IOWA AGRICULTURAL
DEVELOPMENT DIVISION

IADD BOARD MEETING MINUTES

Iowa Finance Authority
2015 Grand Avenue, Des Moines, Iowa
October 23, 2013

Board Members Present

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

Board Members Absent

None

Staff Members Present

Lori Beary, Community Development Director
Steve Ferguson, IADD Program Specialist
Cindy Harris, Chief Financial Officer
Steve Harvey, Controller
Tim Jansen, Accounting Manager
Tammy Nebola, IADD Program Specialist

Others Present

David Claypool—Dorsey & Whitney, LLP

Call to Order

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order on October 23, 2013 at 9:35 am. A quorum was established with the following Board Members present: Leonard, Borg, Euken, Fredrickson and Townsley.

Review of Minutes of September 25, 2013 Board Meeting

Mr. Leonard presented the minutes of the September 25, 2013 IADA Board Meeting. Several additions were requested to be made to the minutes. Under the motion regarding the August 28, minutes, additional language is needed specifying the request by Board members to determine whether a motion was made on the recommendations for the MABSCO contract. Also, clarification regarding the terms of the MABSCO contract were added.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson the Board unanimously approved the minutes of the September 25, 2013 IADD Board meeting as amended.

Review of Minutes of October 3, 2013 Telephonic Board Meeting

Mr. Leonard presented the minutes of the October 3, 2013 IADA Board meeting.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Euken the Board unanimously approved the minutes of the October 3, 2013 IADD Board meeting.

Review of September 2013 financial statement

Tim Jansen presented the August 2013 financials. He said that the year to date net operating income is $12,047. Mr. Jansen discussed the fees received so far this fiscal year. It was also noted that a refund from the Hotel Savery for conference rooms reserved was received so conference income increased from last month's financial statement. There was also discussion regarding using the loan servicing software in IFA's accounting department for the loan participations.

MOTION

On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously accepted the September 2013 financial statement.

Beginning Farmer Loan Applications

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 13-007 Brian P. and Laura A. Keehner—Beginning farmer loan of $399,385 to purchase approximately 114 acres of agricultural land in Clayton County with a 3.95% variable interest rate and a loan length of 30 years. The index will be 75% over Wall Street Prime. The lender is Luana Savings Bank in Luana, IA.

AG 13-008 Brian K. Harms—Beginning farmer loan of $464,400 to purchase approximately 36 acres of agricultural land in Lyon County with a 3.50% variable interest rate and a loan length of 25 years. The index will be 2% over the 5-year Treasury rate. The lender is Peoples Bank in Rock Valley, IA.

AG 13-009 Brandon Shelton—Beginning farmer loan of $195,000 to purchase approximately 40 acres of agricultural land in Webster County with a 4.25% fixed interest rate and a loan length of 20 years. The lender is First American Bank in Webster City, IA.

AG 13-010-I Scott and Melissa Cogdill—Beginning farmer loan of $500,000 to purchase approximately 119.87 acres of agricultural land in Dallas County with a 4.25% fixed interest rate and a loan length of 20 years. There is a call option in 2021. The payments will be interest only for the first 7 years. Seller is Harold Lamberts of Grimes, IA.

AG 13-011 Michael R. Murch—Beginning farmer loan of $133,750 to purchase an undivided ½ interest in 68 acres of agricultural land in Black Hawk County with a 4.25% variable interest rate and a loan length of 30 years. The index will be 2.10% above the FHLB 3-year fixed rate advance rate with a rate ceiling of 10.25% and a rate floor of 4.25%. The lender is Lincoln Savings Bank in Reinbeck, IA.

AG 13-012 Nicholas D. Murch— Beginning farmer loan of $133,750 to purchase an undivided ½ interest in 68 acres of agricultural land in Black Hawk County with a 4.25% variable interest rate and a loan length of 30 years. The index will be 2.10% above the FHLB 3-year fixed rate advance rate with a rate ceiling of 10.25% and a rate floor of 4.25%. The lender is Lincoln Savings Bank in Reinbeck, IA.

There was discussion about AG 13-011 and AG 13-012. Staff was directed to contact the borrowers to explain that if the land was divided and each just bought 34 acres instead of an undivided ½ interest in 68 acres, each could remain eligible for another Beginning farmer loan.

MOTION

On a motion by Mr. Fredrickson and seconded by Ms. Euken, the Board unanimously approved the Beginning Farmer Loan Applications AG 13-007, AG 13-008, AG 13-009, AG 13-010-I, AG 13-011 and AG 113-012.

Public Hearing on Beginning Farmer Loans

A public hearing was held by the IADD Board at the Iowa Finance Authority office on October 23, 2013 at 10:10am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 10:11am.

MOTION

On a motion by Ms. Townsley and seconded by Mr. Borg, 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. He stated that he has not received some information requested for project #1401 so he is withdrawing that application from consideration at this meeting.

MOTION

On a motion by Ms. Euken and a second by Mr. Fredrickson, the Board unanimously recommended approval of the Beginning Farmer Tax Credit applications 1397, 1399 and 1400.

Mr. Ferguson passed out the new Custom Farming Tax Credit application and program summaries.

Amendments to Current Leases

Ms. Beary reported to the Board that several landlords have asked IADD staff if they can reduce the rent they are charging to a beginning farmer because of current conditions. We are allowing modifications to leases if the change benefits the beginning farmer. They just have to complete an application to amend the current lease and submit a $100 application fee.

Policy on Sponsorships

Mr. Ferguson presented a proposed policy on conference sponsorships. IADD has been asked to sponsor various conferences in the past few months. Staff would like to have a policy in place to guide those decisions. After discussion, the Board wanted to change one of the bullet points to state that attendees "may" be eligible to participate in IADD programs (rather then "must").

MOTION
On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously approved the Sponsorship Policy as amended.

Other Business
Ms. Nebola discussed the new maximum net worth amount for beginning farmer eligibility for 2014. It will be $678,731.

Mr. Ferguson passed out a form developed to certify beginning farmer eligibility for a program administered by DNR. There was discussion regarding how many staff should certify eligibility. It was also suggested that an expiration date and a statement that "eligibility has to be reestablished on an annual basis" be added to the form.

MOTION
On a motion by Ms. Townsley and a second by Ms. Euken, the Board unanimously gave IADD staff the authority to determine eligibility for DNR leases.

MOTION
On a motion by Mr. Fredrickson and a second by Ms. Euken, the Board unanimously decided that two IADD staff members should independently determine beginning farmer eligibility and sign the certification form for the DNR lease program.

A letter written by the National Council of State Agricultural Finance Organizations (NCO) to Senator Bacus, Chair of the Senate Finance Committee supporting tax-exempt bonds was distributed.

Adjournment
There being no further business, on a motion by Ms. Townsley and a second by Mr. Fredrickson, the October 23, 2013 monthly meeting of the IADD Board of Directors adjourned at 11:25pm.

Dated this 25th day of November 2013.

Respectfully submitted:

Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:

Mark W. Leonard, Chair
IADD Board