**AG Advisory Board Meeting**

**April 29, 2020**

**Minutes**

**This meeting was held via Google Hangouts with 90% of members attending via video/call in.**

**Attendees**:

Logan Wilde, Commissioner (in person)

Kelly Pehrson, Deputy Commissioner (in person)

Ron Gibson, Farm Bureau (in person)

Dana Hardy, UDAF (in person)

Mark Gibbons, Farmers Union

Cliff Lillywhite, Egg Industry ( via phone/text)

Alison Fiscus, Pork Producers

Rusty Bastian, Food Supplement Industry

Sierra Nelson, Utah Wool Growers

Allen Henrie, UACD

Dr. Kerry Rood, DVM

Luke Peterson, Urban and Small Farms

Jim Withers, Dairy Producers (Via Text)

Robert McMullin, Fruit Growers

Kris Falco, Fur Breeders

Cody James, UDAF

Ed Lombard, UDAF

RJ Spencer, UDAF

Leann Hunting, UDAF

Linda Gilmore, UDAF (in person)

Nicole Hanna, Attorney General’s Office

Amy Wengren, UDAF

Roberta Valdez, UDAF

Travis Waller, UDAF

Rob Hougaard, UDAF

**Excused:** Scott Robins

**Via Phone:** see above note

Deputy Commissioner Pehrson welcomed everyone.

**Approval of Minutes**

A motion to approve the Jan, 2020 minutes in next meeting based on being delayed due to employee turnover was made by Kerry Rood; motion was seconded by and unanimously carried.

ACTION ITEM: Dana Hardy- complete minutes and post.

**Appointment of New Secretary**

A motion to appoint a new Secretary, Dana Hardy, to replace Kathleen Mathews was made by Allen Henrie; motion was seconded by Rusty Bastian and unanimously carried.

**Legislative Update – Logan Wilde- none**

**Discussion on SB3006- RJ Spencer**

Conservation Division has been working on how to distribute the 20mil dollars the Legislature approved for grant monies. They have created a 3 page application. UCC has approved a policy for how the funds will be releases and they are waiting for the Governor to sign. These application will be available on the website and we will do outreach to every industry we can think of to give access to this program. The purpose is to “provide grant funding to Agriculture that shows financial loss due to the measures taken from COVID”. It is food, fiber and production specific.

We have worked with the AG’s office to create this application based on the current guidelines given. The biggest hurdle will be showing actual loss due to COVID. A W-9 will be required as these monies MAY be taxable.

A rubric will be created based on the applications received.

Applications will be accepted May 1-15 @ 5pm

Questions:

Kerry Rood: How do you recommend 1x a year entities show loss?

RJ: The application forms will answer these questions, if they fill it out to best of their abilities based on a 12 month period.

Kerry Rood: Other programs PPP, Rental assistance- can you apply for more than one solution?

RJ: If they received Rental assistance, it’s an automatic disqualifier. If they received PPP, it lowers grant amount they can receive.

Logan: These parameters where set forth by Feds in the CARES Act. The UT Legislature only reiterated them.

Kerry Rood: What UDAF doing to market these grants?

RJ: We are writing rules as they are writing rules. The information/ application will be available on the UDAF/ Conservation webpage. Information will also be pushed through Conservation Districts. There will be a media blitz and there are FAQs sheets available through the Governor’s office.

**Loan Report and Approval (action Required)- RJ Spencer**

**ITEM 1**

Chairman- reminder that last meeting we approved a loan limit from 300 to 600

RJ; Rural rehab loans would like to would like to change the terms of our loans to be more in line with FSA.

Trying to make program more viable for producers

Old terms:

4%,

10 yr loan over 20 years- renewable every 10 years

60% of asset value

Limit: $350,000

New terms:

3%

10 yr loan over 30 years- renewable every 10 years

70% on refi or consolidation

60% on purchase

Limit: $600,000

Can be used in combo with ARDL emergency loan if needed

All other underwriting criteria stays same.

Motion: Kerry Rood

2nd: Cliff Lillywhite

Roll Call vote: Unanimous PASSES

Discussion:

Kerry: If increase term, does it increase risk?

Roberta: It gives farmer more cash flow. As long as well collateralized, no greater risk.

Allen Henrie: doesn’t it make revolving money not as readily available?

Roberta: correct

Allen Henrie: I think great idea.

Kerry Rood: Does this address all concerns of Cattle men? Or will there be more changes needed?

Roberta: It just depends on how many loans we do. Hard to tell.

RJ: There will be fewer exceptions to our rules.

**ITEM 2**

RJ: 3 Rural Rehab emergency loans and 5 Rural Rehab loans that will mature during 2020. They were amortized over 20 years with 10 year terms. They are requesting to be extended 10 years to 2030. They are repaid with milk assignments (RREL) and paid annually (RRL)

They have good repayment histories.

It is his recommendation to approve based on payment history and cash available.

Motion: Jim Withers

2nd: Sierra Nelson

Discussion: None

Roll Call vote: Unanimous PASSES

**Loan 1:**

**Millard County**

**Will have new terms just voted in**

Requesting loan of $80,000 to purchase 5 parcels totaling 12.84 acres. 10 yr over 30 year amortization payments begin 7/2021. Applicant has leased 5 of purchased acres that border the existing farm for the last 4 years.

11% LTV and will be repaid from hay sales and fruit crop. Applicant has retirement income to supplement payment if necessary.

RJ recommends the approval of this loan to the board..

Motion to approve: Rusty Bastian

2nd: Mark Gibbons

Roll Call vote: Unanimous PASSES

Kerry Rood: RE change of terms just voted in will they be used?

RJ: yes, as long as that’s ok with board. It had just not been voted in yet for us to present.

