



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
September 24, 2020

Board Members Present

Lyle Borg, Chair
Annette Townsley, Vice Chair

John Fredrickson
Mark Leonard

Board Members Absent

Gretchen McLain

Staff Members Present

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

Nicki Howell, Office Assistant
Tammy Nebola, 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 September 24, 2020 at 8:32 am. A quorum was established with the following Board Members present via conference call: Borg, Townsley, Fredrickson, and Leonard with McLain absent.

REVIEW OF MINUTES OF AUGUST 26, 2020 BOARD MEETING

Mr. Borg presented the minutes of the August 26, 2020 IADD Board Meeting. Mr. Borg asked if there were any additions or corrections to the minutes. Ms. Townsley had a correction to the September Board Meeting day from Wednesday to Thursday.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved the minutes of the August 26, 2020 IADD Board meeting with the mentioned correction.

REVIEW OF AUGUST 2020 FINANCIAL STATEMENT

Lori Beary presented the August 2020 financials. She stated that for FY21 year-to-date, IADD had operating income of \$78,000 operating expense of \$79,000 and net operating income of negative \$1,000. She noted there have been several Loan Participation Program payoffs.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Leonard, the Board unanimously approved the August 2020 financial statement as presented.

LOAN PARTICIPATION PROGRAM

Tammy Nebola presented information on the following loan participation applications that were tabled at the August 26, 2020 IADD Board Meeting.

Motion

On a motion by Mr. Leonard and a second by Mr. Fredrickson, the Board removed the applications from the table for discussion.

The lender had made an error on the cash flow, once corrected it changed the global debt coverage ratio to 141%, however Travis is still not meeting the criteria with only 70%. The underwriting criteria for debt coverage ratio is it must be over 120%.

P0297 - Travis R. and Kati L. Sokolowski. The LPP application is for \$31,500. The borrower will construct a 1/2 interest in a machine shed. Total project cost is \$115,000. The bank is Northwest Bank in Le Mars.

P0298 - Jordan and Rachel A. Sokolowski. The LPP application is for \$31,500. The borrower will construct a 1/2 interest in a machine shed. Total project cost is \$115,000. The bank is Northwest Bank in Le Mars.

MOTION

On a motion by Mr. Leonard and a second by Mr. Fredrickson, the Board unanimously approved the loan participations P0297 and P0298. P0297 for Travis R. and Kati L. Sokolowski subject to obtaining a guaranty from William Sokolowski, a guaranty from Jordan Sokolowski, and guaranty from JT Feeders, LLC or on loan as a co-borrower. P0298 for Jordan and Rachel A. Sokolowski subject to obtaining a guaranty from William Sokolowski, a guaranty from Travis Sokolowski, and guaranty from JT Feeders, LLC or on loan as a co-borrower.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

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

Resolution 04690M – Tyson S. Gutshall – Security Savings Bank in Farnhamville is the lender. The amendment will extend the maturity date from September 1, 2023 to September 10, 2030. The rate of 3.95% will remain the same but will change from a variable rate to a fixed rate until the new maturity of September 10, 2030. Due to the rate decrease and extended maturity date the annual payment amount will decrease from \$12,226.58 and switch to monthly payments of \$439.87 beginning on October 10, 2020. All other loan terms will remain the same.

Resolution AG 15-019M – Todd E. and Brianne M. Wild – Luana Savings Bank in Luana is the lender. The amendment will lower the interest rate from 3.00% to 2.50% until April 9, 2027 at which time the rate will adjust from the original index of 0.25% below the announced prime rate of Wall Street Prime to the new rate index of 0.60% below the announced prime rate of Wall Street Prime and be adjustable every six years thereafter. Decrease the rate floor from 3.00% to 2.50%. All other loan terms will remain the same.

Resolution AG 16-026M – Joshua J. and Amy L. Reis – Cresco Bank & Trust Company in Cresco is the lender. The amendment will transfer the bondholder from CUSB Bank, Cresco, IA to Cresco Bank & Trust Company, Cresco, IA. The rate of 3.28% will remain the same until December 30, 2030 at which time the rate will adjust from the original index of 80% of #1 CUSB Bank 5 year Farm Real Estate Rate to the new rate index of 75% of the 10 Year Treasury plus 2.75% and be adjustable every ten years thereafter. CUSB Bank will be assigning all loan, security and bond documents to Cresco Bank & Trust Company. All other loan terms will remain the same.

Resolution AG 18-092M – Dale J. Stutzman – Hills Bank in Kalona is the lender. The amendment will lower the interest rate from 4.69% to 3.25% until September 1, 2025 at which time the rate will adjust to the original index of 80% of the 5 year Treasury plus 3.00% and be adjustable every five years thereafter. Decrease the rate floor from 4.69% to 3.25%. All other loan terms will remain the same.

