



**IOWA AGRICULTURAL  
DEVELOPMENT DIVISION**

**IADD BOARD MEETING MINUTES**

**Iowa Finance Authority  
2015 Grand Avenue, Des Moines, Iowa  
February 25, 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                      Tim Jansen, Accounting Manager  
Steve Ferguson, IADD Program Specialist                      Tammy Nebola, IADD Program Specialist  
Cindy Harris, CFO

**Others Present**

Dave Claypool, Dorsey & Whitney

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**CALL TO ORDER**

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order by Chair Leonard on February 25, 2015 at 8:38 am. A quorum was established with the following Board Members present: Leonard, Borg, Euken, Fredrickson and Townsley.

**REVIEW OF MINUTES OF JANUARY 27, 2015 BOARD MEETING**

Mr. Leonard presented the minutes of the January 27, 2015 IADD Board Meeting. Mr. Leonard asked if there were any additions or corrections to the minutes.

**MOTION**

On a motion by Mr. Fredrickson and a second by Mr. Borg, the Board unanimously approved the minutes of the January 27, 2015 IADD Board meeting.

**REVIEW OF JANUARY 2015 FINANCIAL STATEMENT**

Tim Jansen presented the January 2015 financials. He stated that for FY15 year-to-date, IADD had operating income of \$277,178, operating expense of \$263,211 and net operating income of \$13,967.

**MOTION**

On a motion by Mr. Borg and a second by Ms. Euken, the Board unanimously approved the January 2015 financial statement as presented.

**BEGINNING FARMER LOAN AMENDING RESOLUTIONS**

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

Resolution 4458M – Steven and Marianna VonMuenster – First Trust and Savings Bank in Wheatland is the lender. The amendment will lower the interest rate from 5% variable to 3.5% variable until November 11, 2019 at which time the rate will adjust to the original index of 66% of Wall Street Prime. The rate floor will decrease from 5% to 3.5%. All other loan terms will remain the same.

**MOTION**

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

**BEGINNING FARMER LOAN APPLICATIONS**

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 15-011 – Jamie and Rita Wendelsdorf – Beginning farmer loan of \$93,420 to purchase approximately 26.6 acres of agricultural land in Dickinson County. The loan will have a variable interest rate of 3.15% and a loan length of 25 years. The index will be 1% below Sanborn Savings Bank's 5-year fixed land loan rate. The lender is Sanborn Savings Bank in Sanborn, Iowa.

AG 15-012 – Kyle and April Maas – Beginning farmer loan of \$94,500 to purchase approximately 20 acres of agricultural land in Pocahontas County and install tiling. The loan will have a variable interest rate of 3.4% and a loan length of 30 years. The index will be fixed for the first 10 years and then adjusted to 85% of 2.5% over the 5-year US Treasury rate. There will be a rate floor of 3.4%. The lender is U.S Bank in Boone, Iowa.

AG 15-013 – Duane Bontrager – Beginning farmer loan of \$221,333 to purchase approximately 41.7 acres of agricultural land in Johnson County. The loan will have a variable interest rate of 3.69% and a loan length of 30 years. The index will be 3% above the 1-year US Treasury rate. The lender is Hills Bank and Trust in Kalona, Iowa.

AG 15-014 – Lee Hardersen – Beginning farmer loan of \$234,238 to purchase approximately 102 acres of agricultural land in Jones County. The loan will have a variable interest rate of 3.15% and a loan length of 20 years. The index will be 70% of the bank's 3-year ARM rate – which is tied to the 3-year US Treasury rate. The lender is Citizens Savings Bank in Anamosa, Iowa.

AG 15-015 – Kyle and Jill Schmitz – Beginning farmer loan of \$250,000 to purchase approximately 77 acres of agricultural land, house and out-buildings in Bremer County. The loan will have a variable interest rate of 3% and a loan length of 30 years. The index will be 67% of the bank's 5-year ARM rate, which is currently 4.5%. The lender is First State Bank in Sumner, Iowa.

**MOTION**

On a motion by Mr. Borg and a second by Ms. Euken, the Board unanimously 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 February 25, 2015 at 8:55 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 8:56 am.

**MOTION**

On a motion by Ms. Townsley and a second 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. There were 14 new BFTC applications for an estimated tax credit amount of \$129,616. He noted that of those, 4 are cash rent, 9 are crop share and 1 is a hybrid lease.

**MOTION**

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

In other tax credit business, Mark Leonard asked about the definition of military veteran. He said he would like it to include those still serving in the reserves or national guard and not just limited to people who have been discharged.

**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**

**LPP RECOMMENDED PROGRAM REVISIONS**

Tammy Nebola introduced some recommended revisions to the LPP requirements. It may be time to review the current requirements and determine whether any can be relaxed or eliminated to increase interest in the program. She supplied the Board with information showing the number of times one of the requirements had been waived for an LPP. Several of the

requirements can be at odds with each other. Several criteria measure the debt of the beginning farmer:

- Maximum debt level of \$400,000
- Debt to asset ratio < 80%
- Participated loan can be no more than 3x the net worth
- Debt coverage ratio > 1.1%

The last 3 LPP's have all had to have waivers. Perhaps not all of these are necessary or can be adjusted. The Board decided to continue the discussion on these issues at their March Board meeting.

**REDUCING THE INTEREST RATE ON EXISTING LPP'S**

Tammy Nebola informed the Board of an inquiry from a banker asking if the interest rate on an existing LPP could be reduced to the current interest rate of 2.5%. The interest rate on the outstanding LPP is 5%. The Board decided to continue the discussion on this issue at their March Board meeting. They requested information on the impact to interest income of reducing all existing LPP's to the current interest rate.

**NEXT IADD BOARD MEETING**

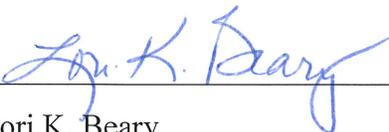
The March IADD Board meeting will be Wednesday, March 25, 2015 at 9:30 am at the Iowa Finance Authority offices in Des Moines.

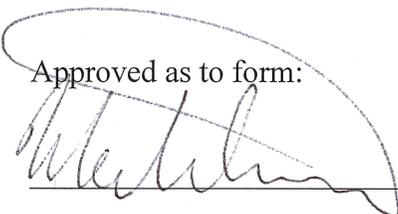
**ADJOURNMENT**

On a motion by Mr. Fredrickson and a second by Ms. Euken, the February 25, 2015 meeting of the IADD Board of Directors adjourned at 9:29 am.

Dated this 25<sup>th</sup> day of March, 2015.

Respectfully submitted:

  
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Lori K. Beary  
Director's Designee/Board Secretary

Approved as to form:  
  
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Mark W. Leonard, Chair  
IADD Board