



**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

June 22, 2020

Board Members Present

Lyle Borg, Chair	John Fredrickson
Annette Townsley, Vice Chair	Mark Leonard

Board Members Absent

Gretchen McLain

Staff Members Present

Lori Beary, Chief Bond Programs Director	Nicki Howell, Office Assistant
Debi Durham, Executive Director	Tammy Nebola, IADD Program Specialist
Steve Ferguson, IADD Program 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 June 22, 2020 at 8:31 am. A quorum was established with the following Board Members present via conference call: Borg, Townsley, Fredrickson and Leonard with McLain absent.

ELECTION OF OFFICERS

ELECTION OF BOARD CHAIRMAN

Mr. Borg asked for volunteers or nominations for Board Officers. Mr. Leonard made a motion to re-elect the current officer Mr. Borg as Chair. There were no other nominations.

MOTION

On a motion by Mr. Leonard and a second by Ms. Townsley, the Board unanimously approved the election of Mr. Borg as Chair.

ELECTION OF BOARD VICE CHAIRMAN

Mr. Borg asked for volunteers or nominations for Vice Chair. Mr. Leonard commented that Ms. Townsley has been a very long term and faithful servant of the organization and feels it is time that she be recognized for that with a more advanced position. He made a motion to elect her as Vice Chair. There were no other nominations.

MOTION

On a motion by Mr. Leonard and a second by Mr. Fredrickson, the Board unanimously approved the election of Ms. Townsley as Vice Chair.

REVIEW OF MINUTES OF MAY 27, 2020 BOARD MEETING

Mr. Borg presented the minutes of the May 27, 2020 IADD Board Meeting. Mr. Borg asked if there were any additions or corrections to the minutes.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved the minutes of the May 27, 2020 IADD Board meeting.

REVIEW OF MAY 2020 FINANCIAL STATEMENT

Lori Beary presented the May 2020 financials. She stated that for FY20 year-to-date, IADD had operating income of \$603,000 operating expense of \$468,000 and net operating income of \$135,000. She pointed out that the loan loss reserve was reduced resulting in the operating income being lower than budget.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved the May 2020 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:

P0250 – Brandon Dean and Kayla Marie Dekkers – Farm Credit Services of America is the lender. The change request will defer payments on July 1, 2020, August 1, 2020 and September 1, 2020 until the balloon maturity of the loan on August 1, 2028. All outstanding principal and interest will be due at maturity on August 1, 2029. All other loan terms will remain the same.

MOTION

On a motion by Ms. Townsley and a second by Mr. Leonard the Board unanimously approved the Loan Participation Program change in terms for LPP P0250.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

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

Resolution 04435M – Aaron M. and Bridget Destival – Luana Savings Bank in New Hampton is the lender. The amendment will lower the interest rate from 4.25% variable to 3.35% fixed until maturity of May 29, 2039. Due to the rate decrease the annual payment amount will decrease from \$7,467.14 to \$7,350 beginning on September 15, 2021. The annual payment date will change from May 29th to September 15th with the final payment due on maturity of May 29, 2039. There will also be one interest only payment of \$730.92 on September 15, 2020.

Decrease the rate floor from 4.00% to 3.35%. All other loan terms will remain the same.

Resolution 04453M – Brian J. and Cassia Boender – Bank Iowa in Oskaloosa is the lender. The amendment will lower the interest rate from 4.03% to 3.50% until September 1, 2025 at which time the rate will adjust to the original index of 100% of the weekly average yield on United States Treasury securities adjusted to a constant maturity of five years plus 2.63% and be adjustable every five years thereafter. Decrease the rate floor from 4.00% to 3.50%. All other loan terms will remain the same.

Resolution 04533M – Karl Boender – Bank Iowa in Oskaloosa is the lender. The amendment will lower the interest rate from 4.00% to 3.50% until May 1, 2030 at which time the rate will adjust to the original index of 80% of Bank Iowa's 5 year Ag Real Estate rate and be adjustable every five years thereafter. All other loan terms will remain the same.

Resolution 04618M – Blane D. and Laura S. Martins – U.S. Bank, N.A. in Boone is the lender. The amendment will lower the interest rate from 3.99% to 2.90% until June 1, 2025 at which time the rate will adjust to the original index of 85% of 2.75% over the 5 Year Treasury Rate and be adjustable every five years thereafter. Reduce the amortization from 30 years to 24 years changing the maturity date from February 16, 2041 to February 16, 2035. Due to the rate decrease the annual payment amount will decrease from \$23,458.93 to \$21,519.06 beginning on February 16, 2021. Remove the rate floor of 3.99%. All other loan terms will remain the same.

