IOWA AGRICULTURAL
DEVELOPMENT DIVISION

IADD BOARD MEETING MINUTES

Iowa Finance Authority
2015 Grand Avenue, Des Moines, Iowa
November 24, 2014

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, CFO
Tim Jansen, Accounting Manager
Tammy Nebola, IADD Program Specialist
Mark Thompson, General Counsel

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 November 24, 2014 at 9:31 am. A quorum was established with the following Board Members present: Leonard, Borg, Euken, Fredrickson and Townsley.

Review of Minutes of October 22, 2014 Board Meeting

Mr. Leonard presented the minutes of the October 22, 2014 IADD Board Meeting.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Euken, the Board unanimously approved the minutes of the October 22, 2014 IADD Board meeting.

Review of October 2014 financial statement

Tim Jansen presented the October 2014 financials. He stated that for FY15 year-to-date, IADD had operating income of $180,489, operating expense of $162,886 and net operating income of $17,603.

MOTION

On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously approved the October 2014 financial statement as presented.

Beginning Farmer Loan Applications

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 14-050 – Robert and Amanda Fink – Beginning farmer loan of $205,000 to purchase approximately 100 acres of agricultural land in Wapello County. The loan will have a variable interest rate of 4.25% and a loan length of 30 years. The index will be 3.5% over the 5-year U.S. Treasury rate. The lender is Bank Iowa in Oskaloosa, Iowa.

AG 14-051 – Dustin and Kirby Phillips – Beginning farmer loan of $67,500 to purchase approximately 47.38 acres of agricultural land in Washington County. The loan will have a variable interest rate of 3.80% and a loan length of 30 years. The index will be 80% of Libertyville Savings Bank's base rate. The lender is Libertyville Savings Bank in Fairfield, Iowa.

AG 14-052-I – Jordan Neighbor – Beginning farmer loan of $517,700 to purchase approximately 190 acres of agricultural land, house and out-buildings in Linn County. The loan will have a variable interest rate of 2% and a loan length of 30 years. The index will be 1.5% over the 5-year U.S. Treasury rate. The contract seller is Kenneth Faaberg of Marion, Iowa.

AG 14-053 – Kenneth and Saloma Schrock – Beginning farmer loan of $115,200 to purchase approximately 45 acres of agricultural land in Davis County. The loan will have a variable interest rate of 3.25% and a loan length of 20 years. The interest rate will equal that of the national Prime Rate. The lender is Central Bank and Trust in Hutchison, Kansas.

MOTION

On a motion by Ms. Townsley and a second by Mr. Borg, 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 November 24, 2014 at 9:54 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 9:55 am.

MOTION

On a motion by Ms. Euken and a second by Ms. Townsley, 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 77 new BFTC applications for an estimated tax credit amount of $578,941. He noted that

of those, 45 are cash rent, 31 are crop share and 1 is a hybrid lease. With tax credits approved previously and these applications, approximately $6,248,963 in beginning farmer tax credits has been allocated so far in 2014.

Mr. Ferguson also noted that in the Board packet, the FSA 156 form is included with the worksheet for each BFTC application. He also pointed out the beginning farmers that are also military veterans. The landowner gets an additional 1% tax credit for the first year when they lease to a military veteran.

There are about 40 additional BFTC applications that will come to the IADD Board for approval in December. Many applications were incomplete and Mr. Ferguson is still trying to get all the necessary information. Staff will be revising the BFTC application for 2015 to try to minimize applications coming in with incomplete or incorrect information.

Mr. Borg asked about increasing the application and/or servicing fee for the BFTC's in order to compensate for all the additional work it takes to approve the projects. Staff will put together some options to discuss with the Board.

MOTION

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

Marketing Update

Included in the Board packet is the IADD marketing calendar. Mr. Ferguson attended the Iowa State Center for Ag Law and Tax Seminars throughout the state. He will also be at the Iowa Bar Association's Tax School. Ms. Nebola attended the Women in Food and Ag Network conference and the Iowa Organic Conference. Staff is exhibiting and/or presenting at a variety of conferences in order to market the programs to as many groups as possible.

Other Business

The dates for the 2015 IADD Board meetings were discussed. Mr. Leonard suggested having a strategic planning session in conjunction with one of the Board meetings.

Ms. Townsley discussed the recent joint Iowa Finance Authority Board workshop in Davenport. She suggested we ask for ag projects to be included in the tours. She also feels that there is a disconnect between the IADD programs and the IFA programs. The IADD is still so new to IFA that many IFA staff and board members aren't familiar with the purpose, goals and programs of the IADD. Mr. Fredrickson thinks the IFA Board has a negative impression of agriculture.

A question was raised regarding whether IADD Board members can participate in the tax credit programs. Several Board members would be interested in leasing land to or custom hiring a beginning farmer but are concerned about receiving a tax credit from a program which they oversee. Staff said they would research the issue.

The December IADD Board meeting will be Monday, December 22 at 8:30 am via conference call. Ms. Townsley will be absent.

Adjournment

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the November 24, 2014 meeting of the IADD Board of Directors adjourned at 10:55 am.

Dated this 22th day of December, 2014.

Respectfully submitted:

Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:

Mark W. Leonard, Chair
IADD Board