



MN Rural Finance Authority



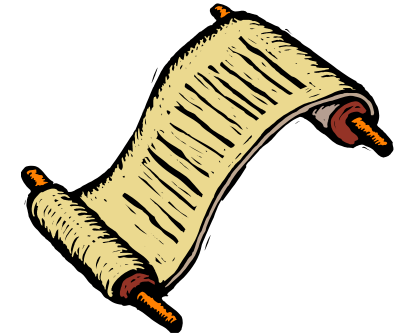
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- **The Rural Finance Authority (RFA) currently has \$578,245 of remaining money left to lend to Minnesota farmers.**
- **The RFA prioritizes loans to Beginning Farmers and hold the last amounts for that program specifically.**
- **The RFA expects to be out of money to lend by 2/21/20.**
- **RFA has about \$1 million of (lower priority) loans conditionally approved awaiting on potential bonding authorization.**

RFA History

RFA Bonding Authorization History

• Laws of Minnesota for 1986, Chapter 398	\$50,000,000
• Laws of Minnesota for 1996, Chapter 463	\$41,000,000
• Laws of Minnesota for 1997, Spec. Sess., Chapter 2	\$ 1,250,000
• Laws of Minnesota for 2000, Chapter 492	\$20,000,000
• Laws of Minnesota for 2002, Chapter 393	\$15,000,000
• Laws of Minnesota for 2005, Spec. Sess., Chapter 3	\$18,000,000
• Laws of Minnesota for 2007, Chapter 16	\$30,000,000
• Laws of Minnesota for 2009, Chapter 93	\$35,000,000
• Laws of Minnesota for 2012, Chapter 293	\$33,000,000
• Laws of Minnesota for 2017, Chapter 4	\$35,000,000
• Laws of Minnesota for 2018, Chapter 241	\$35,000,000



The RFA has a strong record of success. Through December 31, 2019 the RFA bonded programs had achieved the following benchmarks:

- Total of 3,094 loans issued under the program for \$289.7 million;
- Loan losses of \$555,707 on 21 loans since 1986;
- Outstanding Loan Balance of \$94.4 million; and
- Represents 626 active files

How Are We Funded?

The Program is User Financed

Under the program state bonds are authorized to be issued and proceeds of their sale are appropriated under the authority of article XI, section 5, clause (h) of the Minnesota Constitution. The purpose of the bonds issued is to purchase participation interests in agricultural real estate loans.

Principal and interest received on loan participations are deposited into a fund for the redemption of bonds issued under the various programs and may not be used to fund further loans. Annually, in November, these funds are transferred to the Department of Management and Budget Debt Service Fund for bond redemption and interest payments on the bonds for the following year. All the previous bond authorization money has been paid back to the State, *with* interest



September 2019 Bond Sale

Last September we sold \$15 million dollars of Taxable bonds at 2.15%. This was a very low rate from a historical perspective. Lack of authority to sell more bonds last fall at that rate could potentially impact our ability to offer the lowest rates possible to Minnesota farmers.