IOWA AGRICULTURAL
DEVELOPMENT DIVISION

IADD BOARD MEETING MINUTES

Iowa Finance Authority
2015 Grand Avenue, Des Moines, Iowa
March 25, 2015

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

Others Present

None

CALL TO ORDER

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order by Chair Leonard on March 25, 2015 at 9:32 am. A quorum was established with the following Board Members present: Leonard, Borg, Euken, Fredrickson and Townsley.

REVIEW OF MINUTES OF FEBRUARY 25, 2015 BOARD MEETING

Mr. Leonard presented the minutes of the February 25, 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 Ms. Euken, the Board unanimously approved the minutes of the March 25, 2015 IADD Board meeting.

REVIEW OF FEBRUARY 2015 FINANCIAL STATEMENT

Tim Jansen presented the January 2015 financials. He stated that for FY15 year-to-date, IADD had operating income of $306,423 operating expense of $294,552 and net operating income of

$11,871. He also reported that the Board will see a draft of the IADD FY16 budget at the April meeting.

MOTION

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

LOAN PARTICIPATION PROGRAM

Tammy Nebola presented information on a loan participation application for Alex Alliger. The LPP is for $150,000. The borrower plans on building two 1,250-head hog finishing buildings. He has also applied for a Beginning Farmer Loan. The bank is Northwest Bank in Fort Dodge.

Tammy passed out some new sheets with updated information from the lender. While all ratios are not met, Alex's father has agreed to guarantee the payments and the debt.

There was a discussion regarding the definition of "participated loan". The participated loan does not include a BFLP if there is one. It includes the LPP and any loan from the bank that has the same terms as the LPP. If the bank has additional loans to the beginning farmer at a higher interest rate, that is separate and not part of the participated loan. Those separate loans are subordinate to the LPP. Staff said they would review the current documents to make sure the language in the application, program summary and participation agreement makes this clear.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the Board unanimously approved the loan participation for Alex Alliger.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

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

Resolution 3942M – Thomas Rawlings – Wells Fargo Bank Iowa, NA in Grinnell is the lender. The amendment will release 20 acres that was used to over collateralize the loan at the time it closed. All other loan terms will remain the same.

MOTION

On a motion by Mr. Borg and a second by Ms. Euken, 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 15-016 – Fletcher Sunderman – Beginning farmer loan of $249,155 to purchase approximately 75.5 acres of agricultural land in Page County. The loan will have a variable interest rate of 3.5% and a loan length of 30 years. The index will be 2.25% above the weekly

average yield on US Treasury securities adjusted to a maturity of 5 years. The lender is Bank Iowa in Clarinda, Iowa.

AG 15-017 – Jared and Chelsea Walz – Beginning farmer loan of $250,000 to construct a 640-head slatted cattle finishing barn in Clayton County. The loan will have a variable interest rate of 2.95% and a loan length of 20 years. The index will be People's State Bank's municipal rate. There are call options every 5 years with 90 days' notice. They are also purchasing livestock and 20 acres but that will be funded separately. The lender is People's State Bank in Prairie du Chien, Wisconsin.

AG 15-018-I – Darren and Stacey Zwiefel – Beginning farmer loan of $300,000 to purchase approximately 122 acres of agricultural land, house and out-buildings in Cherokee County. The loan will have a fixed interest rate of 5.75% and a loan length of 20 years. The loan will be interest only until February 1, 2016 followed by 20 annual payments each February 1. The contract seller is Dale Galles from Cherokee, Iowa. The Board asked Tammy to follow-up to make sure the borrower will be doing at least half of the farm work and ask what his plans are for the pasture land.

AG 15-019 – Todd and Brianne Wild – Beginning farmer loan of $234,000 to purchase approximately 72 acres of agricultural land in Winneshiek County. The loan will have a variable interest rate of 3% and a loan length of 30 years. The index will be 25 basis points below the Wall Street Journal Prime Rate. The lender is Luana Savings Bank in Luana, Iowa.

AG 15-020 – Alex Alliger – Beginning farmer loan of $250,000 to construct two 1,250-head hog finishing buildings in Calhoun County. The loan will have a fixed interest rate of 3.2% and a loan length of 10 years. The lender is Northwest Bank in Fort Dodge, Iowa.

MOTION

On a motion by Ms. Townsley and a second by Ms. Euken, the Board recommended approval of the BFLP applications subject to getting additional information on AG 15-018-I. Mr. Leonard abstained from voting on AG 15-016 due to a personal conflict of interest.

PUBLIC HEARING ON BEGINNING FARMER LOANS

A public hearing was held by the IADD Board at the Iowa Finance Authority office on March 25, 2015 at 10:31 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 10:31 am.

MOTION

On a motion by Mr. Fredrickson 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 23 new BFTC applications for an estimated tax credit amount of $172,738. He noted that of those, 9 are cash rent and 14 are crop share.

There was a discussion regarding the current rules that prohibit amending a BFTC lease if it would increase the amount of tax credits awarded. Steve received a request to amend a current lease to include more acres for the beginning farmer. A new application can be submitted but we cannot increase the acres on a current project until the IADD's administrative rules are revised.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson, 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 reviewed some of the recent events he's attended. He also discussed some upcoming events. IADD had an exhibit booth at the recent Iowa Ag Bankers Conference. Steve and Tammy both attended. Lyle Borg discussed the workshop in Pella he attended. Steve mentioned that he was contacting coops to do presentations at their meetings and to submit articles for their newsletters.

OTHER BUSINESS

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 original request was to reduce the rate to 4.25%. The Board agreed to lower the LPP to 4.25%.

MOTION

On a motion by Mr. Borg and a second by, Ms. Euken the Board unanimously approved the reduction in the interest rate to 4.25% on the loan participation with Iowa Trust and Savings Bank in Emmetsburg.

LPP RECOMMENDED PROGRAM REVISIONS

Staff discussed some recommended revisions to the LPP requirements.

Currently, the maximum debt level cannot exceed $400,000. This amount is fixed regardless of the net worth of the borrower. The Board discussed changing this to require the borrower to have at least 30% equity at the time of application. However, the Board recognized that mitigating circumstances may allow this requirement to be waived.

The other requirement discussed stated that the participated loan can be no more than 3x the net worth of the beginning farmer. Since the LPP is in a second position, the Board would like to keep this requirement.

MOTION

On a motion by Ms. Euken and a second by Mr. Borg, the Board unanimously recommended approval of the changes to the LPP program requirements stated above.

DISCUSSION REGARDING LOCATION AND DATE OF TRAVELING BOARD MEETING

The NAARC conference is scheduled for September 20-23 in Sheridan, Wyoming and the NCOSAFP conference is scheduled for August 23–26 in Medora, North Dakota. There is a joint meeting of all IFA Boards June 22-23 in Sioux City. The idea of combining the IADD traveling with the joint IFA board meeting was discussed. Staff will research locations and tour ideas.

There was discussion regarding the August Board meeting date. The date of August 21 was tentatively set. Tammy will check with the Des Moines Register regarding getting the public hearing notice published in time.

NEXT IADD BOARD MEETING

The April IADD Board meeting will be Wednesday, April 22, 2015 at 8:30 via conference call.

ADJOURNMENT

On a motion by Mr. Fredrickson and a second by Mr. Borg, the March 25, 2015 meeting of the IADD Board of Directors adjourned at 11:55 am.

Dated this 22nd day of April, 2015.

Respectfully submitted:

Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:

Mark W. Leonard, Chair
IADD Board