

Summary of State Loan Programs and Associated Loan Loss Reserve Funds

**Data as of
June 30, 2017**

Program Summaries:

Farm Loan Program: The Farm Loan program, established in 1921, provides long term real estate loans to Wyoming's agriculture operators. Over the years, this program has been extended to include irrigation loans, beginning agricultural producer and livestock enhancement loans. Funding for the program is set at \$295 million; \$275 million for farm loans, (which includes \$27.5 million for beginning agricultural producer loans and \$55 million for the livestock enhancement program), \$20 million for irrigation loans. Funding is provided from the Wyoming Permanent Funds. Interest rates and loan terms vary with each program. These rates and terms are detailed in individual program interest narrative summaries, Schedule 2.

Farm Loan Loss Reserve: The Farm Loan Loss Reserve account was originally established during the 1930's as foreclosure activities of the depression years escalated. The reserve was subsequently dissolved and re-established in 1986. W. S. §11-34-202 directs that loan origination and application fees, as well as specific revenues earned on lands acquired through foreclosures and bankruptcy activities, and proceeds from the sale of these acquired lands be used to restore losses to the state's permanent funds and to pay delinquent loan collection and foreclosure expenses. The cash balance in the fund in excess of a statutory requirement of five percent (5%) of the outstanding loan balances, is transferred to the general fund on an annual basis.

Joint Powers Act Loan Program: The Joint Powers Act Loan program was established in 1974 and provides loans to local governmental entities. In the 2008 legislative session, the program was expanded to include the University of Wyoming. Funding for this program is set at \$60 million and is provided from the Wyoming Permanent Funds. Interest rates and loan terms are detailed in the program interest narrative summary, Schedule 2.

Joint Powers Act Loan Loss Reserve: The Joint Powers Act Loan Loss Reserve account was established in 1996 by W.S. §16-1-110 and directs that loan origination fees be used to restore losses to the State's permanent funds and to pay delinquent loan collection and foreclosure expenses. Similar to the Farm Loan Loss Reserve, this reserve fund is required to distribute cash in excess of five (5%) of the outstanding loan balances to the general fund annually.

Hot Springs State Park Loans: The Hot Springs State Park Loan program was established in 1967 and provides loan funding for capital improvements to businesses located in Hot Springs State Park. These businesses lease state owned lands within the park and funding for capital expenditures is often difficult to acquire through a traditional lender. The program is funded from the Wyoming Permanent Funds and is set at \$2 million. Activity for this program is minimal; at June 30, 2017 there is one outstanding loan. Interest rates and loan terms are detailed in the program interest narrative summary, Schedule 2.

Aeronautic Loans: During the 2013 Legislative session, Chapter 138, transferred the administration and final approval of aeronautic loans from the Aeronautics Commission to the State Loan and Investment Board. The funding for this program is set at \$10 million and is provided from the Wyoming Permanent Mineral Trust Fund. Interest rates and loan terms are detailed in the program interest narrative summary, Schedule 2.

Narrative Summary:

The following schedules are attached for your review. Schedule 1 presents a five year comparison of total loans outstanding by fiscal year, FY 2017 through FY 2013. Additional information is presented for balances by individual loan program. Schedule 2 presents interest income by program for the current and prior fiscal year. Revenue comparisons for the Farm Loan Loss Reserve account are presented on Schedule 3 for the current and prior fiscal year. Please note that comparative information for the Joint Powers Act (JPA) Loan Loss Reserve is not presented in a graphic format as revenues deposited into this reserve are generated from a single source, JPA loan origination fees.

Schedule 1 Outstanding Loan Balances, Five Year Comparison

Schedule 1 summarizes outstanding loan balances for all state loan programs beginning with FY 2017 and continuing through FY 2013. The schedule provides additional information of balances by individual loan program for the same period. Loan balances, as presented on this schedule, are outstanding balances at the end of each fiscal period through 2017. Beginning in fiscal year 2014 the Aeronautic loan program was added to the State Loan and Investment Board’s oversight.

