Agricultural Best Management Practices Loan Program – AgBMP

• The Secrets to the Success of the Minnesota AgBMP Loan Program
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Principal in State SRF Accounts

- $145 Billion Total
  - $360 M - VT
  - $16 B - NY
Typical Nonpoint Practices
Farmland in America

Farmlands:
- 915,000,000 acres
- 40% of all lands

Rural America
- 2,200,000,000 acres
- 97% of all lands

Rural Population:
- 60,000,000
- 20% of all people
Ag Related SRF Loan Amounts

- $763 million total
- $0 – 27 states
- $166 million – MN
- $106 million – IA
- $75 million – OH
- $71 million – OR
- OVER 50% of all
Why NOT?
Keep it Simple
### Ag or Non-Ag Related Loans Issued

<table>
<thead>
<tr>
<th>Reported Land Use *</th>
<th>% by Amount</th>
<th>% by Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm</td>
<td>86.0%</td>
<td>56.6%</td>
</tr>
<tr>
<td>Non-Farm</td>
<td>14.0%</td>
<td>43.4%</td>
</tr>
</tbody>
</table>
Overview

Loans by Number
16,891 Total

Corpus:
$83 million Total
($60 million SRF)

Loans by Amount
$286,231,881 Total

Includes SRF and State funds
## Environmental Benefits Table

<table>
<thead>
<tr>
<th>Environmental Benefits</th>
<th>Number of Projects</th>
<th>Measure</th>
<th>Total N tons/yr</th>
<th>Total P tons/yr</th>
<th>Sediment tons/yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal Agriculture Projects</td>
<td>1,860</td>
<td>834,000 Animal Units</td>
<td>70,200</td>
<td>36,400</td>
<td></td>
</tr>
<tr>
<td>Conservation Tillage Projects</td>
<td>610</td>
<td>785,000 Acres</td>
<td></td>
<td></td>
<td>3,022,000</td>
</tr>
<tr>
<td>Septic Projects</td>
<td>7,168</td>
<td>17,925 People</td>
<td>21</td>
<td>4</td>
<td>287</td>
</tr>
</tbody>
</table>
Rевolving Loans Framework:
Details...
Example State Law Amendment

- Subd 8(a)(4): to provide loan guarantees, loans, or set-aside for similar revolving funds established by a governmental unit other than state agencies, or state agencies under sections 17.117…
Authority

- Separate state statute: 17.117
- No RULES
- Controlling CONTRACT for LGUs & Lenders
It is a Loan

Not a GRANT
• REPAID

• Revolving - $$$
You can’t do EVERYTHING yourself!
Locally Administered

- 82 Local Governments
- 290 Lender Offices
Locally Administered

• $$$$ for AREA
  – Soil & Water Districts
  – Planning & Zoning
  – Land Management
  – Public Health
  – Inspectors
  – Water Resource Managers

• All Lenders Can Join Network
Revenue for Repayment

Lenders Guarantee Repayment

• Banks & Credit Unions:
  – Pledge liquid assets

• Governments
  – Repayment revenue from special assessments
Equivalency & Crosscutters

- NOT first time use of FUNDS
  - Reuse repayments from POTW
  - Not use to meet EQUIVALENCEY requirements
  - Exempt from federal cross cutters
  - Super-Cross Cutters still apply
Broad Eligibility
Estuary Watersheds

Figure 2: Map of the National Estuary Program watersheds
Letter of Understanding

Upper Mississippi River Watershed Best Management Practices

Protecting state and national water resources is a major objective of state and federal environmental programs throughout the nation. In addition, it is recognized that pollution does not stop at political boundaries; upstream pollution load can significantly impact downstream users and resources. Day to day activities in Minnesota, located in the Mississippi River watershed, ultimately can impact the water quality in the Barataria-Terrebonne National Estuary in Louisiana through which the Mississippi River passes before reaching the Gulf of Mexico. Therefore, promoting responsible land use, even at the headwaters of Mississippi River in Minnesota, can improve downstream water quality.

This letter of understanding formalizes the intent of the Minnesota Department of Agriculture Agricultural Best Management Practices Loan Program (AgBMP) to implement pollution prevention and restoration practices that are recommended by the Barataria-Terrebonne National Estuary Program (BTNEP) in their Comprehensive Conservation and Management Plan (CCMP).

It is our mutual understanding:

1. The US EPA guidance has established project eligibilities that are different under Section 319 and Section 320. Being able to lend projects under both Sections 319 and 320 would expand the AgBMP Loan Program’s ability to encourage and correct pollution problems by providing low interest financing to more potential clients.

2. In addition to Section 319 eligibilities, the AgBMP Loan Program may finance Section 320 projects and activities that are:
   a. Eligible under EPA guidance.
   b. Eligible under Minnesota rules, statutes, and policies; and
   c. Implement components of the Section 320 BTNEP CCMP.

3. Practices implemented by the AgBMP Loan Program may include any Section 320 project identified in guidance provided by the US EPA and recommended by the BTNEP CCMP. As of this writing, components of the Action Plan EM-11 Reduction of Agricultural Pollution will be the primary emphasis of the AgBMP Loan Program as related to the BTNEP CCMP. In addition, other applicable components of the approved CCMP plan, such as Action Plan EM-10: Reduction of Sewage Pollution, may be implemented.

4. Funding for these practices will be the full responsibility of the state in which they are implemented. There is no joint or even funding between jurisdictions.

5. The AgBMP Loan Program will report to BTNEP biannually, a summary of projects funded under Section 320 eligibilities and may include other pertinent summaries of projects that impact BTNEP, but may have been funded under other eligibilities and programs, such as Section 319.

6. When BTNEP updates the CCMP, they will forward a copy of the plans to the Minnesota Department of Agriculture for comment. When preparing updates to the BTNEP CCMP, upstream and watershed contributions and potential remedial actions will be considered.

7. Any parties of this understanding may withdraw at any time by notifying the other parties in writing.

Sue Peterson-Bergan
BTNEP Director
7/7/2017

Andrew Hanson
BTNEP Water Resources Coordinator
8/21/17

Mary Foster
Commissioner, MN Department of Agriculture
8/21/17

<Any Size – Estuary projects>
Easy for the Borrower
It is a Loan

• 3% maximum fixed interest
• Eligibility: Does it help water?
• Maximums:
  – $200,000 loan amount
  – 10-year repayment period

• Everything else negotiable with the Lender
#1: Simplicity

simplicity is the KEY to SUCCESS
Contact Information & SRF Publication

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