



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
August 26, 2020

Board Members Present

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

Board Members Absent

None

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 August 26, 2020 at 8:33 am. A quorum was established with the following Board Members present via conference call: Borg, Townsley, Fredrickson, Leonard and McLain.

REVIEW OF MINUTES OF JULY 22, 2020 BOARD MEETING

Mr. Borg presented the minutes of the July 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 Ms. McLain, the Board unanimously approved the minutes of the July 22, 2020 IADD Board meeting.

REVIEW OF JULY 2020 FINANCIAL STATEMENT

Becky Wu presented the July 2020 financials. She stated that for FY21 year-to-date, IADD had operating income of \$49,000 operating expense of \$33,000 and net operating income of \$16,000.

MOTION

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

UPDATE ON LPP P0275

Tammy Nebola updated the IADD Board on LPP project P0275. Tammy Nebola has been in contact with the lender and their attorney, they have filed the foreclosure documents and followed by filing a Notice of Intent to File Written Application for Default Judgment on July 20th and a Motion for Default Judgment on August 4th.

LOAN PARTICIPATION PROGRAM

Tammy Nebola presented information on the following loan participation applications.

P0296 - Keaton M. Hammen. The LPP application is for \$150,000. The borrower will construct a 2,400 Hd Hog Finishing Building. Total project cost is \$698,000. The bank is First Community Bank in Rockwell City.

MOTION

On a motion by Ms. Townsley and a second by Ms. McLain, the Board unanimously approved the loan participation for Keaton M. Hammen subject to an assignment of feeding contract.

P0297 and P0298 - Travis R. and Kati L. Sokolowski and Jordan and Rachel A. Sokolowski.

The LPP applications are for \$31,500 each for a total of \$63,000. The borrowers will each construct a 1/2 interest in a machine shed. Project cost for each borrower is \$115,000 for a total project cost is \$230,000. The bank is Northwest Bank in Le Mars. Travis is not meeting the debt coverage ratio but Jordan is, however globally the brothers are not meeting the criteria. The loan committee would like the total project to be guaranteed. Tammy Nebola has requested the financial statement and tax returns of the potential guarantor.

MOTION

On a motion by Mr. Leonard and a second by Mr. Fredrickson, the Board unanimously tabled the loan participation applications for Travis R. and Kati L. Sokolowski and Jordan and Rachel Sokolowski until the guarantor financials are received which correct the debt coverage ratio.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

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

Resolution 04086M – Steven D. and Sheryl L. Evanson – Luana Savings Bank in Luana is the lender. The amendment will lower the interest rate from variable 4.25% to fixed 2.95% until maturity of August 25, 2031. Due to the rate decrease the annual payment

amount will decrease from \$19,102.11 to \$13,471.37 beginning on August 21, 2021. Decrease the rate floor from 4.00% to 2.95%. All other loan terms will remain the same.

Resolution 04676M – Jodi L. Michael – Lincoln Savings Bank in Reinbeck is the lender. The amendment will lower the interest rate from 5.00% to 3.875% until July 1, 2025 at which time the rate will adjust to the original index of 1.90% over the Federal Home Loan Bank of Des Moines 3 year fixed rate advanced rate and be adjustable every three years thereafter. Due to the rate decrease the annual payment amount will decrease from \$25,423.59 to \$22,781.90 beginning on December 13, 2020. Decrease the rate ceiling from 9.00% to 7.00% and leave the rate floor at the current rate of 3.50%. All other loan terms will remain the same.

Resolution AG 14-040M – Matthew D. and Allison A. Dop – Bank Iowa in Newton is the lender. The amendment will lower the interest rate from 3.79% to 3.29% until January 10, 2027 at which time the rate will adjust to the original index of 1.75% above the weekly average yield on United States Treasury securities adjusted to a constant maturity of seven years. The result of this calculation will be rounded up to the nearest 0.125% and be adjustable every seven years thereafter. Decrease the rate floor from 3.79% to 3.29%. 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 20-027 – Delwyn Lynn and Glenda Lucille Hershberger – Beginning farmer loan of \$225,000 to purchase approximately 95 acres of agricultural land, house and out-buildings in Washington County. The loan will have a 3.35% variable interest rate and a loan length of 30 years. The index will be 80% of the 5 year Treasury plus 3.00%. The lender is Hills Bank in Kalona, Iowa.

MOTION

On a motion by Ms. McLain 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 August 26, 2020 at 8:57 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 8:58 am.

MOTION

On a motion by Mr. Fredrickson 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 63 new BFTC applications for an estimated tax credit amount of \$1,036,916. He noted that of those 63; 36 are cash rent, 16 are crop share, 3 are a hybrid lease and 8 are flex leases.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Leonard, 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 noted that there are currently no events scheduled. Mr. Borg asked if there were any other marketing efforts in the works. Tammy Nebola stated that we will do the bank of the year award in 2020 but we will not know the results until the end of the year. Mr. Ferguson stated that he was contacted about being a sponsor, at no cost, for the Iowa State Extension Center for Ag Law and Taxation virtual workshops. IADD brochures and a two minute video will be available to all attendees. Lori Beary stated we will also have an opportunity to do webinars on the IADD programs.

OTHER BUSINESS

IFA BOARD MEETING UPDATE

Mr. Borg presented the agenda from the August 5th IFA Board Meeting. Director Durham gave the IADD Board a brief update of the items discussed. She also stated that Governor Reynolds announced three Ag relief programs on August 25th that will be administered by IEDA/IFA. They will open up officially on August 31st. The Iowa Beginning Farmer Relief Fund is up to \$10,000 in debt service payment for beginning farmers on long term debts. The Iowa Livestock Producer Relief Fund will grant up to \$10,000 to be used as working capital to continue operations. It will have a 2 week application window and after the closing date the funds will be divided up between all applicants not to exceed \$10,000. The State Biofuel Grant Program will offer grants to biofuel producers of 0.0225 cents per gallon with a maximum grant amount up to \$750,000. A call center will be answering questions and IADD, in addition to other IFA staff members, will be reviewing the financial statements for the Iowa Beginning Farmer Relief Fund. Director Durham also touched base on the other relief programs administered by IEDA/IFA. Lori Beary discussed the unveiling event for Muscatine, the SRF Water Tower Contest winner.

NEXT IADD BOARD MEETING

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

ADJOURNMENT

On a motion by Mr. Fredrickson and a second by Ms. McLain, the August 26, 2020 meeting of the IADD Board of Directors adjourned at 9:24 am.

Dated this 24th day of September, 2020.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:



Lyle Borg, Chair
IADD Board