

IOWA AGRICULTURAL  
DEVELOPMENT DIVISION

**IADD BOARD MEETING MINUTES**

**Iowa Finance Authority**  
**2015 Grand Avenue, Des Moines, Iowa**  
**February 24, 2016**

**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	David Jamison, IFA Executive Director
Steve Ferguson, IADD Program Specialist	Tammy Nebola, IADD Program Specialist
Steven Harvey, Accounting Director	Debra VanRheenen, Accounting Manager

**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 24, 2016 at 8:31 am. A quorum was established with the following Board Members present: Leonard, Borg, Euken, Fredrickson and Townsley.

**REVIEW OF MINUTES OF JANUARY 26, 2016 BOARD MEETING**

Mr. Leonard presented the minutes of the January 26, 2016 IADD Board Meeting. Mr. Leonard asked if there were any additions or corrections to the minutes.

**MOTION**

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the Board unanimously approved the minutes of the January 26, 2016 IADD Board meeting.

**INTRODUCTION OF DEBRA VANRHEENEN**

Debra (Debbie) VanRheenen is the new Accounting Manager for IADD, who was hired to replace Tim Jansen. Michelle Thomas was just filling in during the interim until the position was filled.

**REVIEW OF JANUARY 2016 FINANCIAL STATEMENT**

Debra VanRheenen was introduced as the new accounting manager for the IADD. She presented the January 2016 financials. She stated that for FY16 year-to-date, IADD had operating income of \$396,865 operating expense of \$287,336 and net operating income of \$109,529. Mr. Leonard had some questions about the financial statements, specifically the Rural Rehabilitation Trust Fund. The Rural Rehabilitation Trust Fund consists of “Cash – RRT”, “Cash – LPP”, and “LPP Loans”. Mr. Leonard would like to see those accounts split out separately with a subtotal so it is easy for the Board to identify the total amount in the Rural Rehabilitation Trust Fund.

**MOTION**

On a motion by Mr. Borg and a second by Ms. Euken, the Board unanimously approved the January 2016 financial statement as presented.

**LOAN PARTICIPATION PROGRAM**

Tammy Nebola presented information on the following loan participation applications.

P0212 - Nathan G. Nieuwendorp. The LPP application is for \$150,000. The borrower will construct a 2,400 Hd Hog Barn. Total project cost is \$720,000. The bank is Northwestern Bank in Orange City.

**MOTION**

On a motion by Ms. Townsley and a second by Ms. Euken, the Board unanimously approved the loan participation for Nathan G. Nieuwendorp subject to the following conditions: receiving a personal guarantee from Nathan’s uncle on the debt and performance of the debt for a minimum of 7 years or until Nathan buys the land from him, the understanding that when Nathan does buy the land any debt from that purchase will need to be subordinate to the LPP loan, Assignment of Feeding Contract, Feeding Contract (“per pig space”, unless using BFLP then can be “per head/per day”) would need to be a minimum of 7 years, any change to the integrator in that 7 years would need to be pre-approved by our Board.

**BEGINNING FARMER LOAN APPLICATIONS**

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 16-004 – John P. and Melinda S. Skow – Beginning farmer loan of \$160,000 to purchase approximately 40 acres of agricultural land in Humboldt County. The loan will have a 3.50% variable interest rate and a loan length of 30 years. The index will be 3.25% over the 5 year US Treasury Index; Rate cap of 3.00% per adjustment. The lender is Bank Iowa in Humboldt, Iowa.

AG 16-005 – Scott C. and Chelsey A. Danielson – Beginning farmer loan of \$85,000 to purchase an undivided 1/2 interest in approximately 30 acres of agricultural land in Webster County. The loan will have a 3.00% fixed interest rate and a loan length of 20 years. There will be a call

option 2/12/2021 and every five years thereafter until maturity. The lender is Northwest Bank in Fort Dodge, Iowa.

