



IOWA AGRICULTURAL
DEVELOPMENT DIVISION

IADD BOARD MEETING MINUTES

Iowa Finance Authority
2015 Grand Avenue, Des Moines, Iowa
April 27, 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 Tammy Nebola, IADD Program Specialist
Steve Ferguson, IADD Program Specialist Debra VanRheenen, Accounting Manager

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 27, 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 MARCH 23, 2016 BOARD MEETING

Mr. Leonard presented the minutes of the March 23, 2016 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 23, 2016 IADD Board meeting.

REVIEW OF MARCH 2016 FINANCIAL STATEMENT

Debbie VanRheenen presented the March 2016 financials. She stated that for FY16 year-to-date, IADD had operating income of \$513,869 operating expense of \$382,900 and net operating income of \$130,969, net operating income after the STEM disbursement will be \$55,969.

MOTION

On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously approved the March 2016 financial statement as presented.

LOAN PARTICIPATION PROGRAM AMENDING RESOLUTIONS

Tammy Nebola presented the following request to adjust the terms and conditions on a closed LPP project:

P0190 – Michael and Nicholas Murch – Lincoln Savings Bank in Reinbeck is the lender. The amendment will remove Michael Murch from Loan Participation and add Stephanie Murch. Michael and Nicholas have been farming jointly but are now ready to split their assets and expand their operations separately. Collateral will remain the same (Deed of Trust on Nicholas’s personal property where the 2 hoop buildings are located). All other loan terms will remain the same. Eff. 05/01/2016

MOTION

On a motion by Ms. Townsley and a second by Mr. Borg, the Board unanimously approved the Loan Participation Program request to adjust loan terms and conditions.

LOAN PARTICIPATION PROGRAM

Tammy Nebola presented information on the following loan participation applications.

P0215 - David and Darci Palsma. This project was recommended for approval by the IADD Board on March 23, 2016 to construct a 2,400 Hd Hog Finishing Building for an LPP amount of \$150,000. They want to decrease the building size to a 1,200 Hd Hog Finishing Building with an LPP amount of \$99,000. Total project cost is \$330,000. The bank is American State Bank in Sioux Center.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved the loan participation for David and Darci Palsma subject to receiving a Guaranty from his mother and an assignment of Feeding Contract.

P0216 - Kyler R. Oswald. The LPP application is for \$130,000 or \$90,000 (see subject to conditions below). The borrower will purchase 3.47 acres and improve a 2,000 Hd Hog Building. Total project cost is \$450,000. The bank is Peoples Trust & Savings Bank in Jefferson.

MOTION

On a motion by Mr. Borg and a second by Ms. Townsley, the Board unanimously approved the loan participation for Kyler R. Oswald subject to receiving a limited Guaranty of \$40,000 on LPP or bank doing an additional \$40,000 note that would be subordinate to the LPP note (this would decrease the LPP amount from \$130,000 to \$90,000) and an assignment of Feeding Contract.

P0217 - Austin and Jaclyn Van Beek. The LPP application is for \$109,500. The borrower will purchase 1.5 acres and construct a 1,200 Hd Hog Finishing Building. Total project cost is \$365,000. The bank is American State Bank in Sioux Center.

MOTION

On a motion by Ms. Townsley and a second by Ms. Euken, the Board unanimously approved the loan participation for Austin and Jaclyn Van Beek subject to receiving an assignment of Feeding Contract.

P0218 - Joseph G. and Hannah A. Gent. The LPP application is for \$49,500. The borrower will construct an undivided 1/2 interest in a 1,241 Hd Hog Finishing Building. Total project cost is \$165,000. The borrower has also applied for a Beginning Farmer Loan AG 16-024. The bank is Libertyville Savings Bank in Keota.

P0219 - Patrick D. and Sarah M. O'Rourke. The LPP application is for \$49,500. The borrower will construct an undivided 1/2 interest in a 1,241 Hd Hog Finishing Building. Total project cost is \$165,000. The borrower has also applied for a Beginning Farmer Loan AG 16-025. The bank is Libertyville Savings Bank in Keota.

MOTION

On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously approved the loan participation for Joseph G. and Hannah A. Gent subject to receiving a Guaranty from Patrick D. and Sarah M. O'Rourke and an assignment of Feeding Contract and approved the loan participation for Patrick D. and Sarah M. O'Rourke subject to receiving a Guaranty from Joseph G. and Hannah A. Gent and an assignment of Feeding Contract.

P0220 - Nicholas D. and Stephanie Murch. The LPP application is for \$36,750. The borrower will purchase machinery and 2 Hoop Buildings for Hogs and Storage. Total project cost is \$137,500. The bank is Lincoln Savings Bank in Reinbeck.

MOTION

On a motion by Ms. Townsley and a second by Mr. Borg, the Board unanimously approved the loan participation for Nicholas D. and Stephanie Murch.

P0221 - Dalton J. and Rachel J. Van Zanten. The LPP application is for \$150,000. The borrower will construct a 2,400 Hd Hog Finishing Building. Total project cost is \$700,000. The borrower has also applied for a Beginning Farmer Loan AG 16-020. The bank is Premier Bank in Rock Valley.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved the loan participation for Dalton J. and Rachel J. Van Zanten subject to a closed end mortgage on the additional 60 acres for \$300,000 and an assignment of Feeding Contract.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

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

Resolution 04478M – Steven J. and Kally M. Sporrer – U.S. Bank, N.A. in Boone is the lender. The amendment will lower the interest rate from 4.69% to 4.35% until December 31, 2025 at which time the rate will adjust to the original index of 85% of 2.50% over the 5 year Treasury Note and be adjustable every five years thereafter. Decrease the rate floor from 4.65% to 4.35%. All other loan terms will remain the same.

