

May 14, 2013

**\$14,000,000 (not-to-exceed amount)
Kuusakoski US LLC**

| | | | | | | | | | | | | | | | | | |
|-----------------------------|--|-------------------|---------------------------------|--------------|--------------------|-----------|---------------|------------------|---------------------------------|--------|----------------|-------------------|----------------|--------------|---------------------|--------------|---------------------|
| REQUEST | <p>Purpose: Bond proceeds will be loaned to Kuusakoski US LLC, a State of Delaware limited liability company (the “Borrower”), to be used, together with certain other funds, to (i) finance and reimburse the Borrower for the costs of purchasing a former printing facility located on an approximately 12.25 acre site at 13543 South U.S. Highway 30 in Plainfield, Illinois and converting and rehabilitating the printing facility into a solid waste recycling facility, including necessary and attendant equipment, site work and utilities thereto (the “Project”); (ii) pay a portion of the capitalized interest on the Bonds, if deemed necessary or advisable by the Borrower; (iii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Borrower; and (iv) pay certain expenses incurred in connection with the issuance of the Bonds, including but not limited to fees for insurance, credit enhancement or liquidity enhancement for the Bonds if deemed necessary or advisable by the Borrower. The Project will be used as a qualified solid waste facility.</p> <p>Program: Solid Waste Disposal Facility Revenue Bonds</p> <p>Volume Cap required: This Project is expected to require up to \$14MM of prior year Carryforward Volume Cap allocated for Solid Waste Disposal Facility Revenue Bond projects. No IFA Funds at risk. No State Funds at risk.</p> <p>Extraordinary conditions: None.</p> | | | | | | | | | | | | | | | | |
| BOARD ACTION | <p>Final Bond Resolution</p> <p>Preliminary Bond Resolution – March 12, 2013: Yeas: 11 (Knox via audio conference); Nays: 0; Abstentions: 0; Absent: 3 (O’Brien; Parish; Tessler); Vacancy: 1</p> | | | | | | | | | | | | | | | | |
| MATERIAL CHANGES | <p>Borrower has selected a Direct Pay Letter of Credit financing structure.</p> | | | | | | | | | | | | | | | | |
| JOB DATA | <table border="0"> <tr> <td style="padding-right: 20px;">90</td> <td style="padding-right: 20px;">Current jobs</td> <td style="padding-right: 20px;">25</td> <td>New jobs projected</td> </tr> <tr> <td>60</td> <td>Retained jobs</td> <td>15</td> <td>Construction jobs (6-12 months)</td> </tr> </table> | 90 | Current jobs | 25 | New jobs projected | 60 | Retained jobs | 15 | Construction jobs (6-12 months) | | | | | | | | |
| 90 | Current jobs | 25 | New jobs projected | | | | | | | | | | | | | | |
| 60 | Retained jobs | 15 | Construction jobs (6-12 months) | | | | | | | | | | | | | | |
| BORROWER DESCRIPTION | <ul style="list-style-type: none"> ● Type of entity: Solid waste recycling company. ● Location: Plainfield/Will/Northeast ● The new buildings will be used by Kuusakoski US LLC to expand and relocate the Company’s solid waste disposal and recycling operations from leased facilities in Plainfield. | | | | | | | | | | | | | | | | |
| CREDIT INDICATORS | <ul style="list-style-type: none"> ● The Borrower is a wholly-owned subsidiary of Kuusakoski Group OY (the “Parent Company”), a privately-owned company based in Espoo, Finland. ● Although the Parent Company is a non-rated, private company, the Parent Company’s financial statements are posted on its web site for fiscal years ended 12/31/2011 and 12/31/2012 (follow link to 2012 financial statements at: http://www.kuusakoski.com/database/Database). ● The plan of finance contemplates Bonds will be solely secured by a Direct Pay Letter of Credit from Fifth Third Bank (the “Direct Pay LOC Bank”), which is rated “BBB+” / “A-2” by S&P. ● Fifth Third Securities, Inc. has been engaged by the Borrower to serve as the Underwriter and Remarketing Agent. | | | | | | | | | | | | | | | | |
| SECURITY | <ul style="list-style-type: none"> ● Bondholders will be secured solely by the Fifth Third Bank Direct Pay LOC and the Bonds will be rated solely on that basis by S&P (Fifth Third Bank is currently rated “BBB+” / “A-2” with a Positive Outlook by S&P.) | | | | | | | | | | | | | | | | |
| MATURITY | <ul style="list-style-type: none"> ● Bonds will have a final maturity of not later than 30 years after the date of issuance. ● Both sizing and interest rate modes will be determined based on an evaluation of market conditions by the Company and its financing team at pricing. | | | | | | | | | | | | | | | | |
| SOURCES AND USES | <table border="0"> <tr> <td colspan="2">Sources:</td> <td colspan="2">Uses:</td> </tr> <tr> <td>IFA Bonds</td> <td style="text-align: right;">13,850,000</td> <td>New Project Cost</td> <td style="text-align: right;">13,800,000</td> </tr> <tr> <td>Equity</td> <td style="text-align: right;"><u>180,612</u></td> <td>Costs of Issuance</td> <td style="text-align: right;"><u>230,612</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$14,030,612</td> <td>Total</td> <td style="text-align: right;">\$14,030,612</td> </tr> </table> | Sources: | | Uses: | | IFA Bonds | 13,850,000 | New Project Cost | 13,800,000 | Equity | <u>180,612</u> | Costs of Issuance | <u>230,612</u> | Total | \$14,030,612 | Total | \$14,030,612 |
| Sources: | | Uses: | | | | | | | | | | | | | | | |
| IFA Bonds | 13,850,000 | New Project Cost | 13,800,000 | | | | | | | | | | | | | | |
| Equity | <u>180,612</u> | Costs of Issuance | <u>230,612</u> | | | | | | | | | | | | | | |
| Total | \$14,030,612 | Total | \$14,030,612 | | | | | | | | | | | | | | |
| RECOMMENDATION | <p>Credit Review Committee recommends approval.</p> | | | | | | | | | | | | | | | | |

