



IOWA AGRICULTURAL
DEVELOPMENT DIVISION

IADD BOARD MEETING MINUTES

Iowa Finance Authority
2015 Grand Avenue, Des Moines, Iowa
October 28, 2015

Board Members Present

Mark Leonard, Chair	John Fredrickson
Lyle Borg, Vice Chair	Annette Townsley
Stacie Euken	

Board Members Absent

None

Staff Members Present

Lori Beary, Community Development Director	Tammy Nebola, IADD Program Specialist
Steve Ferguson, IADD Program Specialist	Michelle Thomas, Accounting Manager
Cindy Harris, CFO	

Others Present

Dave Claypool, Dorsey & Whitney

CALL TO ORDER

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order by Chair Leonard on October 28, 2015 at 8:35 am. A quorum was established with the following Board Members present: Leonard, Borg, Euken, Fredrickson and Townsley.

REVIEW OF MINUTES OF SEPTEMBER 29, 2015 BOARD MEETING

Mr. Leonard presented the minutes of the September 29, 2015 IADD Board Meeting. Mr. Leonard asked if there were any additions or corrections to the minutes.

MOTION

On a motion by Mr. Fredrickston and a second by Mr. Borg, the Board unanimously approved the minutes of the September 29, 2015 IADD Board meeting.

REVIEW OF SEPTEMBER 2015 FINANCIAL STATEMENT

Michelle Thomas presented the September 2015 financials. She stated that for FY16 year-to-date, IADD had operating income of \$174,218 operating expense of \$122,117 and net operating income of \$52,101.

MOTION

On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously approved the September 2015 financial statement as presented.

LOAN PARTICIPATION PROGRAM

Tammy Nebola presented information on the following loan participation applications.

P0206 - Matthew De Boer. The LPP application is for \$150,000. The borrower will construct a 2,400 Hd Hog Finishing Building. Total project cost is \$600,000. The bank is Northwestern Bank in Orange City.

MOTION

On a motion by Ms. Townsley and a second by Ms. Euken, the Board unanimously approved the loan participation for Matthew De Boer subject to receiving a \$25,000 down payment decreasing the Bank Loan portion from \$450,000 to \$425,000, a \$25,000 2nd Mortgage on his rental property and an assignment of feeding contract.

P0207 - Laura L. Lunders. The LPP application is for \$81,600. The borrower will purchase approximately 40 acres of agricultural land. Total project cost is \$272,000. The borrower has also applied for a Beginning Farmer Loan AG 15-074. The bank is American Bank, NA in Remsen.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Borg, the Board unanimously approved the loan participation for Laura L. Lunders.

BEGINNING FARMER LOAN APPLICATIONS

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 15-064 – Scott W. Brockman – Beginning farmer loan of \$80,042 to purchase approximately 38.48 acres of agricultural land in Page County. The loan will have a 4.575% fixed interest rate and a loan length of 30 years. The lender is Century Bank in Shenandoah, Iowa.

AG 15-066 – Boderic A. Higgins – Beginning farmer loan of \$250,000 to purchase approximately 80 acres of agricultural land, house and out-buildings in Buchanan County. The loan will have a 3.50% variable interest rate and a loan length of 20 years. The index will be USB 5-20 internal COF plus a spread of 275 bps; 30 year amortization with 20 year balloon. The lender is U.S. Bank, N.A. in Vinton, Iowa.

AG 15-067 – Dustin E. and Shonna Lampe – Beginning farmer loan of \$331,250 to purchase approximately 204 acres of agricultural land, house and out-buildings in Muscatine County. The loan will have a 3.95% variable interest rate and a loan length of 30 years. The index will be 2.41% over the 5 year Treasury Constant rate; Fixed for 10 years. The lender is CBI Bank & Trust in Muscatine, Iowa.

AG 15-068 – Noah P. and Sky M. Hahn – Beginning farmer loan of \$325,000 to purchase approximately 140 acres of agricultural land in Keokuk County. The loan will have a 3.80% variable interest rate and a loan length of 30 years. The index will be 80% of LSB Base Rate. The lender is Libertyville Savings Bank in Keota, Iowa.

AG 15-069 – Aaron M. Adam – Beginning farmer loan of \$517,000 to purchase approximately 81 acres of agricultural land in Keokuk County. The loan will have a 3.75% variable interest rate and a loan length of 30 years. The index will be 85% of 2.50% over the 5 year U.S. Treasury; Rate floor 3.50%; Fixed for 10 years; Call option - 30 days prior to each periodic interest rate adjustment either party may notify the other in writing of their intent to discontinue with the arrangement. The lender is U.S. Bank, N.A. in Boone, Iowa.

AG 15-070 – Jacob W. and Chelsea M. Lohmann – Beginning farmer loan of \$176,250 to purchase approximately 29 acres of agricultural land, house and out-buildings in Bremer County. The loan will have a 3.75% variable interest rate and a loan length of 30 years. The index will be 60% of Northeast Security Bank's Base Rate; Rate ceiling 8.25%; Rate floor 3.75%. The lender is Northeast Security Bank in Fairbank, Iowa.

AG 15-071 – Matthew M. and Sarah M. Stoutner – Beginning farmer loan of \$370,602 to purchase approximately 60 acres of agricultural land in Washington County. The loan will have a 3.69% variable interest rate and a loan length of 30 years. The index will be 85% of 2.50% over the 5 year U.S. Treasury; Rate floor 3.50%; Fixed for 10 years; Call option - 30 days prior to each periodic interest rate adjustment either party may notify the other in writing of their intent to discontinue with the arrangement. The lender is U.S. Bank, N.A. in Boone, Iowa.

