



**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
April 22, 2020**

Board Members Present

Lyle Borg, Chair
John Fredrickson

Annette Townsley

Board Members Absent

Mark Leonard, Vice Chair
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
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 April 22, 2020 at 8:32 am. A quorum was established with the following Board Members present via conference call: Borg, Fredrickson and Townsley.

REVIEW OF MINUTES OF MARCH 26, 2020 BOARD MEETING

Mr. Borg presented the minutes of the March 26, 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 March 26, 2020 IADD Board meeting.

REVIEW OF MARCH 2020 FINANCIAL STATEMENT

Becky Wu presented the March 2020 financials. She stated that for FY20 year-to-date, IADD had operating income of \$483,000 operating expense of \$488,000 and net operating income of negative \$5,000. The loss is due to the loan loss reserve of \$139,000 for an LPP loan that will be liquidating. She mentioned it may be an option to reduce the loan loss reserve since we do anticipate on receiving all or most of the funds back after the foreclosure process is complete.

MOTION

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

LOAN PARTICIPATION PROGRAM

Tammy Nebola presented information on the following loan participation applications.

P0293 - Nicholas K. & Victoria L. Stromer. The LPP application is for \$200,000. The borrower will construct a 2,400 Hd Hog Building. Total project cost is \$821,180. The bank is Clear Lake Bank & Trust in Garner.

MOTION

On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously approved the loan participation for Nicholas K. & Victoria L. Stromer subject to obtaining a 2nd mortgage on equity in their existing hog building, obtaining a blanket security agreement and an assignment of feeding contract.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

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

Resolution 04505M – Eric W. and Amy L. Van Weelden – First State Bank in Lynnville is the lender. The amendment will lower the interest rate from 5.10% variable to 4.25% fixed until maturity of March 1, 2030. All other loan terms will remain the same. .

Resolution 04607M – Thomas and Alana Gavin – Luana Savings Bank in Luana is the lender. The amendment will lower the interest rate from 4.75% to 3.30% until February 1, 2035 at which time the rate will adjust to the original index of 1.50% above the announced prime rate of Wall Street Prime and be adjustable every five years thereafter. Due to the rate decrease the annual payment amount will decrease from \$16,227.17 to \$13,955.01 beginning on February 1, 2022 with one irregular payment of \$15,778.74 on February 1, 2021. Decrease the rate floor from 4.50% to 3.30%. All other loan terms will remain the same.

Resolution 04642M – Neil M. and Krystal L. Sheehan – American Bank, N.A. in Remsen is the lender. The amendment will lower the interest rate from 4.90% to 4.25% until April 1, 2025 at which time the rate will adjust to the original index of 3.50% above the 5 Year Treasury Rate and be adjustable every five years thereafter. Due to the rate decrease the annual payment amount will decrease from \$10,336.34 to \$9,437.49 beginning on April 1, 2021. Decrease the rate floor from 4.90% to 4.25%. All other loan terms will remain the same.

Resolution 04643M – Daniel L. and Lori A. Sheehan – American Bank, N.A. in Remsen is the lender. The amendment will lower the interest rate from 4.90% to 4.25% until April 1, 2025 at which time the rate will adjust to the original index of 3.50% above the 5 Year Treasury Rate and be adjustable every five years thereafter. Due to the rate decrease the annual payment

amount will decrease from \$10,336.34 to \$9,862.92 beginning on April 1, 2021. Decrease the rate floor from 4.90% to 4.25%. All other loan terms will remain the same.

Resolution 04659M – Zachary J. and Kari J. Knutson – Green Belt Bank & Trust in Iowa Falls is the lender. The amendment will lower the interest rate from 4.50% to 3.50% until July 15, 2025 at which time the rate will adjust to the original index of 3.25% above the United State Treasury Index and be adjustable annually thereafter. Due to the rate decrease the annual payment amount will decrease from \$13,213.96 to \$7,500.00 beginning on July 15, 2021. All other loan terms will remain the same.

Resolution 04669M – Luke G. and Elizabeth M. Homan – American Bank, N.A. in Remsen is the lender. The amendment will lower the interest rate from 4.25% to 4.00% until April 1, 2025 at which time the rate will adjust to the original index of 3.50% above the 5 year Treasury Rate and be adjustable every five years thereafter. Due to the rate decrease the annual payment amount will decrease from \$7,644.72 to \$7,368.49 beginning on April 1, 2021. All other loan terms will remain the same. .

Resolution 04737M – Christopher W. and Tracy J. Deal – Home State Bank in Jefferson is the lender. The amendment will lower the interest rate from 4.50% to 2.75% until November 15, 2027 at which time the rate will adjust to the original index of 3.00% above the announced prime rate of 5 year U.S. Treasury and be adjustable every five years thereafter. All other loan terms will remain the same.

Resolution AG 13-005M – Aaron O. Lorch – Northwest Bank in Spencer is the lender. The amendment will lower the interest rate from 4.84% to 4.25% until May 1, 2025 at which time the rate will adjust to the original index of 1.80% above the announce prime rate of Federal Home Loan 5 year Cost of Funds and be adjustable every five years thereafter. Due to the rate decrease the annual payment amount will decrease from \$28,096.71 to \$27,611.01 beginning on July 1, 2020. All other loan terms will remain the same.

Resolution AG 14-016M – Tyler A. and Kimberly A. Carlson – Luana Savings Bank in Luana is the lender. The amendment will lower the interest rate from 3.95% to 2.80% until June 17, 2029 at which time the rate will adjust to the original index of 0.75% above the announced prime rate of Wall Street and be adjustable every five years thereafter. Due to the rate decrease the annual payment amount will decrease from \$28,942.13 to \$25,741.62 beginning on June 17, 2021. Decrease the rate floor from 3.95% to 2.80%. All other loan terms will remain the same.