**ILLINOIS FINANCE AUTHORITY
 BOARD SUMMARY
 May 14, 2013**

Project: Kuusakoski US LLC

STATISTICS

| | | | |
|--------------|---|--------------------|------------------------------------|
| IFA Project: | P-SW-TE-CD-8513 | Amount: | \$14,000,000 |
| Type: | Solid Waste Disposal Facility Revenue Bonds | IFA Staff: | Rich Frampton and Brad R. Fletcher |
| Location: | Plainfield | County/ Region: | Will / Northeast |

BOARD ACTION

| | |
|---|-----------------------------|
| Final Bond Resolution | |
| Conduit Solid Waste Disposal Facility Revenue Bonds | No IFA funds at risk |
| Credit Review Committee recommends approval | No extraordinary conditions |

VOTING RECORD

Preliminary Bond Resolution – March 12, 2013:
 Yeas: 11 (Knox via audio conference); Nays: 0; Abstentions: 0; Absent: 3 (O’Brien; Parish; Tessler); Vacancy: 1

PURPOSE

To enable Kuusakoski US LLC, and its affiliates, to expand its Midwest electronics recycling operations in the Chicago metropolitan area by purchasing, renovating, and equipping two vacant buildings located at 13543 South U.S. Highway 30 in Plainfield, Illinois for use as qualified solid waste disposal facilities.

IFA PROGRAM AND CONTRIBUTION

The Authority’s Solid Waste Disposal Facility Revenue Bond Program provides tax-exempt financing for qualifying projects that treat, transport, landfill or otherwise dispose of qualified solid waste as allowed under the Internal Revenue Code (to be issued pursuant to IRS Internal Revenue Bulletin 2011-42, released October 17, 2011).

VOLUME CAP

The Authority’s Solid Waste Disposal Facility Revenue Bond Program provides low interest rate financing for qualifying solid waste disposal and certain recycling projects. IFA’s issuance of Solid Waste Disposal Facility Revenue Bonds will enable the Borrower to obtain a lower interest rate on this substantial capital project. It is anticipated that IFA will provide 100% of the Volume Cap allocation required to finance this project through the use of available prior year Carryforward Volume Cap allocated for Solid Waste Disposal Facility Revenue Bond projects.

