

WILLAMETTE VALLEY

VINEYARDS

March 18, 2020

TO: JOINT COMMITTEE ON CORONAVIRUS RESPONSE

FROM: BILL CROSS, GOVERNMENT & COMMUNITY AFFAIRS, WILLAMETTE VALLEY VINEYARDS

The impact on the hospitality industry has been rapid and significant. As with other restaurants, bars, wineries, brewpubs and craft distilleries, Willamette Valley Vineyards is limited to wine and food pick-up and wine shipments with no services on premises or special events. We have 250 full and part-time employees and we will battle to keep our family together, healthy and employed.

We have reached out to our Congressional delegation to urge them to move swiftly on a relief package. There are many ideas and strategies with regard to the kinds of programs that would assist the broad breadth of businesses impacted by the coronavirus so we have encouraged to look at block grants for the states as part of the package. States will have different challenges and different opportunities to address them with additional money from the U.S. government. This path would allow quicker implementation of the programs...whether it is processing matching grants for businesses or approving no interest loans. Block grants can direct certain percentages of the monies to be reserved for smaller increments and businesses so that the large businesses don't get all the money.

Government should look at increased funding for loan loss reserves. The reserves would be available to lender qualified borrowers for certain types of loans and would relax other capital requirements and ratios for the lender and borrower.

Congress should consider a provision to match state grants and loans specifically allocated to assist businesses and their employees impacted by the coronavirus. For example, if Oregon were to have a special session and approve using some of the Rainy Day funding to assist businesses and their employees impacted by the coronavirus, the federal government would provide a match. Congress might want to also authorize the IRS to defer quarterly taxes temporarily which would provide broad relief.

Additionally, Congress should consider the inclusion of programs providing a Universal Basic Income of \$1,000/month to make up for lost wages, expanding unemployment

insurance benefits, offering funding to businesses to pay their employees or creating tax credits to encourage employers to keep employees on the payroll.

We have also identified an issue confronting some of the small- to medium- sized businesses including Willamette Valley Vineyards: bridge financing needs for capital construction currently underway. Because of the impact of the fast-moving coronavirus, bridge financing for U.S. businesses in general is needed to prevent construction work stoppages. Current SBA lending criteria and loan amounts do not meet this need. SBA loans are designed to fund business operating costs of up to \$2 million. The remaining funding gap is for capital construction currently underway with much higher capital requirements. Additionally, a number of impacted companies are C Corporations and publicly held, where SBA required personal guarantees are not possible. And, as many other Ag-related businesses, the Company's borrowing relationship is with Farm Credit Services rather than SBA commercial lending partners.

Willamette Valley Vineyards, Inc was founded in 1983, incorporated as a C Corporation in 1988 and is Oregon's only publicly traded wine producer (NASDAQ: WVVI & WVIP) with long time, established wholesale distribution in 49 states.

Within the last several years, the Company has sold directly to wine enthusiasts and the investing public Preferred Stock (WVIP) of \$20 million to fund a major expansion plan including the acquisition of vineyards and plantings. Construction of a new \$15 million winemaking and hospitality facility near Dundee is underway with over half the project funded.

Government-backed, no interest loans to bridge the financing gap until we work our way through the coronavirus crisis would allow the construction to continue uninterrupted, the most efficient and projected operating income outcome. This would benefit the construction industry as well.

Please don't hesitate contact me should you have any questions at bill.cross@wv.com or 503-559-1260.