

## Agribusiness Incubator Project

### Funding Development Workgroup

February 23, 2004

The group looked at the long and short term financial implications of setting up an incubator under the different models that have been discussed.

1. For Internship and Apprenticeship Models there are several costs that will need to be dealt with in order to effectively deal with each model. These would include such things as:
  - Mentoring expenses for the farmer who would be working with the apprentice.
    - Mentor training
    - Business analysis
    - Liability costs
  - Intern or Apprentice
    - Educational programs
    - Business plan development
  - Coordinator to monitor program
  
2. In order to meet these costs some kind of structure needs to be put in place that can monitor the project and meet the financial obligations on an ongoing basis. The group identified several things that would be important for such a support system to be successful:
  - Ongoing financial support needs to be run through a non-profit entity.
  - It should be part of a larger organization that has access to personnel, fiscal mechanisms and capital items that would keep its operating costs to a minimum.
  - It should have Federal IRS 501c3 status.
  - It should have a clear mission statement.
  - It should be able to solicit and account for multiple funding pools.
  - It should be able to maintain an oversight committee that oversees funds and farms – similar to revolving loan funds that are managed through local economic development corporations.
  
3. For models that deal with equity transfer, or capital investments that a mentoring farmer or farm owner wishing to transfer their property may need to make, there needs to be a commitment to seeing that funds are available in order to improve the chances of these models being successful. Some of the ideas that came out of this discussion were:
  - Possible sources may be able to come from the farm itself, or from a guaranteed loan program, or a foundation established to promote the education and development of new farms, or various bank loans.
  - There needs to be a capital pool that needs to be committed to developing a new generation of farmers.
  - If a person is wishing to transition out of farming and is hoping to use low cost funds to help in that transition there needs to be some kind of expectation that they show how that is to be done.

- The expectations need to be community wide. There should be competition among lending institutions but it would be good if there were some minimal standards that show they are working on the same page.
  - Funds similar to revolving loan funds should be put into place that could help in the transition process. Perhaps things similar to tax incremental finance districts.
4. Once these concepts are discussed with the whole group it is likely that lending institutions and other groups or organizations that deal with similar economic development activities should be brought together to develop a process to meet the financial needs of the project.