Resolution AG 19-032M – Kara A. and Joshua A. Corcoran – Luana Savings Bank in New Hampton is the lender. The amendment will lower the interest rate from 3.85% to 2.95% until September 11, 2035 at which time the rate will adjust to the original index of 0.50% above the announced prime rate of The Wall Street Journal and be adjustable every five years thereafter. Due to the rate decrease the annual payment amount will decrease from \$13,371.86 to \$11,920.00 beginning on May 3, 2022 with one irregular payment of \$7,250.00 on May 3, 2021. Decrease the rate floor from 3.85% to 2.95%. All other loan terms will remain the same.

Resolution AG 19-039M – James S. and Brooke J. Soppe – Bank Iowa in Newton is the lender. The amendment will lower the interest rate from 4.375% to 3.625% until August 14, 2025 at which time the rate will adjust to the original index of 2.375% over 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.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, 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 20-030 – Chase Riley and Angelica Edith Gingerich – Beginning farmer loan of \$303,000 to purchase approximately 177 acres of agricultural land in Johnson County. The loan will have a 3.30% variable interest rate and a loan length of 25 years. The index will be 80% of the 5 yr Treasury plus 3.00%. The lender is Hills Bank in Kalona, Iowa.

AG 20-031-I – Jason T. and Brooke Eischeid – Beginning farmer contract of \$110,500 to purchase approximately 70 acres of agricultural land in Audubon County. The contract will have a 1.00% fixed interest rate and a contract length of 15 years. The contract seller is Steve Heuton in Kimballton, Iowa.

AG 20-032 – Jared W. and McKenna J. Bond – Beginning farmer loan of \$550,000 to purchase approximately 108.24 acres of agricultural land in Keokuk County. The loan will have a 2.81% variable interest rate and a loan length of 25 years. The index will be 75% of preferred Pilot Grove Savings Bank lending rate. The lender is Pilot Grove Savings Bank in Packwood, Iowa.

AG 20-033 – Samuel R. Kout – Beginning farmer loan of \$262,500 to purchase approximately 75.42 acres of agricultural land in Chickasaw County. The loan will have a 4.00% variable interest rate and a loan length of 30 years. The index will be 3.25% above the 5 year Treasury. The lender is Bank Iowa in Lawler, Iowa.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson, 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 September 24, 2020 at 9:00 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 9:01 am.

MOTION

On a motion by Ms. Townsley and a second by Mr. Leonard, the Board unanimously recommended approval of the BFLP Bond documents which also includes project 04690 due to the amortization extension.

BEGINNING FARMER TAX CREDIT APPLICATIONS

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit applications. There were 15 new BFTC applications for an estimated tax credit amount of \$237,616. He noted that of those 15; seven are cash rent, six are crop share, one is a hybrid lease and one is a flex lease.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, 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, two were to reduce the cash rent and one was to change the asset owner due to death to their trust.

MOTION

On a motion by Ms. Townsley and a second by Mr. Leonard, 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 the ISU CALT Virtual tax seminar. He was asked to provide a two minute video of the IADD Beginning Farmer Tax Credit Program for their 2 day tax seminar as well as provide brochures for their attendee packets.

OTHER BUSINESS

AG RELIEF PROGRAMS UPDATE

Lori Beary presented a summary of the COVID-19 Ag Relief Programs. For the Iowa Beginning Farmer Debt Relief Fund there is \$12 million available, with a maximum grant amount of \$10,000, and we received 1,913 applications. For the Iowa Livestock Producer Relief Fund there is \$60 million available, with a maximum grant amount of \$10,000, and we received 6,346 applications. For the Iowa Biofuels Relief Program there is \$15.5 million available, with a maximum grant amount of \$750,000 and we received 25 applications. IADD Staff will begin the review process by cleaning up the duplicate applications on the Livestock Producer Relief Fund which only leave the eligible applications that can then be approved. Once approved the \$60 will be split between all eligible applications not to exceed \$10,000 per applicant. IADD and SRF staff will then begin reviewing the Beginning Farmer Debt Relief Fund applications which will take longer, as each one includes a financial statement and amortization schedule that will need to be reviewed. IADD Staff time dedicated to the Relief Programs will be charged to the programs and not come from IADD funds.

IFA BOARD MEETING UPDATE

Mr. Borg presented the agenda from the September 2nd IFA Board Meeting. He gave the IADD Board a brief update of the items discussed, which included a highlight of the Livestock Producer Relief Fund and the wide range of livestock accepted. He shared that 1963 Bell is now open and the Insurance Division has moved into the 1st floor. Lori

Beary stated that IFA staff in the office is still about 25% while the remainder of the staff continues to work from home.

NEXT IADD BOARD MEETING

The October IADD Board meeting will be Wednesday, October 28, 2020 at 8:30 am, via conference call.

ADJOURNMENT

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the September 24, 2020 meeting of the IADD Board of Directors adjourned at 9:20 am.

Dated this 28th day of October, 2020.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:



Lyle Borg, Chair
IADD Board