2017 fiscal year activity includes new loans in the amount of \$2,189,643 (Beginning Ag/Farm Loans \$1,932,593 and JPA Loans \$257,050) and principal repayments of \$5,831,801 (Beginning Ag/Farm \$4,824,807, Irrigation Loans \$65,286, JPA Loans \$761,071, Aeronautic Loans \$177,262 and Hot Springs State Park Loans \$3,375).

Schedule 2 Loan Interest Revenue

Schedule 2 presents interest revenue earned on outstanding loans for the fiscal period ending June 30, 2016 and 2017. The information is presented by individual programs and as a percentage of the total interest collected for the fiscal year. Terms and interest rates vary by loan program and are enumerated as follows:

<u>Program</u>	<u>Loan Term</u>	<u>Interest Rate</u>
Farm Loan	30 Years	8% (capped at 9%)
Beginning Agriculture Producer	30 Years	10 yr U.S. Treasury Bond yield (1.92%+/-) (10 yrs) then, 8% (20 yrs)
Livestock Enhancement	7 Years	75% of lowest farm loan rate (75% of 8% = 6%)
Irrigation Loans:		
Small Water Loans	40 Years	4% to 6%
Large Water Loans	40 Years	4% to 6%
Hot Springs State Park	30 Years	6% to 12%
Joint Powers Act Loans	30 Years	The average rate of return realized on all permanent mineral trust fund investments as determined by the state treasurer for the five (5) calendar years immediately preceding the year in which the loan is made
(Effective 1/2017)		5.38%
Hydro-Power Loans	30 Years	4% to 6%

