

**RESOLUTION TO APPROVE A SMALL BUSINESS LOAN  
FROM THE  
IOWA COUNTY REVOLVING LOAN FUND  
FOR A  
MILK VOLUME PRODUCTION PROJECT  
(Application No. 37-2/06)**

WHEREAS, the applicant is **Michael T and Sherri Yager** who own a farm that is located near Hollandale, Wisconsin with an address of 795 County U, Mineral Point, Wisconsin, 53565. Michael T and Sherri Yager is requesting a "milk volume production" loan to be used for expansion of their dairy herd by 100 cows from 95 Holstein cows which 75 cows are currently being milked to a herd of 195 cows. The Iowa County RLF funds will be used to purchase the additional cattle, and

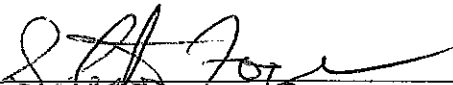
WHEREAS, the Iowa County Committee on Finance, Bonds, Insurance, and Tax Claims, acting as the Iowa County Loan Review Committee, has received a request from the small business concern for **\$50,000 from the Iowa County RLF**, which will be matched with at least **\$150,000** in financing from First Banking Center in Darlington, Wisconsin, and

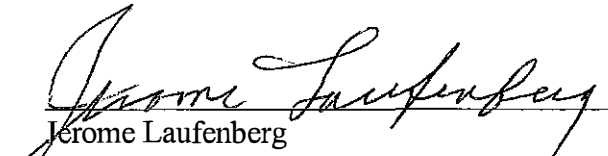
WHEREAS, the associated interest rate equal to that established by the Wisconsin Department of Commerce's own Milk Volume Production program, currently at two percent (2%) per annum, and

WHEREAS, the benefits to be derived and the terms agreed upon as set forth in the attached Project Summary are satisfactory.

NOW THEREFORE, BE IT RESOLVED, the Loan Review Committee recommends that the full County Board approve the proposed project.

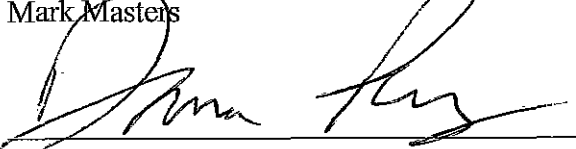
**Respectfully submitted by the Committee on Finance, Bonds, Insurance and Tax Claims**

  
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Stephen Foye, Chairman

  
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Jerome Laufenberg

  
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Mark Masters

  
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Diane McGuire

  
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Dana Perry

**PROPOSED IOWA COUNTY  
REVOLVING LOAN FUND PROJECT  
FOR PURPOSES OF MILK VOLUME PRODUCTION**

**(Application No. 37-2/06)**

**Project Description**

The applicant who is the owner and operators of the business is **Michael T and Sherri Yager**. The farm is located near Hollandale Wisconsin with an address of 795 County U, Mineral Point, Wisconsin, 53565 in Iowa County. Michael and Sherri Yager is requesting a "milk volume production" loan to be used for expansion of their dairy herd by 100 cows to increase the herd size to 200 cows, an increase of 100. This project will involve the purchase of additional cattle. The Yager's will also invest \$310,000 to modernize the dairy operation by constructing a free stall barn, manure holding area along with a feed pad, and hay shed during the next year. The Yager's are currently milking 75 cows from their herd of 95 Holstein cows and the cows are milked in a 50 stall barn and pipeline setup. Overflow cows are housed on loose packs and pastures and young stock are all housed on pastures. The Yager's milk twice a day averaging 70 pounds a cow per day. The herd incorporates the use of HMCorn and TMR in their management.

The Michael and Sherri Yager farm is operated as a sole proprietorship. Michael Yager is responsible for the daily operation of the farm and has been involved in FFA for many years. The farm consists of 216 acres with 170 tillable. The Yager's rent an additional 110 acres in the local area and graze 20 acres. The Yager's have experienced some stray voltage problems over the past three years but have worked with a state task force and dairy equipment manufacturers to improve things in the last year.

Funds from the Iowa County RLF will provide one-fourth of the cost of the purchase of additional cattle, with the remaining financing coming from First Banking Center located in Darlington, Wisconsin.

**Use of Funds:**

Purchase of Livestock	\$200,000
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Total Projects Costs	\$ 200,000

**Source of Funds:**

First Banking Center	\$ 150,000
Iowa County RLF	\$ 50,000
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Total Project Costs	\$ 200,000

**Job Impact and project justification:**

The proposed project will retain three (3) existing full time positions with an average wage of \$9.00 per hour. The project will create one (1) new Full Time position with an average wage of \$9.00 per hour by December 31, 2007. Providing these funds through the Iowa County RLF will help preserve capital from the Rural Economic Development program of Commerce, a program funded with state tax dollars. The Department has indicated a willingness and a desire to fund other similar projects in Iowa County requiring \$100,000 or more in gap financing, with the these loan repayments going to the County RLF fund, which will add capital to the fund.

**Financial Condition:**

This project has been analyzed by the Wisconsin Department of Commerce. The Yager's submitted compiled financial statements for fiscal years ended 12/31/02 through 12/31/04 and for the 6 month period ending 7/1/05 and also financial projections for 2006-2008. Projections indicate milk sales will increase 34 percent due to increased herd size and the expansion. The project will increase efficiency and profitability.

(continued)

**Collateral:**

A subordinate position Farm Security Agreement on all assets now owned or hereinafter acquired. The unlimited personal guaranty of Michael T. Yager and Sherri Yager, and any other shareholder with 20 percent or more ownership interest will also be required.

**Borrower Commitments:**

The borrower shall keep and maintain Seventy Five (75) existing cows that the farm currently has near Hollandale through December 31, 2008. The borrower shall also purchase an additional One Hundred (100) cows by December 31, 2006, for a total herd of at least One Hundred Seventy Five (175) through December 31, 2008.

**Failure to Comply (optional language, normally included in DOC loans):**

If the borrower fails to add at least one hundred additional cows, then for each cow that the Borrower fails to purchase, keep or maintain, whichever the case may be, the annual interest rate charged on the loan shall be increased retroactive to the date of disbursement 4.00 basis points within thirty days of determination of nonperformance. The term basis point shall mean one-hundredth of one percent. One hundred basis points shall mean one percent. The maximum penalty under this section shall be Four (4.0%) percent, for a total loan rate of six percent (6.0%) if there is failure to comply with the terms described in the paragraph above.

**Loan Review Committee Recommendation:**

The Committee on Finance, Bonds, Insurance and Tax Claims, serving as the county loan review committee, recommends approval of a loan for **\$50,000** for a **term of seven (7) years**. The **annual rate of interest will be two percent (2.0%)**, fixed for the term of the loan. There will be a deferral of principal and interest payments during the first year (12 months), and interest-only payments of \$83.33 per month the second year. The remaining payments will be amortized over five years with **monthly payments of \$876.39 per month**. There will be no prepayment penalty for making extra principal payments, and paying off the loan early. The project was reviewed at a committee meeting held on Thursday, February 2, 2006.