AG 16-006 – Travis L. and Jamie D. Miller – Beginning farmer loan of \$520,000 to purchase approximately 154 ares of agricultural land in Boone County. The loan will have a 4.00% variable interest rate and a loan length of 30 years. The index will be 85% of 2.50% over the 5 year U.S. Treasury rate; Rate floor 3.50%; Prepayment - 30 days prior to each periodic interest rate adjustment, either party may notify the other party of their intent to discontinue with the agreement. The lender is U.S. Bank, N.A. in Boone, Iowa.

AG 16-007-I – Chad A. and Kristal A. Rave – Beginning farmer loan of \$287,400 to purchase approximately 80 acres of agricultural land, house and out-buildings in Delaware County. The loan will have a 4.00% fixed interest rate and a loan length of 10 years. The contract payments will have a 30 year amortization with a 10 year balloon. The contract sellers are Leo L. and Mary C. Trumm from Manchester, Iowa.

AG 16-008 – Keaton S. Martin – Beginning farmer loan of \$145,500 to construct a 2,499 Hd Hog Confinement in Calhoun County. The loan interest rate, rate index and loan term are unknown. The lender is Northwest Bank in Fort Dodge, Iowa.

AG 16-009 – Lucas R. and Lindsay Dinkla – Beginning farmer loan of \$420,000 to purchase approximately 155 acres of agricultural land in Adair County. The loan will have a 3.85% variable interest rate and a loan length of 30 years. The index will be 85% of 2.50% over the 5 year U.S. Treasury rate; Rate floor 3.75%; Prepayment - 30 days prior to each periodic interest rate adjustment date either party may notify the other party in writing of their intention to discontinue with the arrangement. The lender is U.S. Bank, N.A. in Boone, Iowa.

AG 16-010 – Matthew R. and Jennifer M. Ries – Beginning farmer loan of \$520,000 to purchase approximately 138 acres of agricultural land in Linn County. The loan will have a 3.75% variable interest rate and a loan length of 30 years. The index will be 1.67% above the 10 Year Treasury; fixed for ten years. The lender is Community Savings Bank in Edgewood, Iowa.

AG 16-011 – Aaron P. Benson – Beginning farmer loan of \$345,275 to purchase approximately 72.35 acres of agricultural land in Winnebago County. The loan will have a 3.375% variable interest rate and a loan length of 20 years. The index will be FHLB 5 year rate + 1.75%; Fixed for seven years; Call option March of 2023 and every five years thereafter. The lender is Clear Lake Bank and Trust Company in Clear Lake, Iowa.

### **MOTION**

On a motion by Mr. Borg and a second by Ms. Townsley, the Board recommended to table application AG 16-008 until the necessary information is submitted and to approve the remaining BFLP applications with AG 16-011 subject to receiving a survey or adequate approved documentation showing property as less than 39.9 acres.

### **PUBLIC HEARING ON BEGINNING FARMER LOANS**

A public hearing was held by the IADD Board at the Iowa Finance Authority office on February 24, 2016 at 9:08 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 9:09 am.

**MOTION**

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the Board recommended to table application AG 16-008 until the necessary information is submitted and to approve the remaining BFLP Bond documents.

**BEGINNING FARMER TAX CREDIT APPLICATIONS**

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit applications. There were 8 new BFTC applications for an estimated tax credit amount of \$24,848.26. He noted that of those, 6 are cash rent 2 are crop share.

**MOTION**

On a motion by Mr. Borg 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 reviewed some of the recent events he's attended. He also discussed some upcoming events. He is getting all the Regional Workshops scheduled for this spring, they will be sponsored by the Iowa Bankers Association and include Farm Service Agency, Veterans in Agriculture and an ag panel with regional ag bankers.

The Regional IADD Board Meeting will take place on June 22<sup>nd</sup> in Washington, IA. It will be at the Washington County Extension office at the Washington County Fairground. Same set up as last year with a presentation on IADD programs followed by the IADD Board Meeting.

