



**IOWA AGRICULTURAL
DEVELOPMENT DIVISION**

A DIVISION OF IOWA FINANCE AUTHORITY

IADD BOARD MEETING MINUTES

**Iowa Finance Authority
1963 Bell Avenue, Suite 200, Des Moines, Iowa
March 27, 2018**

Board Members Present

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

Board Members Absent

None

Staff Members Present

Lori Beary, Community Development Director Tammy Nebola, IADD Program Specialist
Debi Durahm, Executive Director Becky Wu, Loan Servicing Specialist
Steve Ferguson, IADD Program Specialist

Others Present

Dave Claypool, Dorsey & Whitney
Christine Gruenhagen, Iowa Farm Bureau

CALL TO ORDER

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order by Chair Borg on March 27, 2019 at 8:31 am. A quorum was established with the following Board Members present via conference call: Borg, Leonard, Fredrickson and Townsley.

REVIEW OF MINUTES OF FEBRUARY 27, 2019 BOARD MEETING

Mr. Borg presented the minutes of the February 27, 2019 IADD Board Meeting. Mr. Borg asked if there were any additions or corrections to the minutes.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved the minutes of the February 27, 2019 IADD Board meeting.

REVIEW OF FEBRUARY 2019 FINANCIAL STATEMENT

Lori Beary presented the February 2019 financials. She stated that for FY19 year-to-date, IADD had operating income of \$436,000 operating expense of \$322,000 and net operating income of

\$114,000. She noted that the line of credit increase to \$3 million from IFA for the LPP program was approved at the IFA Board meeting. The FY20 Budget should be complete and included in the April IADD Board Packet.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Leonard, the Board unanimously approved the February 2019 financial statement as presented.

LOAN PARTICIPATION PROGRAM

Steve Ferguson presented information on the following loan participation application.

P0283 - Roxanne R. and Anthony J. Nicolaus. The LPP application is for \$97,200. The borrower will purchase 4.41 acres with a 2,400 Hd Hog Building. Total project cost is \$324,000. The bank is MidWestOne Bank in Cedar Falls.

MOTION

On a motion by Mr. Leonard and a second by Mr. Fredrickson, the Board unanimously approved the loan participation for Roxanne R. and Anthony J. Nicolaus subject to obtaining a guaranty from Pigco Precision Maintenance LLC (unsecured), a guaranty from RN Holdings LLC secured by an existing hog facility and an assignment of feeding contract.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

Tammy Nebola presented the following resolution to adjust the terms and conditions on a closed BFLP project:

Resolution AG 15-066M – Boderic A. Higgins – U.S. Bank, N.A. in Vinton is the lender. The amendment will re-amortize the loan balance over the remaining term of bond after applying \$85,000. The loan has a 30 year amortization with a 20 year balloon on December 30, 2035. Due to the re-amortization the annual payment amount will decrease from \$13,592.83 to \$8,692.51 beginning on December 30, 2019. All other loan terms will remain the same.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved the Beginning Farmer Loan Program Amending Resolutions.

BEGINNING FARMER LOAN APPLICATIONS

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 19-012 – Brian K. Eben – Beginning farmer loan of \$172,852 to purchase approximately 40 acres of agricultural land in Lyon County. The loan will have a 4.25% variable interest rate and a loan length of 30 years. The index will be 1.70% over the five year T-Bill. The lender is Security Savings Bank in George, Iowa.

AG 19-013 – Brandon and Katelyn DeBoer – Beginning farmer loan of \$229,520 to purchase approximately 61.04 acres of agricultural land in Lyon County. The loan will have a 4.25%

variable interest rate and a loan length of 30 years. The index will be 1.70% over the five year T-Bill. The lender is Security Savings Bank in George, Iowa.

AG 19-015 – Emily C. Horack – Beginning farmer loan of \$283,650 to purchase approximately 61 acres of agricultural land in Linn County. The loan will have a 5.38% fixed interest rate and a loan length of 30 years. The lender is The Exchange State Bank in Martelle, Iowa.

AG 19-016 – Anthony J. and Rochelle K. Behrens – Beginning farmer loan of \$543,800 to purchase approximately 105.36 acres of agricultural land in Lyon County. The loan will have a 4.25% variable interest rate and a loan length of 30 years. The index will be 1.70% over the five year T-Bill. The lender is Security Savings Bank in George, Iowa. Anthony J. and Rochelle K. Behrens currently own more than 30% of the county median farm size. This project will be approved subject to the release of the 2017 Census of Agriculture in May of 2019, if the county median increases enough that his ownership is less than 30% then the loan can be closed at that time, if not the application will be withdrawn as ineligible.

