



**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
February 26, 2020**

Board Members Present

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

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 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 February 26, 2020 at 8:31 am. A quorum was established with the following Board Members present via conference call: Borg, Leonard, Fredrickson and Townsley.

REVIEW OF MINUTES OF JANUARY 22, 2020 BOARD MEETING

Mr. Borg presented the minutes of the January 22, 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 Mr. Leonard, the Board unanimously approved the minutes of the January 22, 2020 IADD Board meeting.

IFA BOARD MEETING UPDATE

Director Durham gave an update on the success of the IFA programs. Mr. Borg presented the agenda from the February 5, 2020 IFA Board Meeting. He gave the IADD Board a brief update of the items discussed. He shared that the new IFA website is now up and running. He recommended that during the March IADD Board Meeting we go through the website to show

all IADD Board members what the division website looks like. Director Durham also gave an update on the sale of the IFA Building on Grand and on the Disaster Housing legislation.

UPDATE ON LPP P0275

Tammy Nebola updated the IADD Board on LPP project P0275. She has been visiting with the lender in an effort to discover what debts are in a prior lien position to the LPP. She is fairly confident that IADD will recover a large portion of the LPP funds during the liquidation process. Mr. Leonard discussed the original application, it was very clean and had great references from the bank, there were no red flags indicating the current situation. One of the IFA Board members questioned whether the buildings were ever filled. Tammy Nebola shared that as far as she knew the buildings were occupied until the delinquency began. Mr. Leonard pointed out that the collateral is there it will just need to go through the liquidation process, but we should be in a position to collect most of the loss.

REVIEW OF JANUARY 2020 FINANCIAL STATEMENT

Becky Wu presented the January 2020 financials. She stated that for FY20 year-to-date, IADD had operating income of \$336,000 operating expense of \$408,000 and net operating income of -negative \$72,000.

MOTION

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

LOAN PARTICIPATION PROGRAM

Tammy Nebola presented information on the following loan participation applications.

P0291 - Rodney S. and Lacey N Peters. The LPP application is for \$67,500. The borrower will purchase approximately 23.6 acres of agricultural land. Total project cost is \$225,000. The borrower has also applied for a Beginning Farmer Loan AG 20-009. The bank is First Bank Hampton in Hampton. Tammy Nebola had presented the lender with a couple options from the Loan Committee in which they would recommend approval. The first was to obtain a guaranty and the second was obtain an additional \$70,000 loan against equipment (Intermediate – not tied to LPP) adding cash to current ratio or paying down current liabilities to correct the current asset to current liability ratio. After visiting with the lender they would like to exercise the second option and do an additional loan to correct the borrowers current asset to current liability ratio.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Leonard, the Board unanimously approved the loan participation for Rodney S. and Lacey N Peters subject to obtaining an additional \$70,000 loan against equipment (Intermediate – not tied to LPP) adding cash to current ratio or paying down current liabilities to correct the current asset to current liability ratio.

P0292 - Kyle J. and Shaebriel Pollema. The LPP application is for \$151,000. The borrower will construct a 2,400 Hd Hog Nursery. Total project cost is \$504,000. The borrower has also applied for a Beginning Farmer Loan AG 20-006. The bank is American State Bank in Sioux Center.

MOTION

On a motion by Mr. Leonard and a second by Mr. Fredrickson, the Board unanimously approved the loan participation for Kyle J. and Shaebriel Pollema subject to an Assignment of Feeding Contract.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

Tammy Nebola presented the following resolution to adjust the terms and conditions on a closed BFLP project:

Resolution AG 14-045M – Paul N. and Michelle M. Reicks – Luana Savings Bank in New Hampton is the lender. The amendment will transfer the bondholder from Bank Iowa, Lawler, IA to Luana Savings Bank, New Hampton, IA. Lower the interest rate from 5.50% to 2.90% until March 10, 2030 at which time the rate will adjust from the original index of 80% of Bank Iowa base rate to the new index of 0.25% below Prime and be adjustable every five years thereafter. The payment amount of \$14,785 annually will stay the same Bank Iowa will be assigning all loan, security and bond documents to Luana Savings Bank aside from releasing the Security Agreement from Bank Iowa dated November 26, 2014 and filing a new Security Agreement from Luana Savings Bank dated March 10, 2020. 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 Resolution.

BEGINNING FARMER LOAN APPLICATIONS

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 20-006 – Kyle J. and Shaebriel Pollema – Beginning farmer loan of \$108,000 to construct a 2,400 Hd Hog Nursery in Sioux County. The loan will have a 4.00% fixed interest rate and a loan length of 15 years. The lender is American State Bank in Sioux Center, Iowa.

AG 20-007 – Gregg R. and Meg Ann Nagel – Beginning farmer loan of \$111,250 to purchase approximately 40 acres of agricultural land in Washington County. The loan will have a 5.40% variable interest rate and a loan length of 30 years. The index will be 90% of Libertyville Savings Banks 5 year Real Estate Rate. The lender is Libertyville Savings Bank in Keota, Iowa.

AG 20-008 – Andrew J. and Ann M. Bock – Beginning farmer loan of \$102,500 to purchase approximately 38.5 acres of agricultural land in Bremer County. The loan will have a 3.875%

variable interest rate and a loan length of 30 years. The index will be 65% of the Readlyn Savings Bank Base Rate. The lender is Readlyn Savings Bank in Readlyn, Iowa.

AG 20-009 – Rodney Steven and Lacey Nicole Peters – Beginning farmer loan of \$123,750 to purchase approximately 23.6 acres of agricultural land in Franklin County. The loan will have a 3.90% variable interest rate and a loan length of 25 years. The index will be 5.00% below the bank's base rate. The lender is First Bank Hampton in Hampton, 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 February 26, 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 Ms. Townsley, 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 10 new BFTC applications for an estimated tax credit amount of \$100,992.55. He noted that of those 10; all 10 are cash rent leases.

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.

MARKETING UPDATE

Included in the Board packet is the IADD marketing calendar. Steve Ferguson reviewed some of the recent events he's attended. He also discussed some upcoming events.

OTHER BUSINESS

NEXT IADD BOARD MEETING

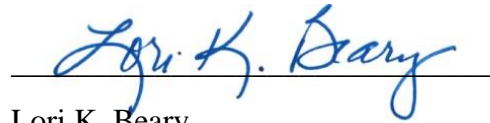
The March IADD Board meeting will be Thursday, March 26, 2020 at 9:30 am, in the IFA Office.

ADJOURNMENT

On a motion by Mr. Fredrickson and a second by Mr. Leonard, the February 26, 2020 meeting of the IADD Board of Directors adjourned at 9:08 am.


Dated this 26th day of March, 2020.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:



Lyle Borg, Chair
IADD Board