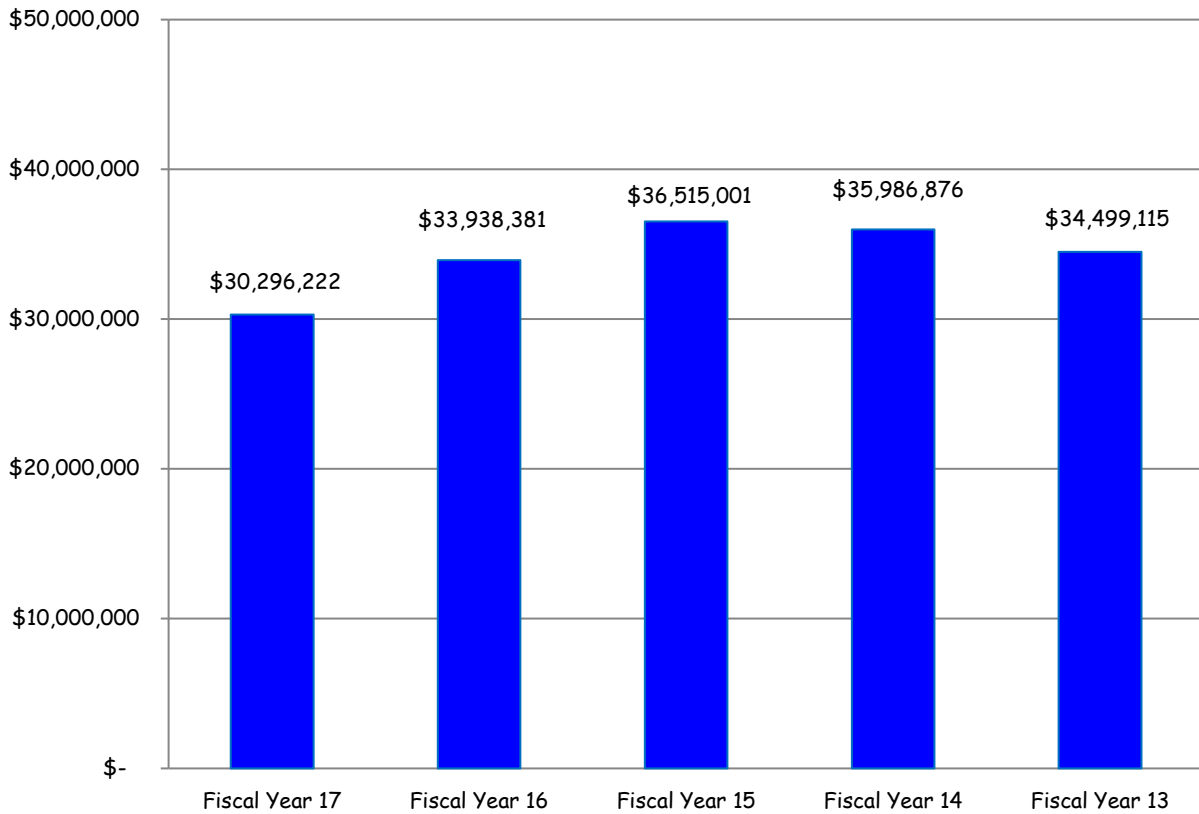
Schedule 3 Farm Loan Loss Reserve

Schedule 3 presents revenues recorded in the Farm Loan Loss Reserve account. Revenues for this reserve account include program loan origination fees (Farm Loans, Beginning Agriculture Producer Loans, Livestock Loans and Irrigation Loans), application fees (Farm Loans, Beginning Agriculture Producer Loans, Livestock Loans and Irrigation Loans), revenues earned on lands acquired through foreclosure and proceeds from the sale of acquired lands. Revenues recorded in this fund are used to restore losses to the State's permanent funds and pay delinquent loan collection and foreclosure expenses. Cash balance in excess of a statutory requirement of 5% of the outstanding loan balance is transferred to the general fund on an annual basis. Notation has been made on the schedule relative to material changes in revenue collections for each fiscal period.

Note: Information relative to the JPA Loan Loss Reserve is not presented in graphic format as this reserve account has one source of revenue, loan origination fees. The reserve account balance as of June 30, 2017 is \$22,487.

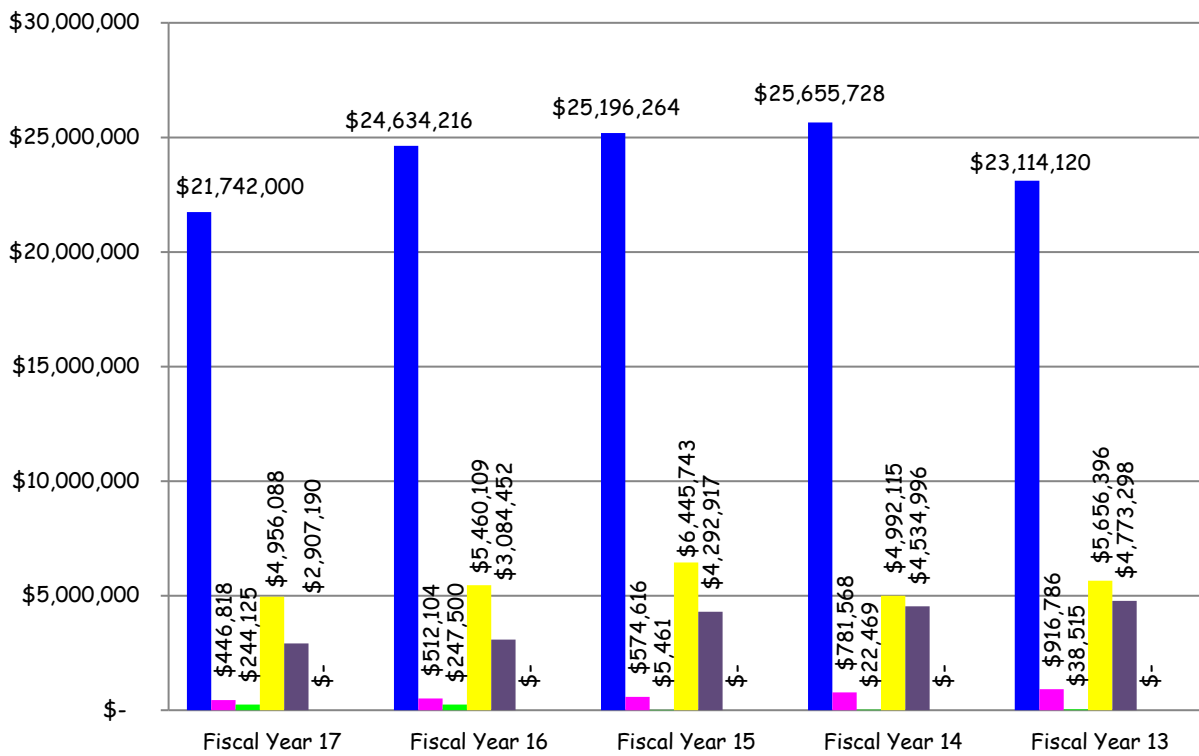
Schedule 1: Farm, JPA, Irrigation, Hot Springs Loan Program, Aeronautics, and Hydro-Power Loans

