualify for the program, business owners must prove they suffered a loss because of the flooding or the project is replacing trade or business lost because of the flood.

The Finance Authority doesn't have great name recognition, but it has been involved in a number of projects in the Rock River Valley. Since its creation in 2004, the state agency has helped finance several local projects, including working with all three of Winnebago County's major hospitals. In the past several months, it completed a refinancing of a \$25 million bond for SwedishAmerican Health System and worked with Alpine Bank to fund an expansion loan for Orbital Tool Technologies in Belvidere.

"It's true that we're not very well known, and we hope stories like this will get the word out about us and how we can help," said Chris Meister, executive director of the organization, which has offices in Chicago, Mount Vernon, Peoria and Springfield.

The agency was created by combining several organizations into one, including the Illinois Rural Bond Bank, Illinois Development Finance Authority and Illinois Farm Development Authority.

It is a self-financed state authority that issues taxable and tax-exempt bonds, makes loans, and invests capital in businesses and local governments. It does not receive general revenue funds. Its operating income comes from application and closing fees, interest, and investment income. It does not actually make the loans or finance the bonds. It works with qualified lending institutions to offer the loans and bonds at lower rates than they would get in the open market.

Terry Orcholski, Orbital Tool president, said his company's expansion wouldn't have happened without help from the agency.

“It was all done through Alpine Bank. All we had to do was explain what we do and give them our financial reports and then sign the paperwork,” Orcholski said. “Where we were with our financing, we needed additional help, and Alpine Bank got the IFA involved. Without the IFA, the expansion doesn’t happen.”

Orbital essentially is a repair shop for companies or municipalities that generate power.

It services and repairs the massive rotating machinery — turbine rotors, turbine generators, valves, pumps and other parts — that run power plants and utility companies.

With the Finance Authority’s help, Orbital added 11,400 square feet of manufacturing space to its main 23,500-square-foot building on Revlon Drive and took over an additional 14,000-square-foot building across the street.

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