SOURCES AND USES OF FUNDS

| | | | | | |
|----------------|--------------------------|--------------------------|--------------|------------------------------------|--------------------------|
| Sources | IFA Bonds (Solid Equity) | \$ 13,850,000 180,612 | Uses: | Project Costs Costs of Issuance | \$ 13,800,000 230,612 |
| | Total | \$ 14,030,612 | | Total | \$ 14,030,612 |

JOBS

| | | | |
|---------------------|---------------|---------------------|------------------|
| Current employment: | 90 (Illinois) | Projected new jobs: | 25 |
| Jobs retained: | 60 | Construction jobs: | 15 (6-12 months) |

FINANCING SUMMARY

Bondholder

Security/
Ratings/

Structure: The Bonds will be secured by a **Direct Pay Letter of Credit** (“**Direct Pay LOC**”) provided by Fifth Third Bank. Therefore, the Bonds will be rated and sold based solely on the credit ratings of Fifth Third Bank. S&P will be the rating agency engaged on the proposed issue based on the credit rating of Fifth Third Bank.

Fifth Third Bank is currently rated “BBB+” long-term and “A-2” short term by S&P with a Positive Outlook. Consistent with IFA Bond Program Handbook policies, the Bonds will be sold in a Limited Offering only to Qualified Institutional Investors in minimum denominations of \$100,000 and integral multiples of \$5,000 over \$100,000 (because Fifth Third Bank is rated “BBB+”/ “A-2” by S&P).

The Bonds will be underwritten by Fifth Third Securities, Inc. (which will also serve as Remarketing Agent).

Bank Security/

Ratings:

Fifth Third Bank will be secured by a general obligation pledge of Kuusakoski US LLC (and its affiliates) and will be further secured by a **Standby Letter of Credit** (“**Standby LOC**”) provided by Svenska Handelsbanken, New York Branch.

The Standby LOC will only secure Fifth Third Bank and will not secure bondholders. Svenska Handelsbanken, New York Branch is currently rated AA3/AA-/AA- by Moody’s/S&P/Fitch.

Interest Rate:

The Bonds are expected to be sold initially in a Weekly Variable Rate Interest Mode (with Flexible Modes also available).

Underlying Debt

Rating:

Neither the Borrower, nor Finland-based Kuusakoski Group OY (the Borrower’s ultimate parent company) is currently a rated entity. Given that the Bonds will be sold and rated on the basis of the Direct Pay LOC provided by Fifth Third Bank, the Borrower does not contemplate applying for a stand-alone rating in connection with this financing.

Final Maturity: Up to 30 years from the date of issuance

Estimated

Closing Date: June 2013

BUSINESS SUMMARY

Description: **Kuusakoski US LLC** (“**Kuusakoski**”, the “**Company**”, or the “**Borrower**”) is a Delaware limited liability company established in September 2011 that serves as the operating entity for Kuusakoski, Inc. - which in turn is the holding company for the U.S.-based operations of Kuusakoski Group OY (“**Kuusakoski OY**”, or the “**Parent Company**”), a privately-held company based in Espoo, Finland (and incorporated under Finnish law). The Parent Company is, ultimately, the 100% owner of Kuusakoski US LLC.

Background: **Kuusakoski US LLC** is engaged in the collection and recycling of waste electronics and currently has US-based facilities located in Philadelphia, Detroit, Kansas City and suburban Chicago (Plainfield). Kuusakoski also leases office space for its Illinois operations in Romeoville.

Kuusakoski’s Chicago operations were established upon acquiring Vintage Tech Recyclers, Inc. (“**Vintage Tech**”), an electronics recycling company headquartered in Romeoville that operated a waste electronics recycling facility in Plainfield.

Vintage Tech was established in 2004 and was founded by Ms. Karrie Gibson. Vintage Tech continues to own portions of business entities that were acquired by Kuusakoski in 2012 that now operate as Kuusakoski affiliates. The two principal Kuusakoski business affiliates in which Ms. Karrie Gibson (and her husband, Todd Gibson) continue to hold an ownership interest include: (i) **Vintage Tech, LLC** (which collects material at its permanent sites, collection events, front door pickup and business contracts and delivers and sorts the materials at the Plainfield facility) and (ii) **VTKK, LLC** (which shreds the materials, separating steel, metals, plastics, and wire).

