



2026 Bonding Request

Thom Petersen | Commissioner

February 19, 2026

Overview of MDA Capital Budget Requests

- East Grand Forks (EGF) Potato Facility
 - Plant Protection Division
- Rural Finance Authority (RFA)
 - Minnesota's agricultural lender with a mission to develop farm resources
 - Offers low interest loans for a variety of farm activities



Rural Finance Authority

Ryan Roles – Senior Loan Officer

Rural Finance Authority

The MDA's Rural Finance Authority (RFA) offers low-interest loan programs for a variety of farm activities, including:

- Land purchases, farm improvements, equipment, meat and poultry processing, operating capital, debt restructure, disaster relief

Housed at the MDA and guided by RFA Board

- Created in 1986 in Minn. Stat. 41B.01 due to “state economic conditions which have severely adversely affected the economic viability of farms to the detriment of the rural economy and to the detriment of the economy of the state of Minnesota as a whole”

How Are We Funded?

Sale of State Bonds

- RFA must pay these back
- \$50 million appropriation in 2023
 - Beginning Farmer & Seller Assisted - Tax Exempt/Taxable
 - Agriculture Improvement - Taxable
 - Livestock Expansion - Taxable
 - Restructure II - Taxable

Allocation of Federal Tax-Exempt Bonds (paper transactions)

- Aggie Bond

Dedicated Revolving Account (repayments go back into the account)

- | | |
|--------------------------|--------------------|
| - Disaster | - Microloan |
| - Livestock Equipment | - Farm Opportunity |
| - Value Added Ag Product | - Methane Digester |
| - Agro-Forestry | - Meat and Poultry |

2023 Bonding Authorization

- Approximately \$26M left on the 2023 Authorization of \$50M
 - Loan requests have increased due to high-interest rate environment
 - RFA expect to exhaust funds by about February of 2027
- \$50M in Governor's proposal for 2026 legislative session

RFA Performance Measures

1986 to 2025

- 3,948 loans issued, totaling \$402.5 million
- Losses taken on 24 loans (0.0017% of total dollars)
- Currently have 986 active loans with balance of over \$140.5 million

How We Work

- We participate with local lenders
- We take 45% of the loan
- Local lender does most of the paperwork
- The local lender lends all of the money and we “buy” our 45% from them after the loan closes
- The borrower pays the lender, the lender pays us
- Loans contain five-year prepayment penalty

FSA/RFA Working Together for Minnesota Farmers

Memorandum of Understanding

For Beginning Farmers:

- USDA Farm Service Agency (FSA) agrees to waive the 1% origination fee
- FSA agrees to issue 95% Guarantees
- Applies to regular or “Down Payment D-FO” loans
- RFA will do a 20-year balloon on loans including FSA Beginning Farmer Down Payment Program

Beginning Farmer and Seller Assisted

Help beginning, entry level farmers purchase real estate

- Can be bare land, farm site, or 5 acres with a barn
- Net worth can not exceed \$1,042,000 (indexed for inflation)
- Loan is limited to 45 percent of a qualifying loan to a maximum of \$500,000 from RFA
- Max debt per acre (80 acres x \$3500 x 45%)
- 5.00% RFA interest rate for 10 years
- Program may be used more than once
- Enrollment in farm management program
- Obtain life insurance to cover loan amount