Five Year Total Loan Program-Outstanding Loan Balances



Note: Farm Loans include Beginning Agricultural Producer & Livestock Loans

Five Year Total Loan Program-Outstanding Loan Balances

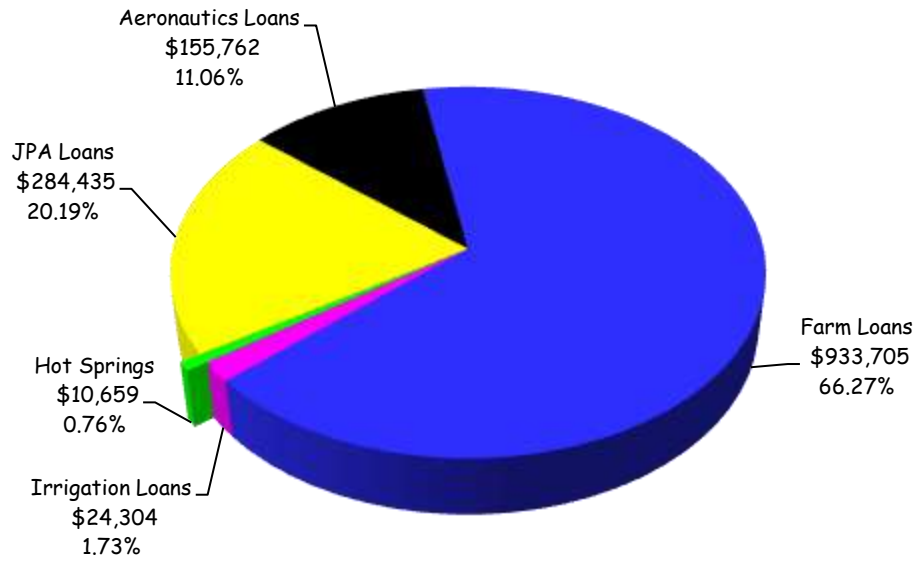


■ Farm Loans
 ■ Irrigation Loans
 ■ Hot Springs
 ■ JPA Loans
 ■ Aeronautics Loans
 ■ Hydro Power