- Vintage Tech, LLC is majority-owned by Ms. Karrie Gibson and is a certified woman-owned business enterprise (with Kuusakoski, Inc. retaining a 40% ownership interest).
- VTKK, LLC is 60% owned by Kuusakoski, Inc. and is 40% owned by Karrie and Todd Gibson.

Note: The Economic Disclosure Statement section of this report (page 6) provides additional details regarding ownership of the various Kuusakoski affiliates, including Vintage Tech, LLC and VTKK, LLC.

Although Vintage Tech’s initial focus was on collecting, refurbishing and selling used computers discarded by local school districts that would have otherwise been landfilled, the scope of Vintage Tech’s services later expanded to include recycling Waste Electrical and Electronic Equipment (or “Waste EEE”) collected in Illinois and adjacent states. These recycling activities emerged as Vintage Tech’s core operation and ultimately led to its joint venture agreement and integration of operations into Kuusakoski in 2012.

According to the Company, in 2012 its current Plainfield facility recycled over 55 million pounds of recycled electronics. Kuusakoski and its affiliates provide electronics recycling services for several major universities (Northern Illinois University; the University of Nebraska) and corporations (The Walt Disney Company; NFL’s Kansas City Chiefs).

Kuusakoski began operations in the U.S. in late 2009 upon establishing a joint venture enterprise specializing in Waste EEE recycling in Philadelphia.

Parent Company
- **Background:**

Kuusakoski Group OY was originally established in 1914 and is a holding company that includes (i) recycling company Kuusakoski Inc. and its subsidiaries (including Kuusakoski US LLC) and (2) specialized foundry operations (and its subsidiaries). Together the Parent Company and its subsidiaries are worldwide leaders in recycling Waste Electrical and Electronic Equipment and in the supply and refining of metals. The Parent Company and its subsidiaries currently employ over 3,000 people worldwide. The Parent Company remains a family-owned company.

Kuusakoski Group OY offers recycling services to industrial customers and consumers and undertakes metal processing worldwide. In addition to its 20 facilities in Finland, Kuusakoski OY operates 80 other locations in Russia, Estonia, Latvia, Lithuania, Poland, Sweden, Denmark, United Kingdom, China, Taiwan and the United States.

Kuusakoski Group OY's 2012 sales (Euros) were €842.2 million (or \$1.041 billion USD) based on the average 2012 Euro/US exchange rate.

Additional information on Kuusakoski Group OY and its subsidiaries is available at www.kuusaskoski.com.

Rationale: The proposed Tax-Exempt Solid Waste Disposal Facility Revenue Bonds will enable Kuusakoski to purchase, renovate and equip an expansion of its Chicago-area electronics recycling operations. The proposed financing will also enable the Company to retain its existing operations in Plainfield. Tax-Exempt Solid Waste Disposal Facility Revenue Bonds will help the Company finance this capital intensive project at a significantly lower interest rate, thereby reducing overhead expenses and improving feasibility of this expansion.

The proposed financing will enable the Company to remain in Plainfield and will result in the renovation and equipping of two buildings that are currently vacant.

The Company also considered an alternate location in LaPorte, IN for this Project. The availability of Volume Cap necessary to support a proposed Solid Waste Disposal Facility Revenue Bonds is significant given the proposed Bonds will provide the primary financing for this proposed capital expansion project.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be loaned to **Kuusakoski US LLC**, a State of Delaware limited liability company (the "**Borrower**"), to be used, together with certain other funds, to (i) finance and reimburse the Borrower for the costs of purchasing a former printing facility located on an approximately 12.25 acre site at 13543 South U.S. Highway 30 in Plainfield, Illinois and converting and rehabilitating the printing facility into a solid waste recycling facility, including necessary and attendant equipment, site work and utilities thereto (the "**Project**"); (ii) pay a portion of the capitalized interest on the Bonds, if deemed necessary or advisable by the Borrower; (iii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Borrower; and (iv) pay certain expenses incurred in connection with the issuance of the Bonds, including but not limited to fees for insurance, credit enhancement or liquidity enhancement for the Bonds if deemed necessary or advisable by the Borrower. The Project will be used as a qualified solid waste facility.