Resolution 04557M – Bruce D. Long – Iowa State Bank in Ruthven is the lender. The amendment will remove Michelle T. Long as a borrower due to divorce. All other loan terms will remain the same.

Resolution 04628M – Justin M. and Cindy (Quang) Scott – Bank Iowa in Oskaloosa is the lender. The amendment will remove Cindy Quang as a borrower due to the couple not getting married and splitting up. 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 Resolutions.

BEGINNING FARMER LOAN APPLICATIONS

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 16-019 – Chase and Jessica Weller – Beginning farmer loan of \$520,000 to purchase approximately 196 acres of agricultural land in Taylor County. The loan will have a 4.00% variable interest rate and a loan length of 30 years. The index will be 1.50% below Okey Vernon First National Bank Ag/Commercial Real Estate Base Rate with a rate ceiling of 8.00% and a rate floor of 4.00%. The lender is Okey Vernon First National Bank in Corning, Iowa.

AG 16-020 – Dalton J. and Rachel J. Van Zanten – Beginning farmer loan of \$250,000 to construct a 2,400 Hd Hog Finishing Building in Osceola County. The loan will have a 4.00% variable interest rate and a loan length of 10 years. The index will be 2.50% above the 5-year T-bill with 2.50% cap increase/decrease each rate change. The lender is Premier Bank in Rock Valley, Iowa.

AG 16-021 – Andrew and Meghan Bergan – Beginning farmer loan of \$418,000 to purchase approximately 181 acres of agricultural land, house and out-buildings in Clayton County. The loan will have a 3.50% variable interest rate and a loan length of 30 years. The index will be 0.25% above the Wall Street Prime rate, fixed for 20 years. The lender is Luana Savings Bank in Luana, Iowa.

AG 16-022 – Brandon D. Reinberg – Beginning farmer loan of \$250,000 to construct a 1,200 Hd Hog Finishing Building in Benton County. The loan will have a 3.50% variable interest rate and a loan length of 10 years. The index will be equal to US Prime, fixed for five years, the rate

cannot change by more than 1.00% per year with a rate ceiling of 10.00% and a rate floor 3.00%. The lender is Green Belt Bank & Trust in Grundy Center, Iowa.

AG 16-023 – Nathan G. Nieuwendorp – Beginning farmer loan of \$250,000 to construct a 2,400 Hd Hog Barn in Lyon County. The loan will have a 3.75% fixed interest rate and a loan length of 12 years. The lender is Northwestern Bank in Orange City, Iowa.

AG 16-024 – Joseph G. and Hannah A. Gent – Beginning farmer loan of \$110,500 to construct an undivided 1/2 interest in a 1,241 Hd Hog Finishing Building in Washington County. The loan will have a 3.75% fixed interest rate and a loan length of 12 years. The lender is Libertyville Savings Bank in Keota, Iowa.

AG 16-025 – Patrick D. and Sarah M. O'Rourke – Beginning farmer loan of \$110,500 to construct an undivided 1/2 interest in a 1,241 Hd Hog Finishing Building in Washington County. The loan will have a 3.75% fixed interest rate and a loan length of 12 years. The lender is Libertyville Savings Bank in Keota, Iowa.

AG 16-026 – Joshua J. and Amy Reis – Beginning farmer loan of \$340,000 to purchase approximately 80 acres of agricultural land in Howard County. The loan will have a 3.50% variable interest rate and a loan length of 30 years. The index will be equal to New York Prime. The lender is C US Bank in Cresco, Iowa.

MOTION

On a motion by Ms. Euken and a second by Mr. Fredrickson, the Board 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 April 27, 2016 at 9:06 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 9:07 am.

MOTION

On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously recommended to close the bond hearing.

MOTION

On a motion by Ms. Townsley and a second by Ms. Euken, 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 49 new BFTC applications for an estimated tax credit amount of \$265,955.57. He noted that of those, 32 are cash rent and 17 are crop share lease.

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.

BEGINNING FARMER TAX CREDIT CHANGES

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit requested changes. There were 13 requests, some to reduce the cash rent, some to increase/decrease lease acres, some asset owner changes and a few where the beginning farmer is cancelling the lease due to hardship or distance.

MOTION

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

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. There are two events not on the list, one on June 7th for a Women's group in Buena Vista and one on June 8th in Indianola. As things slow down for Steve he will be putting more focus on getting in contact with the Co-op's. There was some brief discussion about the upcoming IADD Regional Board Meeting.

OTHER BUSINESS

We have hired Austin Moore as an intern, from Donnelson who is an Iowa State Student. He will be starting on May 11th and be working 40 hours over the summer.

Lyle was confirmed for another term for the IADD Board.

The budget will be presented at the May IADD Board Meeting.

NEXT IADD BOARD MEETING

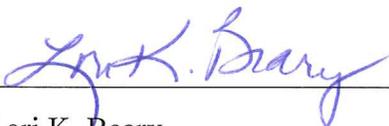
The May IADD Board meeting will be Wednesday, May 25, 2016 at 8:30 am, via conference call.

ADJOURNMENT

On a motion by Mr. Fredrickson and a second by Mr. Borg, the April 27, 2016 meeting of the IADD Board of Directors adjourned at 9:28 am.

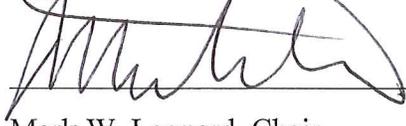
Dated this 25th day of May, 2016.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:



Mark W. Leonard, Chair
IADD Board