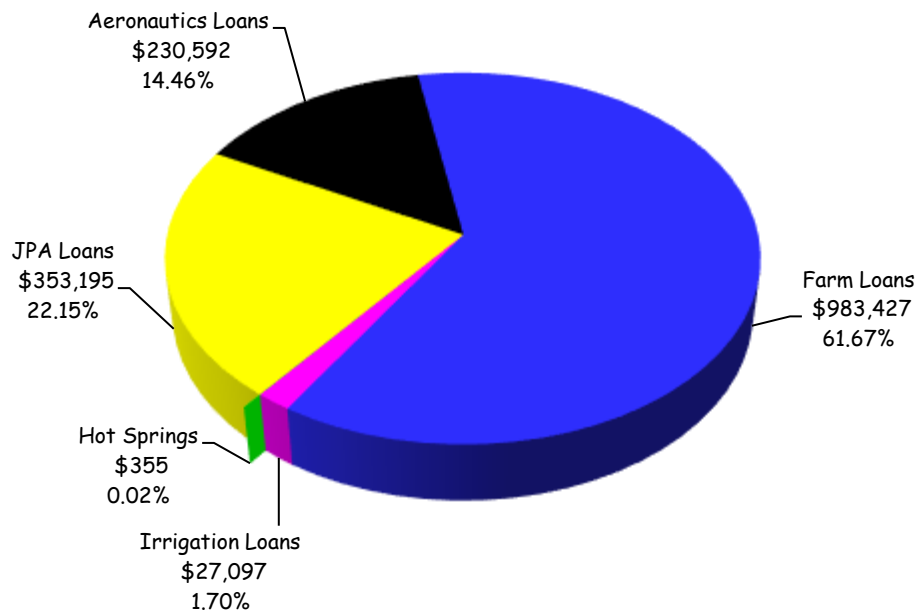
Note: Farm Loans include Beginning Agricultural Producer & Livestock Loans. Per the 2013 Legislative Session, starting in FY14 SLIB approves Aeronautic Loans. As of June 30, 2017 there are no outstanding loans in the Hydro-Power Loan Program.

Schedule 2: Loan Interest Revenue

Fiscal Year 2017 \$1,408,865 Interest Revenue

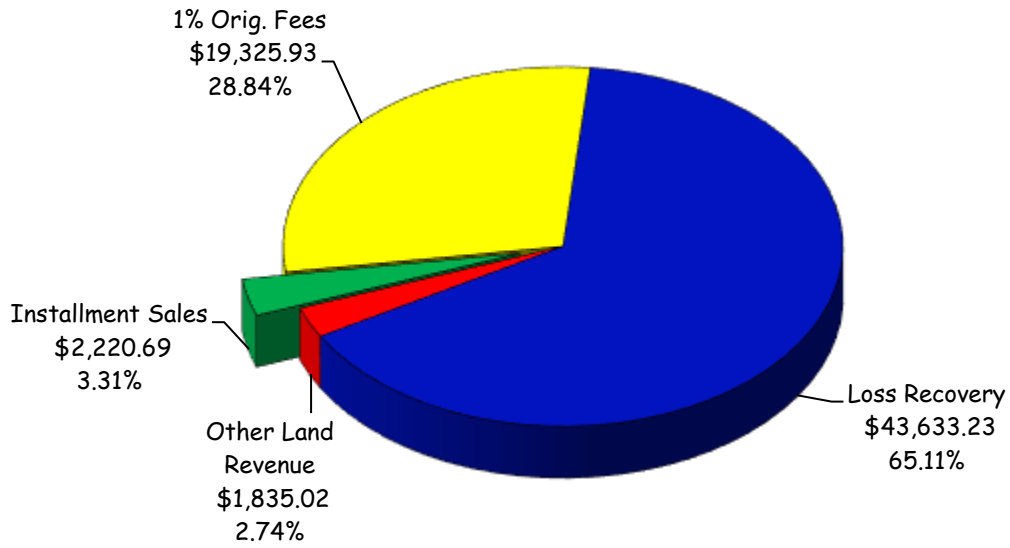


Fiscal Year 2016 \$1,594,666 Interest Revenue



Schedule 3: Farm Loan Loss Reserve Revenue

Fiscal Year 2017 \$67,015 Farm Loan Loss Reserve Revenue



Fiscal Year 2016 \$71,020 Farm Loan Loss Reserve Revenue

