IOWA AGRICULTURAL
DEVELOPMENT DIVISION

IADD BOARD MEETING MINUTES

Iowa Finance Authority
2015 Grand Avenue, Des Moines, Iowa
April 22, 2015

Board Members Present

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

Board Members Absent

Stacie Euken

Staff Members Present

Lori Beary, Community Development Director
Steve Ferguson, IADD Program Specialist
Tim Jansen, Accounting Manager
Tammy Nebola, IADD Program Specialist

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 April 22, 2015 at 8:31 am. A quorum was established with the following Board Members present: Leonard, Borg, Fredrickson and Townsley.

REVIEW OF MINUTES OF MARCH 25, 2015 BOARD MEETING

Mr. Leonard presented the minutes of the March 25, 2015 IADD Board Meeting. Mr. Leonard asked if there were any additions or corrections to the minutes.

MOTION

On a motion by Mr. Borg and a second by Ms. Townsley, the Board unanimously approved the minutes of the March 25, 2015 IADD Board meeting.

REVIEW OF MARCH 2015 FINANCIAL STATEMENT

Tim Jansen presented the March 2015 financials. He stated that for FY15 year-to-date, IADD had operating income of $350,312 operating expense of $324,411 and net operating income of $25,901.

MOTION

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

LOAN PARTICIPATION PROGRAM

Tammy Nebola presented information on the following loan participation applications.

P0193 – Ryan and Kristy Gibbs. The LPP application is for $150,000. The borrowers will purchase 3 acres and construct a 2400-head hog confinement building. Total project cost is $725,000. They have also applied for a Beginning Farmer Loan. The bank is F&M Bank in Manchester.

MOTION

On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously approved the loan participation for Ryan and Kristy Gibbs.

P0194 – Tyler Paris. The LPP application is for $105,000. The borrower will purchase an undivided ½ interest in 3 acres and construct a 2400-head wean to finish hog confinement building in which he will have a ½ interest. His ½ of total project cost is $362,500. The borrower has also applied for a Beginning Farmer Loan. The bank is F&M Bank in Manchester.

MOTION

A motion was made by Mr. Fredrickson to approve the loan participation for Tyler Paris subject to getting an eight year guarantee from their father. Mr. Borg seconded the motion and the motion was unanimously approved by the Board.

P0195 – Dexter Paris. The LPP application is for $105,000. The borrower will purchase an undivided ½ interest in 3 acres and construct a 2400-head wean to finish hog confinement building in which he will have a ½ interest. His ½ of total project cost is $362,500. The borrower has also applied for a Beginning Farmer Loan. The bank is F&M Bank in Manchester.

MOTION

A motion was made by Mr. Fredrickson to approve the loan participation for Dexter Paris subject to getting an eight year guarantee from their father. Mr. Borg seconded the motion and the motion was unanimously approved by the Board.

P0196 – John and Kyla Nevins. The LPP application is for $137,772. The borrowers will purchase approximately 115 acres of agricultural land. Total project cost is $459,240. The bank is Federation Bank in Brighton.

MOTION

On a motion by Mr. Borg and a second by Ms. Townsley, the Board unanimously approved the loan participation for John and Kyla Nevins.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

Tammy Nebola presented the following resolutions to adjust the terms and conditions on closed BFLP projects:

Resolution 4038M – Jerry A. Groth – First State Bank in Battle Creek is the lender. The amendment will lower the interest rate from 6.45% to 4.25% until December 7, 2020 at which time the rate will adjust to the original index of 1% above the Wall Street Prime Rate adjustable every five years.

Resolution 4435M – Aaron and Bridget Destival – Luana Savings Bank in Luana is the lender. The amendment will lower the interest rate from 4.6% to 4.25% until May 29, 2026 at which time the rate will adjust to the original index of 2% above the announced prime rate of Wall Street Prime adjustable every five years. Due to the rate decrease, the annual payment amount will decrease from $17,085 to $7,467 beginning May 29, 2015. 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 Resolutions.