AG 19-019 – Jason T. and Ashley M. Kragel Hunziker – Beginning farmer loan of \$88,150 to purchase approximately 33 acres of agricultural land in Guthrie County. The loan will have a 4.10% variable interest rate and a loan length of 30 years. The index will be fixed for 20 years then equal to Wall Street Journal Prime. The lender is Luana Savings Bank in Polk City, Iowa.

AG 19-020 – Ryan D. and Kathryn A. Eklund – Beginning farmer loan of \$217,500 to purchase approximately 79.29 acres of agricultural land in Franklin County. The loan will have a 4.75% variable interest rate and a loan length of 30 years. The index will be fixed for ten years then NY Prime minus 0.75%. The lender is First National Bank in Waverly, Iowa.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board approved the BFLP applications. AG 19-016 will be subject to the release of the 2017 Census of Agriculture in May of 2019, if the county median increases enough that his ownership is less than 30% then the loan can be closed at that time, if not the application will be withdrawn as ineligible.

PUBLIC HEARING ON BEGINNING FARMER LOANS

A public hearing was held by the IADD Board at the Iowa Finance Authority office on March 27, 2019 at 8:52 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 8:54 am.

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 42 new BFTC applications for an estimated tax credit amount of \$221,266.98. He noted that of those, 26 are cash rent 15 are crop share and one is a hybrid lease.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Leonard, the Board unanimously recommended approval of the Beginning Farmer Tax Credit applications as presented.

BEGINNING FARMER TAX CREDIT CHANGES

Steve Ferguson presented one change request for a Beginning Farmer Tax Credit project. It was to reduce the cash rent.

MOTION

On a motion by Mr. Leonard and a second by Ms. Townsley, the Board unanimously recommended approval of the Beginning Farmer Tax Credit change request.

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.

OTHER BUSINESS

BOARD UPDATE

Lori Beary gave a Board update. Gretchen McLain was confirmed by the Senate so her term will begin on May 1st, with her first IADD Board Meeting on May 22nd at the IFA office. IFA Staff will coordinate IADD orientation and training with Gretchen. Director Durham is interested in having a member of the IADD Board represented on the IFA Board. This member would be designated by the IADD Board when the time comes.

BEGINNING FARMER TAX CREDIT LEGISLATION UPDATE

Director Durham joined the conference call for the Legislative Update.

Lori Beary gave an update on the Beginning Farmer Tax Credit legislation. One of the biggest concerns was the notion of an estimate instead of issuing an actual tax credit certificate. IFA has been working with the Department of Revenue on revising that language. There is an amendment to change the eligibility so the 10 years of experience doesn't start until after a beginning farmer is 26 years old. The bills have passed out of the House and Senate Ag committees and are sitting in Ways and Means.

Christine Gruenhagen with Iowa Farm Bureau presented a summary of their concerns with the Beginning Farmer Tax Credit Program and the legislation to address those concerns. One of the concerns is with the way IADD has been allocating the BFTC certificates in each year that the lease is paid. Instead they would like to see it allocated all up front in the first year. IFA and

Department of Revenue's concern is more with the lack of issuing a certificate and having a way to reconcile the tax credits, then how it is allocated.

The IADD Board is very concerned with the changes to eligibility. They feel a net worth requirement is important to preserve the intent of the program. Farm Bureau would like the eligibility to be tied to the length of time someone has farmed, not their net worth. Farm Bureau believes having a net worth requirement is a "disadvantaged" farmer program not a "beginning" farmer program. The IADD Board does not agree with that notion or the label "disadvantaged". They believe the current definition of a beginning farmer allows the program to help those who would not otherwise be able to start farming. The Board would like to focus the program on farmers that may not have the benefit of wealth or land ownership. Those are the beginning farmers most in need of this program.

Both IADD and Farm Bureau agree that the cap needs to be raised for the Beginning Farmer Tax Credit Program.

Director Durham acknowledged that there is a disconnect between the Board and Farm Bureau's opinions about the program. She recommended that after the legislative session is over, the IADD Board and Farm Bureau should meet to discuss their concerns and to encourage an open line of communication.

NEXT IADD BOARD MEETING


The April IADD Board meeting will be Wednesday, April 24, 2019 at 8:30 am, via conference call.

ADJOURNMENT

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the March 27, 2019 meeting of the IADD Board of Directors adjourned at 9:50 am.

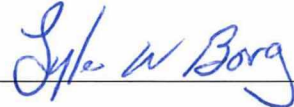
Dated this 24th day of April, 2019.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:



Lyle Borg, Chair
IADD Board