USDA, Rural Development

• USDA, Rural Development
  – “the leading advocate for rural America at the federal level.”
  – Our mission: increase economic opportunity and improve the quality of life in rural America.

• Rural Development Programs
  - Housing Programs
  - Community Programs
  - Business Programs
USDA, Rural Development

Business Programs

- Business & Industry Loan Guarantee
- Rural Energy for America
- Rural Business Development Grants
- Intermediary Relending Program
- Value Added Producer Grant
USDA, Rural Development
Business Programs

Business and Industry (B&I)
Loan Guarantee Program
PROGRAM GOAL: ENCOURAGE THE COMMERCIAL FINANCING OF RURAL BUSINESSES, THEREBY:
✓ Creating and Saving Rural Jobs;
✓ Improving the economic and environmental climate of rural communities.

Lender Driven: The B&I program is lender driven. Rural Development guarantees the loan negotiated by the commercial lender; the lender makes and services the loan.
B&I: What Can Funds Be Used For

- **Eligible:**
  - Business acquisition, construction, repair, modernization, & development.
  - Real estate, buildings, and equipment.
  - Inventory, supplies, & working capital (no lines of credit).
  - Debt refinancing (generally less than 50% of total project).

- **Ineligible:**
  - Production agriculture
  - Gaming facilities
  - Line of credit
B&I: How It Can Work -- Project Purposes

- Company Expansion
- Restructure Debt
- Transfer of Ownership
- Non-owner occupied
- Term financing to facilitate project construction

K&T Steel Corporation
$1.9 million Columbia Bank/B&I project featured in 2015 Annual Report
B&I: Idaho Projects

- **Ashley Inn, Cascade, Idaho**
  Lender: Bank of the Cascades
  Loan: $2,602,713

- **Action Cycles, Twin Falls, Idaho**
  Lender: DL Evans Bank
  Loan: $672,200 & $466,500

- **Village Centre Theatre, Lewiston, Idaho**
  Lender: Zions Bank
  Loan: $5,265,000

- **Bear Mountain Machine, New Plymouth, Idaho**
  Lender: Idaho Independent Bank
  Loan: $240,000 (RE) & $1,600,000 (M&E)
USDA, Rural Development
Business Programs

Energy Program
Dale Lish
Rural Energy Coordinator
Energy Programs:  
Farm Bill Authorization

- First authorized in 2002 Farm Bill (Title IX)
- 2014 Farm Bill:
  - Reauthorized Rural Energy for America Program (REAP) (Section 9007 of Farm Bill)
    - Increased Funding
  - Other Energy Programs
    - Biorefinery Assistance (9003)
    - Repowering Assistance (9004)
    - Bioenergy for Advance Biofuels (9005)
Rural Energy for America Program (REAP)

- Provides a grant (up to 25% of project or $500,000) and loan guarantee (up to 75% of project or $25 million) program to assist eligible applicants (agricultural producers and rural small businesses) to:

  1. purchase renewable energy systems;
  2. make energy efficiency improvements.
Rural Energy For America Program (REAP)

**Renewable Energy System:**
A system that produces or produces and delivers usable energy from a renewable energy resources.

**Renewable Energy:**
Energy derived from wind, solar, renewable biomass, ocean (including tidal, wave, current, and thermal), geothermal or hydroelectric source or hydrogen derived from renewable biomass or water using wind, solar, ocean (including tidal, wave, current, and thermal), geothermal or hydroelectric sources

**Energy Efficiency Improvements:**
Improvements to a facility or process that reduce energy consumption.
• **Johnson Brother Hospitality, Elmore County**
  Solar thermal system to supply hot water to hotel (including pool)

• **QB Corporation, Lemhi County**
  Woody Biomass Pellet Mill

• **Whitesides Dairy, Minidoka County**
  Solar thermal system to supply hot water to dairy
REAP: Idaho Projects

- **AmericInn Lodge & Suites, Rexburg**
  Combined heat power (CHP) system to produce hot water (motels rooms, hot tub, and pool) and electricity

- **Bokma Dairy, Twin Falls County**
  Solar thermal system to supply hot water to dairy
Community Facilities

Essential Community Facilities
- Construction, land, design, equipment, legal, admin, etc.
- Public Bodies, Non-Profits, Tribes
- Population < 20,000
- Community Support
- Legal authority to incur debt, own & operate
- Term: up to 40 years  Interest Rate: 3.125 – 4.5%
- Minimal Grant – around $100k for whole state