

June 25, 1999

Iowa Agricultural Finance Corporation
200 East Grand Avenue
Des Moines, Iowa 50309

Dorsey & Whitney, LLP
801 Grand Avenue, Suite 3900
Des Moines, Iowa 50309

RE: Loan Agreement dated September 18, 1998 between the Iowa Agricultural Finance Corporation and the Iowa Department of Economic Development

Ladies and Gentlemen:

I am counsel to the Iowa Department of Economic Development (the "Department"). I am providing this opinion in connection with the Loan Agreement (the "Loan Agreement") dated September 18, 1998, by and between the Department and Iowa Agricultural Finance Corporation ("IAFC") and the proposed participation of IAFC in tecTERRA Food Capital Fund I, L.P. (the "Partnership") as described in the Memorandum (as defined below) and the Partnership Agreement (as defined below).

I have your letter of June 9, 1999, addressed to me in your capacity as counsel to IAFC. You request that IDED confirm with you certain interpretations of provisions of the Loan Agreement and the Iowa Agricultural Industry Finance Act (the "Act"). Particularly you seek confirmation that the creation of the Partnership, IAFC's participation in the Partnership and IAFC's use of the proceeds of the loan made pursuant to the Loan Agreement for the purposes described in the Memorandum do not either:

- violate the terms of the Act or the Loan Agreement, or
- constitute a default under the Loan Agreement.

You have also asked us to confirm the authorization of IAFC as an Iowa Agricultural Industry Finance Corporation and the binding nature of the Loan Agreement.

I have previously discussed these issues with your office and participated, with you and other parties to the transaction in the development of the Partnership, the Partnership Agreement and the transactions described in the Memorandum. In giving this opinion I have examined and considered, in addition to such other documents, records of proceedings and information as I have deemed appropriate for purposes of this opinion, the following documents (collectively, the "Documents"):

- (i) the Loan Agreement;
- (ii) the Confidential Private Placement Memorandum (the "Memorandum") for Class A Limited Partnership Units in the Partnership in substantially the form which will be used in conjunction with such private placement;
- (iii) the Certificate of Limited Partnership (the "Certificate") of the Partnership to be filed with the Secretary of State of the State of Iowa, and the Agreement of Limited Partnership (collectively, with the Certificate, the "Partnership Agreement") of the Partnership in substantially the form which will be entered into between IAFC and Cybus Capital Advisors, LLC.

I've also considered the contents of your letter of June 9, 1999.

First, you have asked me to address certain specific issues and confirm your analysis:

1. The Partnership is not a subsidiary of IAFC.

The Partnership Agreement clearly provides that the Partnership is not under the exclusive control of IAFC, but under the control of co-general partners. The control that IAFC does have over the activities of the Partnership arises out of IAFC's financing of and participation in the Partnership, a relationship the Act specifically provides does not create a subsidiary relationship. For these reasons and as expressed in your analysis, it is our opinion that the Partnership is not a subsidiary of IAFC under the terms of the Loan Agreement. Further IAFC's proposed participation in the Partnership will not alter IAFC's obligations under the Loan Agreement or constitute a default thereunder with regard to the Subsidiary provisions.

2. Requirement to diversify investments.

The Act and the Loan Agreement contain certain provisions requiring diversification of investments. The Act further contemplates leveraging the State loan with additional private investments. IAFC's participation in the Partnership is the vehicle by which IAFC intends to achieve the statutory objectives of the Act. The Partnership Agreement insures compliance with these investment diversification objectives. It provides a vehicle to pool additional private investments into a larger investment fund able to undertake larger projects and capture economies of scale. All of this is consistent with the intended ends of the Act and the Loan Agreement. Therefore, we agree that IAFC is in compliance with the provisions of the Section 15E.208(5) through its participation in the Partnership and the relevant provisions of the Loan Agreement.

3. Start up costs.

Section 4.13(c) of the Loan Agreement provides that IAFC may not use more than \$100,000 of the principal amount of the state loan for start up costs including administrative costs, overhead costs, or salaries without the prior approval of the Department. You point out that the Loan Agreement does not define the period of "start up" and therefore would like to confirm when the start up costs period ends.

We agree with you, and it is our opinion that the period during which IAFC incurs start up costs will terminate at the Initial Closing Date as defined in the Partnership Agreement and investment activity begins.

4. Statutory prohibition against dispositions.

You point out that Sections 15E.208(6)(d) of the Act provides that certain dispositions will constitute a default.

We share your opinion that IAFC's investment in the Partnership does not violate this section as it is not a "disposition" to the extent of "transferring control to another." IAFC is not "transferring control to another" or "getting rid" of its assets, but is merely investing them in concert with the other partners in the Partnership, retaining shared control. Assets of one kind (cash) are exchanged for assets of another kind (partnership shares). This kind of conversion is inherent in the business of IAFC contemplated by the Act, and cannot therefore be intended to be a disposition within the meaning of the Act.

5. Loan Agreement prohibitions against certain transfers.

You point out certain provisions of the Loan Agreement (Sections 8.2 and provisions of Section 10) prohibit certain transfers. These provisions appear to be responsive to Section 15E.208(6)(d) of the Act discussed above.

In our opinion the investment by IAFC in the Partnership is not a "disposition" but it is a format that allows IAFC to pool the state loan proceeds with the funds of other investors, the sum of which is then invested under the purview of the Act. In summary, we agree with you that the Partnership will serve as the conduit for IAFC's investment activities and therefore we do not believe that IAFC's participation in the Partnership falls within the prohibitions of the above-referenced Loan Agreement provisions.

CONCLUSIONS

It is therefore our opinion that:

1. The Department has duly determined that the IAFC is a qualified corporation

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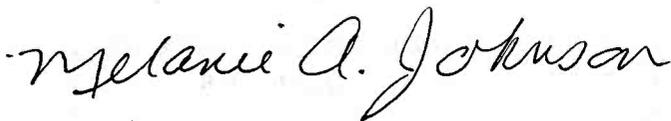
under the Iowa Agricultural Industry Finance Act, Code of Iowa Section 15E.201 *et seq.* (the "Act") to receive the loan pursuant to the Loan Agreement from the Department pursuant to the Act, and to make loans as authorized by the Act.

2. The Loan Agreement has been duly authorized, executed and delivered by the Department, and assuming due authorization and execution by the IAFC, constitutes a valid, legal and binding obligation of the Department in accordance with its terms.

3. The IAFC's participation in the Partnership Agreement and the plan of financing set out in the Memorandum do not constitute an event of default under the Loan Agreement or violation of the Act.

This letter is rendered solely for your benefit in connection with the transactions contemplated by the Memorandum and the Partnership Agreement. This letter may not be used or otherwise relied upon by IAFC for any other purpose, or used, quoted, circulated or otherwise relied upon by any other person or entity for any purpose, without my prior written consent, except that I hereby consent to the reference to, and incorporation of, this letter in the Memorandum.

Sincerely,

A handwritten signature in cursive script that reads "Melanie A. Johnson". The signature is written in dark ink and is positioned to the left of the typed name and title.

Melanie A. Johnson
Legal Counsel