Resolution 04753M – Lisa M. and Michael E. Johnson – Pilot Grove Savings Bank in Donnellson is the lender. The amendment will lower the interest rate from 4.68% to 3.75% until January 15, 2027 at which time the rate will adjust to the original index of 75% of Pilot Grove Savings Bank's 5 year agricultural rate and be adjustable every five years thereafter. All other loan terms will remain the same.

Resolution AG 15-069M – Aaron M. Adam – Peoples Bank in Jefferson is the lender. The amendment will transfer the bondholder from U.S. Bank, N.A., Boone, IA to Peoples Bank, Jefferson, IA. Lower the interest rate from 4.09% to 3.99% until July 1, 2030 at which time the rate will adjust from the original index of 85% of 2.50% over the 5 year U.S. Treasury Rate to the new index of 2.65% over the 5 year Federal Home Loan Bank rate and be adjustable every five years thereafter. Due to the rate decrease the annual payment amount will decrease from

\$27,509.80 to \$26,216.06 beginning on December 15, 2020. Change the rate floor from 3.75% to 3.99%. U.S. Bank, N.A. will be assigning all loan, and bond documents to Peoples Bank. Release U.S. Bank, N.A.'s original Real Estate Mortgage dated December 15, 2015 and use new security documents from Peoples Bank of a Security Agreement dated June 2, 2020 and a Real Estate Mortgage dated July 1, 2020. Remove U.S. Bank, N.A.'s waiver of prepayment penalty clause. All other loan terms will remain the same.

Resolution AG 19-02M – Daniel Lee Miller – Hills Bank in Kalona is the lender. The amendment will lower the interest rate from 4.75% to 3.79% until January 1, 2026 at which time the rate will adjust to the original index of 80% of the 5 year Treasury +3.00% and be adjustable every five years thereafter. Due to the rate decrease the Semi-annual payment amount will decrease from \$7,003.72 to \$6,375.44 beginning on July 15, 2020. Decrease the rate floor from 4.75% to 3.79%. All other loan terms will remain the same.

Resolution AG 19-03M – Eugene L. and Megan D. Miller – Hills Bank in Kalona is the lender. The amendment will lower the interest rate from 4.75% to 3.79% until January 1, 2026 at which time the rate will adjust to the original index of 80% of the 5 year Treasury +3.00% and be adjustable every five years thereafter. Decrease the rate floor from 4.75% to 3.79%. All other loan terms will remain the same.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson, 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 20-021 – Joe and Tarah Kooima – Beginning farmer loan of \$238,000 to purchase approximately 60 acres of agricultural land in Sioux County. The loan will have a 4.00% variable interest rate and a loan length of 25 years. The index will be 2.00% above the 3-year T-bill, rounded to the nearest 0.125. The lender is Premier Bank in Rock Valley, Iowa.

AG 20-022-I – Wyatt Rush – Beginning farmer contract of \$291,630 to purchase approximately 155 acres of agricultural land, house and out-buildings in Taylor County. The contract will have a 3.95% variable interest rate and a contract length of 40 years. The index will be 0.85% above the Prime Rate with a call option at 20 years and every three years thereafter. The contract seller is Gen 2-15c LLC in Anderson, Iowa.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, 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 June 22, 2020 at 9:02 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 9:03 am.

MOTION

On a motion by Mr. Leonard and a second by Mr. Fredrickson, 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 31 new BFTC applications for an estimated tax credit amount of \$403,459. He noted that of those 31; 19 are cash rent, 11 are crop share, and one is a hybrid lease.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson, 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 three change requests, he noted that of those three, one was to increase the number of acres and two were to change the asset owner due to death, one to the surviving spouses' trust and one to the asset owners' estate.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, 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 reported that there are no events scheduled.

OTHER BUSINESS

IFA BOARD MEETING UPDATE

Director Durham presented the agenda from the June 3, 2020 IFA Board Meeting. She gave the IADD Board a brief update of the items discussed. IEDA and IFA have a lot going on, both organizations are still working on COVID 19 related activities and programs. IFA made the difficult decision to cancel the Housing Conference this fall. Mr. Borg touched base on some of the projects that were discussed at the IFA Board Meeting. He also shared that the IADD BFTC rule changes have been approved and adopted. Lori Beary discussed the phased re-boarding plan for IEDA and IFA employees.

NEXT IADD BOARD MEETING

The July IADD Board meeting will be Wednesday, July 22, 2020 at 8:30 am, via conference call.

ADJOURNMENT

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the June 22, 2020 meeting of the IADD Board of Directors adjourned at 9:20 am.

Dated this 22nd day of July, 2020.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:



Lyle Borg, Chair
IADD Board