AG 15-072 – Brent and Amy VandenTop – Beginning farmer loan of \$268,680 to purchase approximately 37.71 acres of agricultural land in Sioux County. The loan will have a 3.40% variable interest rate and a loan length of 30 years. The index will be 70% of American State Bank's base rate; Fixed for 5 years. The lender is American State Bank in Hull, Iowa.

AG 15-073 – Corey L. Plendl – Beginning farmer loan of \$397,000 to purchase approximately 40 acres of agricultural land in Plymouth County. The loan will have a 3.40% variable interest rate and a loan length of 25 years. The index will be 2.00% over the 5 year U.S. Treasury; 3.00% cap each adjustment; Call option in 10 years. The lender is Iowa State Bank in Orange City, Iowa.

AG 15-074 – Laura L. Lunders – Beginning farmer loan of \$190,400 to purchase approximately 40 acres of agricultural land in Cherokee County. The loan will have a 4.25% variable interest rate and a loan length of 20 years. The index will be 3.50% over the 5 Year Treasury. The lender is American Bank, NA in Remsen, Iowa.

MOTION

On a motion by Ms. Townsley and a second by Mr. Borg, the Board recommended approval of the BFLP applications.

PUBLIC HEARING ON BEGINNING FARMER LOANS

A public hearing was held by the IADD Board at the Iowa Finance Authority office on October 28, 2015 at 9:08 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 9:09 am.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Euken, the Board unanimously closed the public hearing.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the Board unanimously recommended approval of the BFLP Bond documents.

BEGINNING FARMER TAX CREDIT APPLICATIONS

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit applications. There were 140 new BFTC applications for an estimated tax credit amount of \$753,543.99. He noted that of those, 91 are cash rent 45 are crop share and 4 are hybrid leases. There was some discussion about related party projects. Specific projects were discussed.

2165 - It was brought up that when the landlord is paying all the inputs and receiving a large % of the crop is really more of a custom farming arrangement.

2146 – Project is just for machinery but he also does all the repair and trades labor for the use so is it ok for him to receive tax credit on the machinery.

MOTION

There was a motion by Mr. Borg to approve the Beginning Farmer Tax Credit application and a second by Mr. Fredrickson, after motion was made Ms. Townsley asked if the Board was comfortable with the projects of concern. Lori Beary pointed out that they can pull certain projects out and approve them subject to or table them to collect additional information or address concerns. Projects can be denied if leases are out of the bounds of what is a normal lease. Several of the projects really appear to be custom farming projects and they should apply under the custom farming tax credit program. 2076, 2129 and 2165 all appear to be custom farming projects. The motion failed and tax credit applications were opened back up for discussion.

ADDITIONAL DISCUSSION ON FARMER TAX CREDIT APPLICATIONS

The tax credits that have been discussed and the board has concerns about were 2076, 2129, 2146 and 2165. Mr. Borg pointed out that he continually has concerns with the related party projects, and would like to come up with a solution to review those more closely. Lori Beary mentioned that we can require a certification that they have to sign verifying that the beginning farmer is in fact the one completing the work. Mr. Borg would like to see some sort of safe guard or additional process put in place for the related party projects.

MOTION

On a motion by Ms. Townsley and a second by Ms. Euken, the Board unanimously recommended approval of the Beginning Farmer Tax Credit applications tabling projects 2076, 2129, 2146 and 2165.

MARKETING UPDATE

Included in the Board packet is the IADD marketing calendar. Mr. Ferguson reviewed some of the recent events he's attended. He also discussed some upcoming events, the Iowa State Tax Schools and Iowa Society of CPA's are coming up and been busy lining up events for 2016. Steve Ferguson pointed out that on the next IADD scheduled board meeting date he is scheduled to be in Maquoketa so wanted to see what the Boards thoughts were about changing the next IADD Meeting date to November 24th.

OTHER BUSINESS

2016 PROPOSED IADD BOARD MEETING DATES

Lori Beary presented the 2016 proposed IADD Board Meeting Dates. January meeting revised due to the Pork Congress Conference. Proposed regional meeting in June possibly in southeast region, 2017 in north central and 2018 in south central. In person meetings in March, June, August and September.

MABSCO CONTRACT WAS UP RENEWAL

IFA renegotiated with MABSCO to flip the percentages where IADD will receive 60% and MABSCO will receive 40%. They are also going to start doing more work. They will be doing the first review of the applications and collecting all the missing information so that when Steve comes back to the office he will only need to review the ones that are complete. All of 2015 was 50/50 split.

FUNDING REQUEST – RECOMMENDATION FOR (VIA) VETERANS IN AGRICULTURE

IFA Funding recommendation is for \$500. Mr. Borg feels it is important to support the organization.

MOTION

On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously recommended approval a \$500 gift to the Veterans in Agriculture (VIA).

TRIP REPORTS

Mr. Borg recommended that the NARRC and NCOSAFP trip reports be a part of the minutes. Mr. Leonard was very impressed with the NARRC trip and noted it was very pleasurable but was a little disappointed with the lack of discussion on what the other states are doing.

NEXT IADD BOARD MEETING

The November IADD Board meeting will be Tuesday, November 24, 2015 at 9:30 am, at the Iowa Finance Authority office.

ADJOURNMENT

On a motion by Mr. Fredrickson and a second by Ms. Euken, the October 28, 2015 meeting of the IADD Board of Directors adjourned at 10:04 am.

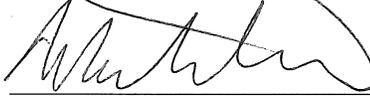
Dated this 28th day of October, 2015.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:



Mark W. Leonard, Chair
IADD Board