

**MINUTES OF THE NOVEMBER 6, 2009 MEETING OF THE AGRICULTURE COMMITTEE  
OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the “Board”) of the Illinois Finance Authority (the “IFA”), pursuant to notice duly given, held an Agricultural Committee Teleconference Meeting at 9:30 a.m. on Friday, November 6, 2009 at the Chicago Office of the Illinois Finance Authority, 180 North Stetson, Suite 2555, Chicago, IL 60601.

**Committee Members present:**

Bradley A. Zeller  
Michael W. Goetz

**Staff Members present:**

Chris Meister  
Eric Reed  
Lorrie Karcher  
Beverly Womack

**Additional Board Members  
participating:**

**I. Call to Order**

Mr. Goetz, Vice Chair of the Board of Directors, called the meeting to order at 9:30 a.m. with the above committee members and staff present via teleconference.

**II. Approval of Minutes**

There was no review or approval of the minutes from the October 8, 2009 Agricultural Committee meeting. The minutes were deferred and will be presented at the November Committee teleconference meeting on Tuesday, December 1, 2009. .

**III. Project Approvals -- Beginning Farmer Bonds – Total Volume Cap Requested \$1,228,000**

**No. III a.** A-FB-TE-CD-8286 -- Boehl, Bruce -- \$149,000.00

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$149,000 for the purchase of 50 acres of farmland. This project is located in Oblong, IL (Jasper County).

**No. III b.** A-FB-TE-CD-8287 -- Bergschneider, Paul and Janie -- \$196,000.00

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$196,000 for the purchase of 90 acres of farmland. This project is located in Alexander, IL (Morgan County).

**No. III c.** A-FB-TE-CD-8288 -- Weber, Daniel -- \$178,000.00

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$178,000 for the purchase of 70.88 acres of farmland and buildings. This project is located in Geneseo, IL (Henry County).

**No. III d.** A-FB-TE-CD-8289 -- Wolber, DuWayne and Abby -- \$250,000.00

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$250,000 for the purchase of 80 acres of farmland. This project is located in Litchfield, IL (Montgomery County).

**No. III e.** A-FB-TE-CD-8290 -- Niehaus, Chad -- \$216,000.00

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$216,000 for the purchase of 80 acres of farmland. This project is located in Walshville, IL (Macoupin County).

**No. III f.** A-FB-TE-CD-8291 -- Hill, Barrett -- \$239,000.00

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$239,000 for the purchase of 180 acres undivided ½ interest of farmland. This project is located in Newton, IL (Richland County).

The Committee unanimously approved all beginning farmer bonds listed above. It was also noted that the Credit Review Committee previously approved above mention bonds on October 27, 2009.

Mr. Meister asked Eric Reed if he had a projection on volume cap used prior to year end. Approximately \$6M will be left of the allocated 2009 if all bonds close. As of today's date \$6.8M has been committed with approximately three additional bonds will be presented for December approval. Mr. Meister indicated that the additional remaining volume cap is due to the economy downturn and not due to staff or programming.

#### **IV. Project Approvals -- Agricultural Guarantees --**

**No. IV a.** A-AD-GT-8292 -- Mueller, Ben and Susan -- \$486,000.00

Request for final approval of the proposed loan of \$486,000 to provide 85% loan guarantee in favor of the bank of Gibson City to refinance the borrower's debts on their grain and hog farming operation. The loan will be secured by a 1<sup>st</sup> mortgage on 12 acres with improvements, which include a 3 acre home site, 2 pole buildings, 2 hog finishing buildings, 3 hog nursery buildings, and a 20,000 bushel grain bin. Also a 1<sup>st</sup> mortgage on 100 acres of tillable farmland in Sibley, Ford County. \$413,100 of State Treasurer's funds will be at risk. The loan is presented for a 30 year maturity with an initial fixed interest rate for 5 years.

It was noted that Mr. Mueller's family operates a swine farming operation known as J Double R, LLC which has an outstanding IFA guaranteed loan. The loan originated in 2003 at \$1,000,000 and has an outstanding balance of \$589,372. Ben Mueller's brother John Mueller also has an outstanding IFA guaranteed loan approved in 2003, which originated \$420,000 and has a remaining balance of \$274,735. All outstanding loans have paid as agreed.

Mr. Reed continued by outlining the operation. The Mueller's produce market hogs through a farrow to finish operation; approximately over 50,000 per year and do this

without an outside contract. They assume the price risk and are hedging at approximately 75% of their projection.

The 2006 debt coverage is listed at 3.6x, but has declined the past 2 years due to the hog market. The balance sheet does project a rebound next year with contributions from the rental income and improved debt coverage at 1.19x. It was noted by the committee that collateral coverage is strong at 77% loan to value.

Approval for this project was given by the Ag Committee members. It was also noted that the Credit Review Committee previously approved above mention guarantee on October 27, 2009.

#### **V. Other Business –**

##### **No. V a.** Summary of Status on Greg and Cynthia Husser Guaranteed Loan

Mr. Reed provided a brief update on the status of the bankruptcy claim for the above mentioned loan guarantee. He indicated that he spoke with the bank this week and reported that they would be working to have the bankruptcy claim dismissed due to fraudulent claims by the Hussers. Bank legal counsel will continue to pursue and is optimistic the property and equipment which secures IFA's guarantee will be recovered leaving IFA with no loss of guarantee pay out.

##### **No. V b.** Discussion of potential Financial Advisors for Agriculture Sector

Mr. Reed reported that he had contacted Paul Ellinger with the University of Illinois Ag Department to possibly partner with IFA as a Financial Advisors for the Ag Sector. The U of I would provide an outside objective look at the agriculture projects submitted to IFA.

They would also be responsible for providing quarterly market trend to the Board of Directors and up to date insight on market trends in the agriculture sector. By partnering with U of I they would also be a contribution to IFA's mission and provide the needed experience to the graduate students.

Mr. Meister included that he doesn't foresee any negative issues with the partnership and that IFA statute covers such projects and there isn't any procurement issues. Mr. Zeller and Mr. Goetz agreed the additional financial analysis support would be positive.

#### **No. VI. Closing –**

Chairman Goetz asked if there was any other business to come before the Committee. There being none, Chairman Goetz requested a motion to adjourn. Upon a motion by Brad Zeller and seconded by Mike Goetz, the meeting adjourned at approximately 10:00 a.m.

Respectfully submitted by  
Lorrie Karcher  
Program Administrator, Agriculture  
11.06.09