

**Agriculture, Department of**

**Projects Summary**  
(\$ in Thousands)

Project Title	2012 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations	Governor's Planning Estimate	
		2012	2014	2016	Total		2012	2014
Rural Finance Authority Loans	1	\$33,000	\$0	\$0	\$33,000	\$0	\$0	\$0
Emergency Power Supply for MDA/MDH Labs	2	706	0	0	706	0	0	0
<b>Total Project Requests</b>		\$33,706	\$0	\$0	\$33,706	\$0	\$0	\$0

**Rural Finance Authority Loans**

**2012 STATE APPROPRIATION REQUEST:** \$33,000,000

**AGENCY PROJECT PRIORITY:** 1 of 2

**PROJECT LOCATION:** Statewide

**Project At A Glance**

This proposal provides \$33 million in user-financed general obligation bonding to fund Rural Finance Authority (RFA) loan programs. The purpose of the program is to partner with agricultural lenders to provide low-cost financing to farmers on terms and conditions not otherwise available from other credit sources.

**Project Description**

This initiative grants RFA the bonding authority to fund loan activity for FY2012 and FY2013. Funds are also included for FY2014 to serve as a cushion due to unpredictable agriculture credit needs.

**How the RFA Program Works**

- The RFA partners with local lenders to provide low cost credit to eligible farmers by buying a portion of an agricultural loan.
- The RFA portion of the loan is carried at a reduced interest rate to improve the farmer’s cash flow and to share the risk of making the loan with the lender.
- The reduced rate offers a cash flow advantage to eligible farmers.

**The RFA administers five loan programs funded by General Obligation (GO) Bonds**

- The RFA will purchase a forty-five percent (45%) participation in the lender’s loan to an eligible farmer under the Beginning Farmer, Seller Assisted, Agriculture Improvement, Restructure II and Livestock Expansion Loan Program.
- The RFA partners with more than 400 agriculture lenders, including commercial banks and farm credit services.

**Bond Repayment**

- The sale of bonds are authorized by the RFA Board and coordinated Minnesota Management & Budget (MMB).
- Cash generated from the sale of general obligation bonds is used to purchase qualifying loans.
- The bonds are user-financed. Principal and interest payments from the loan participations are deposited into a dedicated account and then transferred to MMB to make the bond debt service payments.
- Interest rate on the RFA participation is set at a level that will generate sufficient revenue to meet overall debt service requirements.

**Impact on Agency Operating Budgets (Facilities Notes)**

Administrative costs for the RFA are included the agency’s biennial operating budget.

**Previous Appropriations for this Project**

\$35 million GO bonds in 2009.

**Other Considerations**

None

**Project Contact Person**

Jim Boerboom, Deputy Commissioner

**Governor’s Recommendations (To be completed by MMB at a later date)**

## Emergency Power Supply for MDA/MDH Labs

**2012 STATE APPROPRIATION REQUEST:** \$706,000

**AGENCY PROJECT PRIORITY:** 2 of 2

**PROJECT LOCATION:** St. Paul

#### Project At A Glance

This is a joint proposal between the Department of Agriculture and the Department of Health to provide a more complete emergency power system for the shared lab building. The project would tie existing backup systems at the Freeman and Lab Buildings together, as well as provide the capability to add an outside generator to the emergency system. This would greatly enhance MDA's, MDH's and the Department of Administration's ability to provide increased flexibility and options for keeping critical operations running under a variety of situations, including the complete loss of external power sources for a sustained period of time.

#### Project Description

The project would allow for two distinct additions to the current Lab electrical system:

- The tying in of the existing Lab and Freeman generators by the addition of transfer switches to allow for 100% indefinite continuous back up for all Lab building systems in the case of a sustained building outage. Currently MDA/MDH and the Department of Administration are only capable of running a portion of the needed HVAC equipment and the fire, safety and life systems in case of an outage. MDA/MDH cannot run de-ionized water, clean compressed air, bench vacuum or in-house steam generation for autoclaves and sterilizers in an outage. These systems are critical for continued meaningful operations.

- Provide the addition of termination junction boxes to allow quick and efficient connection of portable emergency generators to the building substations. This guarantees continued generator operation in the case of Lab and or Freeman generator failure.

#### Impact on Agency Operating Budgets (Facilities Notes)

The project improves the current building infrastructure and would benefit the Agency with custodial control (Department of Administration), without significantly increasing existing preventive maintenance requirements. Therefore, increased maintenance costs for Administration, MDA and MDH would not be anticipated.

#### Previous Appropriations for this Project

None.

#### Other Considerations

In addition to providing for 100% emergency power back up in case of a sustained power loss, the project would provide increased flexibility in performing preventive maintenance of the existing normal power systems without interfering with critical Lab operations, guarantee the capacity for addition of future needs and add a guaranteed ability for connection to outside power generation in case of generator failure.

#### Project Contact Person

Gary Horvath, MDA Lab Director  
(651) 201-6563  
Gary.Horvath@state.mn.us

Joanne Bartkus, MDH Public Health Lab Division Director  
(651) 201-5256  
Joanne.Bartkus@state.mn.us

**Governor's Recommendations** (To be completed by MMB at a later date)