**Loans 2-4**

**UTAH COUNTY**

Rural Rehab EMERGENCY LOAN PROPOSAL -3 individual loans with same terms/collateral

3X $600,000

3% 10 year term/ 30 year amortization

Payments begin 4/2022

All 3 loans have same terms, same collateral/assets

The request is to refi line of credit being called due (4/1/2020). This line of credit has been augmented after several years of losses due to market prices and now, in 2019, COVID 19. This money will allow farm to continue operations.

UDAF will be 1st lien position on 1/3 proportionated value of 42 acres. To meet $600,000 LTV would be exception at 90.2%. But this is required to clear out any other existing liens.

Each applicant has good repayment history.

Repayment monies will come from sale of mink pelts.

Processor currently holding 9272 pelts at a value of $28 each.( this amount can change due to markets) which they have been unable to sell on foreign markets due to COVID.

DISCUSSION:

Jim Withers- Will we change to 90% on this one?

Ron Gibson: on case by case…

Jim: per beef producers we were picking and choosing.

Ron: This is considered an emergency. There entire 2019 crop was put in cooler in March due to COVID. A 2mil appraisal from AG appraisal is on low side.

Unknown: is this a $600,000 loan or 3x 600,000 loans to 3 people?

Ron: 3 loans to three brothers. They have 3 separate businesses.

RJ: this is a refi, not a new loan amount.

Ron: This is needed or they quit. They lose everything. So it’s a true emergency.

Logan: The policy we just voted on is for standard loans. This is an emergency and we as a board have the authority to make these exceptions.

Kerry Rood: Can I ask Chris Falco…is this common for the industry right now? The shutting down of Chinese market?

Chris Falco: Yes it is.. We thought the market would turn around this year. I would assume the fur farmers would be eligible for some of these grant monies.

Logan: Yes- Fiber, however, I am aware they received PPP money.

Sierra: I would say for me, the wool industry, that this would be very much qualified as an emergency. You were all set to go and the market froze.

Ron: I think this is going to be what we see coming toward us. A lot of these guys coming as emergencies in the next few months where we are the last thing between farm sales and them staying in business. That couldn’t be more of an emergency situation. That’s what legislature but program in place for. I expect to see more as we go through this pandemic.

Luke Petersen: Can we review how much money is left on program because I’m not comfortable with how much (1.8mil) we are giving to one establishment has found a way to get around a few rules…..

Ron: There’s about 9.8mil in fund...but this is how this business has been set up for a long time it wasn’t just created to get around rules…

Luke: we are looking at giving 20% of the money to one family…Then we won’t get any payments back for two years.

Logan: Again, these are refi’s not new loans.

Luke: It’s still 20% for 2 years…we won’t see.

Unknown: So we are bringing this loan in from outside

Ron: We are refi from Western AG Credit.

Kerry Rood: I think Luke has really good points. But this is what’s before us now and can’t decide based on what may come before us later. We can’t deny based on well we might get more later.

Sierra Nelson: They don’t have to repay for 2 years but if you had a loan that big wouldn’t you start to repay sooner?

Ron: I agree with Sierra…Our producers will need help and our producers who are not in Farm Bill have nowhere else to go for help. This is one of those points where if we say no today, this farm is gone from UTAH County.

I foresee a point when our balance goes to ZERO and we have to ask for more money from legislature.

Mark Gibbons: I agree we will have to ask for more money from Legislature….Ron’s Right if we start to deny these, we start to lose these farms. With this particular loan we have collateral and we are in a pretty safe place.

Luke: I get what’s being said about what’s before us now, but I got PPP money and it was gone fast..I like to think of this in terms of one sick lamb vs. a really sick lamb and ur putting all your money into which one. There’s going to be farms in rural areas where land is worth money, what farms can move easier than others (Orchard vs. mink farm). I have concerns about this being a line of credit …

Ron: This is existing debt. …This will be a termed loan to pay existing debt.

Luke: (reading definition of dept on report)...it was built up on continues losses over year after year…

Ron: explains why they can’t pay last year’s line of credit based on no ability to sell crop.

Luke: it appears they will have to get another line of credit to pay this years…this is probably the toughest one so far.

Allen Henrie: was there any investigation of other collateral ( homes, etc)?

Ron: Kids??? LOL

Roberta: Value in this loan is the land

Allen: that doesn’t answer my question, is there any other security?

Roberta: There is not really any other. Homes have liens.. etc.

Ron: the real estate is split 3 was .. so if one defaults, we get 1/3

RJ: Roberta created an appraisal value there is a except of over 90%.. the most at 70% would be 465,500….they would still not have enough to close out debt ( so that could be an option)

Roberta: but, based on fact that it wouldn’t clear lien holders and they are 60 days out it would probably kill the loan.

Jim Withers: (questions finances and numbers) net/gross – Roberta clarifies

Loan 2:

Motion: Chris Falco

2nd: Rusty Bastian

Roll Call Vote: 10 yes- No Luke Petersen…Cliff Lillywhite yes via Text- PASSES 10-1

Loan 3:

Motion: Serra Nelson

2nd: Chris Falco

Roll Call Vote: 10 yes- No Luke Petersen…Cliff Lillywhite yes via Text- PASSES 10-1

Loan 4:

Motion: Chris Falco

2nd: Allen Henrie

Roll Call Vote: 10 yes- No Luke Petersen…Cliff Lillywhite yes via Text- PASSES 10-1

**AG Training- Per Ed**

Not necessary as was completed at January meeting.

**Round table:**

Sierra Nelson:

Shooting of multiple animals, reward offered.

**Next AG Advisory Meeting**- June 2nd- 1pm via Google Hangout.

Meeting Adjourned