Note: The primary building is approximately 160,000 square feet and the second building is a vehicle maintenance facility comprising approximately 5,600 square feet.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Kuusakoski US LLC , c/o Mr. Tim Bowers, Director of Finance and Administration, Kuusakoski US LLC, 1105 Windham Parkway, Romeoville, IL 60446; Ph. 630-430-4148.
Website: www.kuusakoski.com
Project name: IFA Series 2013 Solid Waste Disposal Facility Revenue Bonds (Kuusakoski US LLC Project)
Location: 13543 South U.S. Highway 30, Plainfield (Will County), Illinois 60544-1100

Ownership

Information: Kuusakoski US LLC is a Delaware limited liability company that is currently 100%-owned by Kuusakoski, Inc., a Delaware corporation. The ultimate owner of Kuusakoski, Inc. is Kuusakoski Group OY of Espoo, Finland. Because Kuusakoski Group OY is a privately-held (i.e., family-owned), foreign-based company, no further ownership disclosure is required, consistent with longstanding IFA project ownership disclosure requirements for non-U.S. based parents of IFA borrowers.

In addition to Kuusakoski US LLC, several affiliates, including Vintage Tech LLC and VTKK, LLC will conduct operations at the Plainfield facility. Ownership of Vintage Tech LLC and VTKK, LLC is allocated as follows:

- Vintage Tech, LLC, a certified woman-owned enterprise:
 - 60% - Managing Member: Vintage Tech Recyclers, Inc., which is, in turn, owned by:
 - Ms. Karrie Gibson, President and
 - Mr. Todd Gibson, Secretary
 - 40% - Member – Kuusakoski, Inc. (US), a Delaware Corporation
- VTKK, LLC:
 - 60% - Managing Member: Kuusakoski, Inc. (US), a Delaware Corporation
 - 40% - Member: Vintage Tech Recyclers, Inc., which is, in turn, owned by:
 - Ms. Karrie Gibson, President and
 - Mr. Todd Gibson, Secretary

Seller Disclosure: The subject Project facilities located at 13543 South U.S. Highway 30, Plainfield, Illinois are currently owned by Publishing Properties Plainfield, LLC, an Illinois limited liability company, c/o C T Corporation System, 208 South LaSalle Street, Suite 814, Chicago, IL 60604 (Manager: Mr. Michael Mackey, 353 N. Clark St., Chicago, IL 60651). The subject Project facilities will be purchased prior to closing of the IFA Series 2013 Solid Waste Disposal Facility Revenue Bonds (Kuusakoski US LLC Project) Series 2013.

Note: Publishing Properties Plainfield, LLC is a successor to Sun-Times Media Plainfield, LLC and STMG Properties Plainfield, LLC.

PROFESSIONAL & FINANCIAL

| | | | |
|-------------------------------------|-----------------------------------|-------------------|---------------------|
| Borrower's Counsel: | Pedersen & Houpt, P.C. | Chicago, IL | Michael P. Sullivan |
| Auditor: | Ernst & Young OY | Helsinki, Finland | |
| Business Advisor to Borrower: | Pilewski and Associates, LLC | Chicago, IL | Joe Pilewski |
| Bond Counsel: | Miller Canfield P.L.C. | Chicago, IL | Paul Durbin |
| Direct Pay LOC Bank: | Fifth Third Bank | Chicago, IL | Bryan Hopper |
| Direct Pay LOC Bank Counsel: | Ungaretti & Harris, LLP | Chicago, IL | Julie Seymour |
| Underwriter & Remarketing Agent: | Fifth Third Securities, Inc. | Chicago, IL | Douglas DeAngelis |
| Underwriter's Counsel: | Ungaretti & Harris, LLP | Chicago, IL | Ray Fricke |
| Trustee: | US Bank, N.A. | Chicago, IL | |
| General Contractor: | AMEC | Lisle, IL | |
| IFA Counsel: | Schiff Hardin LLP | Chicago, IL | Bruce Weisenthal |
| IFA Financial Advisor: | Public Financial Management, Inc. | Chicago, IL | Shannon Williams |

LEGISLATIVE DISTRICTS

| | |
|----------------|----|
| Congressional: | 14 |
| State Senate: | 49 |
| State House: | 97 |
