



IOWA AGRICULTURAL
DEVELOPMENT DIVISION
A DIVISION OF IOWA FINANCE AUTHORITY

IADD BOARD MEETING MINUTES

Iowa Finance Authority
1963 Bell Avenue, Suite 200, Des Moines, Iowa
October 28, 2020

Board Members Present

Lyle Borg, Chair
Annette Townsley, Vice Chair

John Fredrickson
Gretchen McLain

Board Members Absent

Mark Leonard

Staff Members Present

Lori Beary, Chief Bond Programs Director
Debi Durham, Executive Director
Steve Ferguson, IADD Program Specialist

Nicki Howell, Office Assistant
Tammy Nebola, IADD Program Specialist
Becky Wu, Loan Servicing Specialist

Others Present

Cris Kuhn, Dorsey & Whitney

CALL TO ORDER

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order by Chair Borg on October 28, 2020 at 8:30 am. A quorum was established with the following Board Members present via conference call: Borg, Townsley, Fredrickson and McLain, with Leonard absent.

REVIEW OF MINUTES OF SEPTEMBER 24, 2020 BOARD MEETING

Mr. Borg presented the minutes of the September 24, 2020 IADD Board Meeting. Mr. Borg 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 September 24, 2020 IADD Board meeting.

REVIEW OF SEPTEMBER 2020 FINANCIAL STATEMENT

Becky Wu presented the September 2020 financials. She stated that for FY21 year-to-date, IADD had operating income of \$107,000 operating expense of \$103,000 and net operating income of \$4,000.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved the September 2020 financial statement as presented.

LOAN PARTICIPATION PROGRAM

Tammy Nebola presented information on the following loan participation application.

P0299 - Kale and Falisha Nelson. The LPP application is for \$200,000. The borrower will construct a 1,304 Hd Deep-Pit Cattle Barn. Total project cost is \$2,056,505. The bank is American Bank, NA in Remsen. The lender reached out to inform IADD that they will be obtaining a 1st mortgage on 40 acres of ag land valued at \$435,000 as additional collateral. When adding in this asset value as well as the guarantor's assets and liabilities, it corrects the after closing debt to asset ratio to 80%.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. McLain, the Board unanimously approved the loan participation for Kale and Falisha Nelson subject to obtaining a guaranty from Kirk Nelson, an assignment of feeding contract and 1st mortgage on 40 acres of additional collateral.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

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

Resolution AG 14-037M – Patrick J. Flynn – Libertyville Savings Bank in Keota is the lender. The amendment will remove Stacy J. Flynn from the Promissory Note and Bond and all supporting documents, as well as all Security Documents pledged as collateral, due to divorce. All other loan terms will remain the same.

Resolution AG 19-006M – Trevor R. and Kristin M. Titus – Bank Iowa in Newton is the lender. The amendment will lower the interest rate from 4.375% to 3.625% until March 27, 2025 at which time the rate will adjust to the original index of 2.25% above the weekly average yield on United States Treasury securities adjusted to a constant maturity of five years and be adjustable every five years thereafter. Decrease the rate floor from 4.375% to 3.625%. All other loan terms will remain the same.

Resolution AG 19-026M – Jeremy Joseph and Esther Schuijt Arkfeld – Shelby County State Bank in Harlan is the lender. The amendment will lower the interest rate from 4.95% to 3.40% until September 1, 2025 at which time the rate will adjust to the original index of 1.25% above the prime rate of the highest rate on corporate loans posted by at least 75% of the USA's thirty largest banks known as the Wall Street Journal Prime Rate and be adjustable annually thereafter. Decrease the rate floor from 4.50% to 3.40%. All other loan terms will remain the same.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. McLain, 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 20-034 – Elisha and Abby Lynn – Beginning farmer loan of \$393,820 to purchase approximately 87 acres of agricultural land and house in Keokuk County. The loan will have a 3.27% variable interest rate and a loan length of 25 years. The index will be 80% of the 5 year Treasury plus 3.00%. The lender is Hills Bank & Trust Company in Hills, Iowa.

AG 20-035 – Derek D. and Jessica L. Sperfslage – Beginning farmer loan of \$279,456.85 To purchase approximately 61.17 acres of agricultural land in Clayton County. The loan will have a 3.25% variable interest rate and a loan length of 30 years. The index will be equal to 90% of bank's prime rate. The lender is Community Savings Bank in Edgewood, Iowa.

AG 20-036 – John S. and Verna A. Borntreger – Beginning farmer loan of \$74,000 to purchase approximately 51.32 acres of agricultural land in Worth County. The loan will have a 4.157% fixed interest rate and a loan length of 30 years. The lender is NSB Bank in Northwood, Iowa.

MOTION

On a motion by Ms. Townsley and a second by Ms. McLain, the Board unanimously approved 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 October 28, 2020 at 8:51 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 8:52 am.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. McLain, the Board unanimously recommended approval of the BFLP Bond documents.

BEGINNING FARMER TAX CREDIT CHANGES

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit requested changes. There were three change requests, he noted that of those three, one was to increase the number of acres, one was to reduce the cash rent and one was to change the asset owner due to death to the surviving spouse.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. McLain, 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. Steve Ferguson noted that IADD will be doing a presentation at the FSA annual training meeting sometime in early December. Tammy Nebola noted that she has been asked to present at CDFA's web course on using Bonds to Finance Food Systems on December 9th.

OTHER BUSINESS

2021 PROPOSED IADD BOARD MEETING DATES

The 2021 Proposed IADD Board Meeting dates were presented.

AG RELIEF PROGRAMS UPDATE

Lori Beary discussed the progress of the COVID-19 Ag Relief Programs. All the eligible Iowa Livestock Producer Relief Fund applications have been awarded with a total award amount of just over \$61 million, assisting 6,235 producers. For the Beginning Farmer Debt Relief Fund, IADD & IFA/IEDA staff continue to process the applications. There were over 1,600 applications with lender verifications that will need to be processed. All the funds will need to be disbursed by the end of year as a requirement of the Federal COVID Relief funds. Currently we have awarded 265 applications totaling approximately \$2.3 million.

IFA BOARD MEETING UPDATE

Director Durham presented the agenda from the October 7, 2020 IFA Board Meeting. She gave the IADD Board a brief update of the items discussed. IEDA will now be doing a relief program for County Fairs, depending on size and loss of revenue, award amounts will be \$25,000, \$50,000 or \$75,000. IFA continues to run the eviction and foreclosure program as well as the utility program. There will also be a medical program in the pipeline. Much of the IFA Board meeting was focused on the Budget report. Director Durham was involved in a meeting with the Iowa State University Dean of Ag and his leadership team discussing some pilot programs that we can do on the farm to convert waste into energy. Lori Beary discussed the SRF investment in the Re-harvest project which will pay farmers for cover crop and no till practices.

NEXT IADD BOARD MEETING

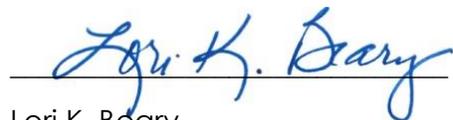
The November IADD Board meeting will be Tuesday, November 24, 2020 at 8:30 am, via conference call.

ADJOURNMENT

On a motion by Ms. McLain and a second by Mr. Fredrickson, the October 28, 2020 meeting of the IADD Board of Directors adjourned at 9:09 am.

Dated this 24th day of November, 2020.

Respectfully submitted:

A handwritten signature in blue ink, reading "Lori K. Beary", written over a horizontal line.

Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:

A handwritten signature in black ink, reading "Lyle W. Borg", written over a horizontal line.

Lyle Borg, Chair
IADD Board