Resolution AG 15-070M – Jacob W. and Chelsea M. Lohmann – First National Bank in Waverly is the lender. The amendment will transfer the bondholder from Northeast Security Bank, Fairbank, IA to First National Bank, Waverly, IA. Lower the interest rate from 3.75% to 3.50% until May 20, 2030 at which time the rate will adjust from the original index of 60% of NSB Base Rate to the new index of 1.75% above the 5 Year DSM FHLB Rate and be adjustable every five years thereafter. Due to the rate decrease and being paid ahead the monthly payment amount will decrease from \$818.07 to \$572.13 beginning on June 25, 2020. Decrease the rate

floor from 3.75% to 3.25%. Northeast Security Bank will be assigning all loan, security and bond documents to First National Bank. All other loan terms will remain the same.

Resolution AG 17-042M – Logan Craig Koester – Luana Savings Bank in Luana is the lender. The amendment will lower the interest rate from 3.75% to 3.05% until August 17, 2037 at which time the rate will adjust to the original index of 100% of the announced prime rate of Wall Street Prime and be adjustable every five years thereafter. Due to the rate decrease the annual payment amount will decrease from \$19,504.85 to \$17,909.59 beginning on December 17, 2020. All other loan terms will remain the same.

Resolution AG 18-027M – Jesse D. Landsgard – Luana Savings Bank in Luana is the lender. The amendment will lower the interest rate from 4.05% to 3.25% until July 10, 2033 at which time the rate will adjust to the original index of 0.95% below the announced prime rate of Wall Street Prime and be adjustable every five years thereafter. Due to the rate decrease the annual payment amount will decrease from \$31,202.20 to \$28,303.92 beginning on July 10, 2021. Decrease the rate floor from 4.05% to 3.25%. All other loan terms will remain the same.

Resolution AG 18-028M – Jordan L. Landsgard – Luana Savings Bank in Luana is the lender. The amendment will lower the interest rate from 4.05% to 3.25% until July 10, 2033 at which time the rate will adjust to the original index of 0.95% below the announced prime rate of Wall Street Prime and be adjustable every five years thereafter. Due to the rate decrease the annual payment amount will decrease from \$30,669.04 to \$27,820.29 beginning on July 10, 2021. Decrease the rate floor from 4.05% to 3.25%. All other loan terms will remain the same.

Resolution AG 18-044M – Steven J. Ruzicka – Luana Savings Bank in Luana is the lender. The amendment will lower the interest rate from 3.90% to 3.10% until July 19, 2038 at which time the rate will adjust to the original index of 1.10% below the announced prime rate of Wall Street Prime and be adjustable every five years thereafter. Due to the rate decrease the annual payment amount will decrease from \$20,134.94 to \$18,233.62 beginning on July 19, 2021 with one irregular payment of \$13,215.80 on July 19, 2020. Decrease the rate floor from 3.90% to 3.10%. 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 20-015 – Christopher G. and Victoria K. Hatfield – Beginning farmer loan of \$105,320 to purchase approximately 60.62 acres of agricultural land and out-buildings in Lee County. The loan will have a 3.56% variable interest rate and a loan length of 30 years. The index will be 75% of Pilot Grove Savings Bank lending rate. The lender is Pilot Grove Savings Bank in Donnellson, Iowa.

AG 20-016 – Jeremy and Sydnie Johnson – Beginning farmer loan of \$280,000 to purchase approximately 70.39 acres of agricultural land in Bremer County. The loan will have a 3.85% variable interest rate and a loan length of 25 years. The index will be 80% of Bank's Agricultural 5 year fixed rate for farm real estate loans. The lender is Fidelity Bank & Trust in Waverly, Iowa.

AG 20-017-I – Jonathan William Hansen – Beginning farmer contract sale of \$561,000 to purchase approximately 120 acres of agricultural land in Jones County. The contract will have a 3.00% fixed interest rate and a contract length of 25 years. The contract seller is Pamela Williams in Wyoming, Iowa.

AG 20-018 – Clayton Robison – Beginning farmer loan of \$112,688 to purchase approximately 33.54 acres of agricultural land in Washington County. The loan will have a 3.875% variable interest rate and a loan length of 30 years. The index will be 75% of 5 Year CMT index rate plus 3.00%. The lender is BANK in Morning Sun, 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 April 22, 2020 at 9:03 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 9:06 am.

MOTION

On a motion by Mr. Borg 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 60 new BFTC applications for an estimated tax credit amount of \$1,490,170.20. He noted that of those 60; 30 are cash rent, 25 are crop share, four are 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 increase the number of acres 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. Townsley, the Board unanimously recommended approval of the Beginning Farmer Tax Credit change requests.

MARKETING UPDATE

There were no marketing events to report since all events have been cancelled.

OTHER BUSINESS

IFA BOARD MEETING UPDATE

Mr. Borg presented the agenda from the April 1st IFA Board Meeting. He gave the IADD Board a brief update of the items discussed.

NARRC AND NCOSAFP CONFERENCE UPDATES

Steve Ferguson and Tammy Nebola gave updates that the NARRC and NCOSAFP Annual Conferences have both been cancelled for 2020.

IADD BUDGET

Lori Beary gave an update that the budgets have been delayed and there would be one available for the IADD Board for the June Meeting.

NEXT IADD BOARD MEETING


The May IADD Board meeting will be Wednesday, May 27, 2020 at 8:30 am, via conference call.

ADJOURNMENT

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


Dated this 27th day of May, 2020.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:



Lyle Borg, Chair
IADD Board