**OTHER BUSINESS**

**REQUEST FROM STEM ADVISORY COUNCIL**

Dave Jamison presented a memo in regard to a previous request in December. The memo is to ask the IADD Board to reconsider the STEM Funding Request. Dave Jamison was unable to attend that Board Meeting but wanted to clarify a few things. This is not an all or nothing request, it would certainly be within the Boards purview to fund portions or pick and choose certain programs to fund. Staff would support and recommend the Board consider partial funding of the request. Funding could be made without jeopardizing the Rural Rehabilitation Trust Fund being available for other uses. Historically, IADA was active in supporting youth activities and agricultural education. This would provide an opportunity for IADD to re-engage in that focus.

Mr. Leonard pointed out that most of the youth programs that had been discontinued were due to financial restrictions not a lack of desire to serve the youth. IADD also used to fund some FFA grants. As a Board member he has an interest in helping to develop things if we have the

financial capacity to do that. It's only been a few years since the IADA transitioned to a division of IFA in large part due to our financial state. He would hate to drain cash on hand until we've had another year or two of improving our cash position. We do have risk with our Loan Participation Program and could lose money. Due to the state of the ag economy we need to be especially careful in these next couple years and be prepared for the fact that we may experience some loan losses and reduced revenue. If that happens we won't have the cash reserve that we have today. Mr. Leonard emphasized that this is his point of view but wanted to express his sense of caution for the rest of the Board as they evaluate and decide on the funding request.

Mr. Borg feels there are opportunities to use those funds in areas that more directly affect beginning farmers. STEM is a good program, but not sure it is a good fit for IADD, as we try to assist with programs that directly benefit beginning farmers. He doesn't want us to lose our focus in addition to being careful about ongoing funding commitments that may restrict some things that we might want to do. If we have excess money, he would like to brainstorm on ways to get involved with opportunities in new areas or for production agriculture scholarships. He has lots of ideas that are more in line with our mission of helping beginning farmers. He is concerned that IADD would get lost in the STEM funding and not see the benefits for the division or the beginning farmer.

Dave Jamison pointed out that the funding does not need to be a long term commitment; the Board could not only fund in part but include any type of covenants. He feels any funding would make a positive impact.

Ms. Townsley suggested that the Board should take a look at the original intent of the Rural Rehabilitation Trust Fund. It was not specifically targeted to only beginning farmers. From her recollection it was for a multitude of projects with a rural emphasis. Different states use those funds for several different programs far different from our LPP program. She suggested that maybe the Board needs to broaden their perspective a little bit and maybe STEM falls right into what that original intent of the purpose of the fund.

Mr. Leonard pointed out that at one point in time a request like this would need to be submitted to USDA to see if they felt it met the definition of rural economic development. He also asked if funding were approved if it could be specially targeted to the CASE program. Dave Jamison assured the Board that they could decide what programs the funds were allocated to.

Ms. Townsley appreciates that the staff has encouraged the Board to look at the funding request and feels that the Board should take that into consideration as well as staff taking into consideration Board concerns. She would like to take a look at it in March and have a more in depth conversation about the program and our long term goals.

Mr. Leonard shared some historical information about the Rural Rehabilitation Trust Fund. It has been a target of past legislatures and other departments who thought they could better allocate the funds for other purposes so the Board has become very protective of the funds.

A member from the STEM Advisory committee will be invited to the March meeting to answer any questions. Mr. Leonard also asked if staff would reach out to USDA to get their blessing on the funding so that can guide the Board through their decision making process.

**NEXT IADD BOARD MEETING**

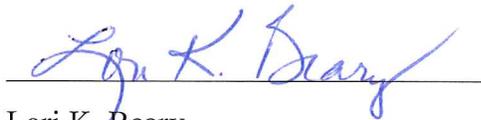
The March IADD Board meeting will be March 23, 2016, at the IFA office at 9:30 am.

**ADJOURNMENT**

On a motion by Mr. Fredrickson and a second by Ms. Euken, the February 24, 2016 meeting of the IADD Board of Directors adjourned at 9:43 am.

Dated this 23<sup>rd</sup> day of March, 2016.

Respectfully submitted:



Lori K. Beary  
Director's Designee/Board Secretary

Approved as to form:



Mark W. Leonard, Chair  
IADD Board