

--DRAFT PENDING SUB-COMMITTEE APPROVAL--

**WISCONSIN DAIRY TASK FORCE 2.0
SUB-COMMITTEE ON ACCESS TO CAPITAL
MINUTES**

--DRAFT PENDING SUB-COMMITTEE APPROVAL--

November 26, 2018

The Sub-Committee on Access to Capital of the Wisconsin Dairy Task Force 2.0 met on Friday, November 27th, 2018 beginning at 1:00 p.m. via teleconference.

Call to Order

Sub-Committee Chair Brad Guse called the meeting to order at approximately 1:00 p.m.

Members Present

Brad Guse, Don Hamm, John Accola, Paul Scharfman, and Darin Von Ruden.

Neil Kline, Ashley Andre, Kevin Burnhardt, and Rebekah Sweeney (Wisconsin Cheese Makers Association) were also present.

Minutes

The first order of business was to approve the minutes from the previous teleconference. Darin Von Ruden moved to approve the minutes from the November 16th meeting of the sub-committee. Paul Scharfman seconded. Motion carried.

Chair Guse walked the sub-committee through the proposal. In response to a question from Rebekah Sweeney, Chair Guse said that the current plan is to leave the decision about the mechanism for enacting the recommendations up to the Governor's office.

Chair Guse elaborated in response to a question from Kevin Burnhardt that items 1 and 2 in the proposal are administrative changes that can take place within WHEDA. Item 3 would require legislation.

Mr. Scharfman moved that the proposal be forwarded to the full Task Force for approval. Don Hamm seconded. The motion carried without opposition.

The proposal as approved is below.

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Whereas, the Access to Capital committee of the Dairy Task Force 2.0 has determined a critical need for rural processor access to capital, and whereby the Wisconsin dairy farmers are dependent on a vibrant dairy processing infrastructure for both strong prices and access to markets, we hereby recommend the following:

- 1) Recommend to the Governor that he request the Wisconsin Housing and Economic Development Authority (WHEDA) create a pilot loan guarantee program under the existing Agribusiness Guarantee program, setting aside up to \$3MM of their guarantee authority for this pilot program with the following modifications:
 - a. For the pilot program only, change the maximum guarantee to the lesser of 25% of the loan amount or \$750,000
 - b. For the pilot program only, change this from a shared loss guarantee to a fixed amount guarantee for the life of the guarantee (last out).
 - c. Change maximum guarantee terms to:
 - i. Land and Buildings 10 years
 - ii. Inventory, Equipment, machinery to 5 years
 - iii. Permanent working capital to 2 year
 - d. Change the closing fee to 1.5% of the guarantee amount
- 2) Recommend to the Governor that he request WHEDA create the following permanent changes to the existing Agribusiness Guarantee Program:
 - a. Change the maximum guarantee program to 90% of the loan amount up to \$750,000 (shared loss).
 - b. Change maximum guarantee terms to:
 - i. Land and Buildings 10 years
 - ii. Inventory, Equipment, machinery to 5 years
 - iii. Permanent working capital to 2 year
 - c. Change the closing fee to 1.5% of the guarantee amount
- 3) Recommend to the Governor that he work with the legislature to appropriate an additional \$10MM to support the guarantee loan fund held by WHEDA for the purpose of expanding the processor pilot program, while also supporting the modernization and expansion of the existing guarantee loan programs. Specifically, related to:
 - a. Modernizing and expanding the CROP (Credit Relief Outreach Program) guarantee program to insure it is a meaningful and cost effective tool to support producers credit needs.
 - b. Expand and modernize the FARM (Farm Asset Reinvestment and Management) supporting access to credit for dairy farmers to modernize and implement technology in their operations to increase efficiency of operations.

Adjournment

The Sub-Committee adjourned at approximately 1:25 p.m.

Minutes drafted by Neil Kline.

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