Ryan Roles

ryan.roles@state.mn.us

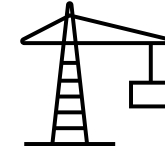
651-201-6666



East Grand Forks Office

Nick Milanowski - Fruit, Vegetable & Grain Section Manager

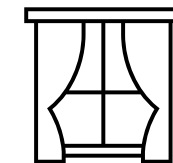
312 4th Ave NE , East Grand Forks, MN



Built in 1993
8,000 sq ft



New Roof 2025
\$457k Appropriated



New Windows 2015
\$50,000 Appropriated

A Focus on Potatoes



Seed potato certification



Potato grading



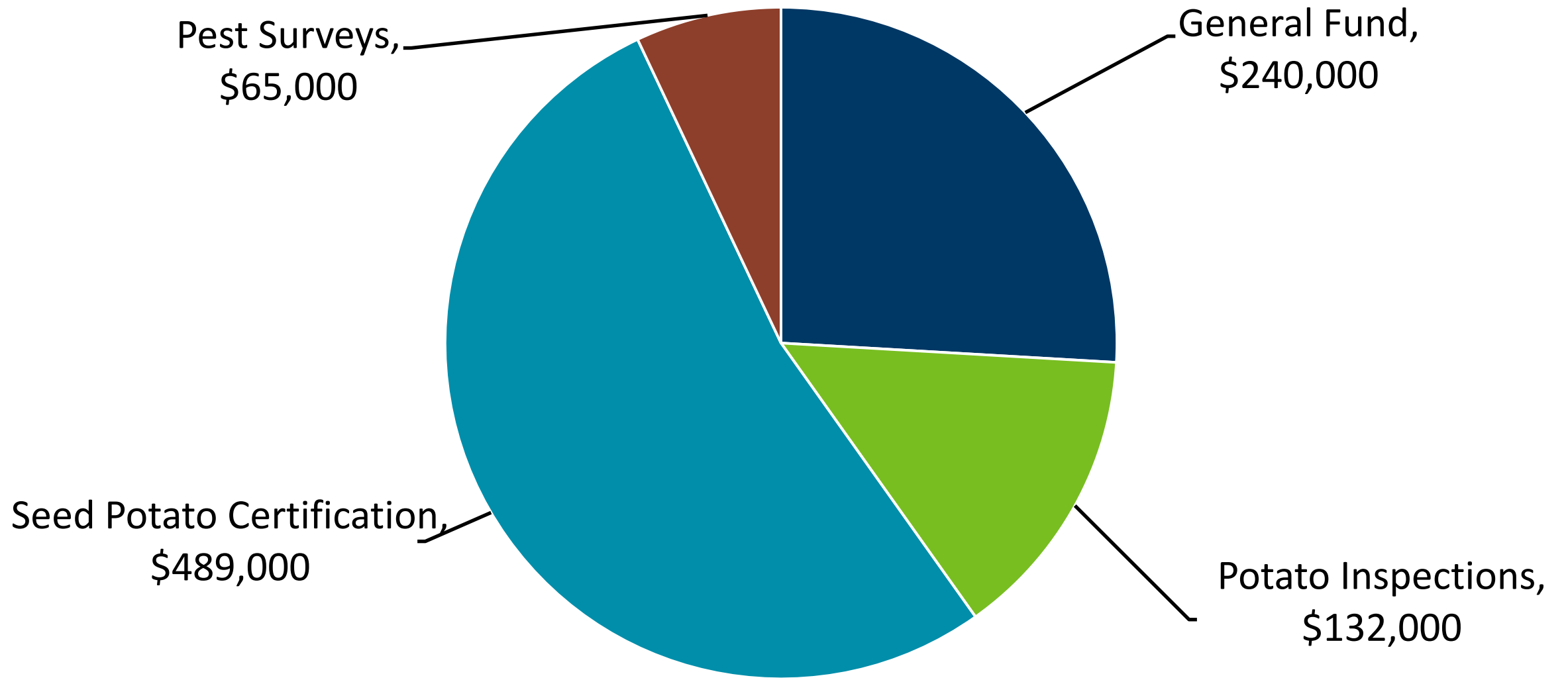
Plant pest/pathogen surveys



USDA inspections and food safety audits







Budgets for programs in EGF

Proposed Request

Description of Work	Amount (thousands)	Alignment with strategic priorities
Upgraded Lighting	\$82	Energy efficiency/minimize operating costs
HVAC & Water Heater Replacement	\$346	Energy efficiency/minimize operating costs
Replace Electric Panel, Outlets	\$174	Address safety issues/energy efficiency
Doors and Window Replacement	\$274	Energy efficiency/minimize operating costs
Security	\$88	Preserve existing infrastructure
2 nd floor upgrades (access and plumbing)	\$99	Preserve existing infrastructure
Management/design/contingency	\$317	
Project Total, including inflationary costs	\$ 1,380	



Thank You!

Nick Milanowski
nicholas.milanowski@state.mn.us
612-202-7657