BEGINNING FARMER LOAN APPLICATIONS

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 15-021 – Kyle Pollema – Beginning farmer loan of $165,000 to construct a ½ interest in a 1,200-head hog barn in Sioux County. The loan will have a variable interest rate of 3.95% and a loan length of 15 years. The index will be 70% of American State Bank's base rate. The lender is American State Bank in Hull, Iowa.

AG 15-022 – Ryan and Kristy Gibbs – Beginning farmer loan of $268,000 to purchase approximately 3 acres of agricultural land and construct a 2,400-head hog confinement building in Delaware County. The loan will have a variable interest rate of 3.75% and a loan length of 12 years. The index will be 84% of F&M's 5-year commercial mortgage rate. The lender is F&M Bank in Manchester, Iowa.

AG 15-023 – Bruce and Jane Swinton – Beginning farmer loan of $218,750 to purchase approximately 70 acres of agricultural land in Butler County. The loan will have a variable interest rate of 3% and a loan length of 30 years. The index will be 1.25% over the Federal Home Loan Bank 5-year advance rate. The lender is First National Bank in Waverly, Iowa.

AG 15-024 – Henry and Callie Vance – Beginning farmer loan of $200,110 to purchase approximately 86 acres of agricultural land in Butler County. The loan will have a variable interest rate of 3.5% and a loan length of 30 years. The index will be 1.5% over the Federal Home Loan Bank 5-year advance rate. The lender is First National Bank in Waverly, Iowa

AG 15-025 – Travis White – Beginning farmer loan of $173,000 to purchase approximately 76.5 acres of agricultural land in Muscatine County. The loan will have a variable interest rate of 4.15% and a loan length of 30 years. The index will be 2.75% over the 5-year Treasury constant rate. The lender is Central State Bank in Muscatine, Iowa.

AG 15-026 – Tyler Paris – Beginning farmer loan of $138,500 to purchase a ½ undivided interest in approximately 3 acres of agricultural land and construct a 2,400-head wean to finish hog confinement building in which he will own a ½ interest in Buchanan County. The loan will have a variable interest rate of 3.75% and a loan length of 12 years. The index will be 95% of current commercial mortgage rates at F&M Bank. The lender is F&M Bank in Manchester, Iowa.

AG 15-027 – Dexter Paris – Beginning farmer loan of $138,500 to purchase a ½ undivided interest in approximately 3 acres of agricultural land and construct a 2,400-head wean to finish hog confinement building in which he will own a ½ interest in Buchanan County. The loan will have a variable interest rate of 3.75% and a loan length of 12 years. The index will be 95% of current commercial mortgage rates at F&M Bank. The lender is F&M Bank in Manchester, Iowa.

The Board had serious concerns about the eligibility of Bruce and Jane Swinton (AG 15-023). They were concerned that their net worth was above the maximum amount. The Board decided to table this application until the May meeting in order to get more information on the borrowers' financials.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board recommended approval of BFLP applications AG 15-021, AG 15-022, AG 15-024, AG 15-025, AG 15-026 and AG 15-027.

PUBLIC HEARING ON BEGINNING FARMER LOANS

A public hearing was held by the IADD Board at the Iowa Finance Authority office on April 22, 2015 at 9:48 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 9:49 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 41 new BFTC applications for an estimated tax credit amount of $221,102. He noted that of those, 23 are cash rent and 18 are crop share.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Borg, 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. Steve mentioned that he was contacting coops to do presentations at their meetings and to submit articles for their newsletters.

OTHER BUSINESS

DISCUSSION REGARDING REGIONAL BOARD MEETING

There was discussion about the location for the regional IADD Board meeting. It was decided that the meeting should be held in LeMars. Potential tours and speakers were discussed.

There was discussion regarding the August Board meeting date and location. Annette will check with the Iowa State Fair about possible meeting locations.

NEXT IADD BOARD MEETING

The May IADD Board meeting will be Wednesday, May 27, 2015 at 8:30 via conference call.

ADJOURNMENT

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the April 22, 2015 meeting of the IADD Board of Directors adjourned at 10:29 am.

Dated this 27th day of May, 2015.

Respectfully submitted:

Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:

Mark W. Leonard, Chair
IADD Board