



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 24, 2021

Board Members Present

Lyle Borg, Chair
Annette Townsley, Vice Chair

John Fredrickson
Gretchen McLain

Board Members Absent

Mark Leonard

Staff Members Present

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

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 February 24, 2021 at 8:30 am. A quorum was established with the following Board Members present via conference call: Borg, Townsley, Fredrickson, and McLain, with Leonard absent.

REVIEW OF MINUTES OF JANUARY 27, 2021 BOARD MEETING

Mr. Borg presented the minutes of the January 27, 2021 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 January 27, 2021 IADD Board meeting.

REVIEW OF JANUARY 2021 FINANCIAL STATEMENT

Becky Wu presented the January 2021 financials. She stated that for FY21 year-to-date, IADD had operating income of \$255,000 operating expense of \$190,000 and net operating income of \$64,000. Lori Beary pointed out that employee expenses were less than budget due to charging IADD staff time to the COVID Relief programs and travel expenses were down for the year due to not doing in-person IADD Workshops.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved the January 2021 financial statement as presented.

UPDATE ON DELINQUENT LPP P0275

Tammy Nebola gave an update on the delinquent LPP Loan P0275. The foreclosure sale took place on November 3, 2020. The Bank was the successful bidder, but now the borrower has a one year right of redemption after which time the property can be sold. When the property sells the LPP will be paid off in part or in full depending on the final sale price. The Bank has had no contact with the borrowers.

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. This application was originally approved by IADD on August 26, 2020 at 4.75%. The loan has not yet closed so they are requesting that it be re-approved at the 2021 interest rate of 3.25%. The bank is First Community Bank in Rockwell City.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the Board unanimously re-approved the loan participation for Keaton M. Hammen at the 2021 interest rate of 3.25%, subject to obtaining an Assignment of Feeding Contract.

P0300 - Ryan D. and Jenna J. Sneller. The LPP application is for \$165,000. The borrower will purchase 2 acres of agricultural land and construct a 2,400 Hd Hog Nursery. Total project cost is \$568,000. The borrower has also applied for a Beginning Farmer Loan AG 21-009. The bank is American State Bank in Sioux Center.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. McLain, the Board unanimously approved the loan participation for Ryan D. and Jenna J. Sneller subject to obtaining a Guaranty on the LPP loan that corrects their after closing debt to asset ratio and an Assignment of Feeding Contract.

LPP CHANGE REQUEST TO REDUCE RATE ON EXISTING PROJECTS

Tammy Nebola presented a memo with a policy recommendation for the Loan Participation Program requests to lower the interest rate on active projects. The loan committee discussed these requests at their February LPP Committee meeting and feel that the interest rates should remain the same on the active LPP projects. The interest was fixed and agreed to by all parties at time of closing and IADD/IFA is at greatest risk of loss on the project due to the last-out positions. The LPP Loan Committee

recommends not accepting requests to lower the interest rate on any active LPP Projects.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Borg, the Board unanimously approved the policy to not accept requests to lower the interest rate on active LPP projects. Any change requests received to lower the LPP interest rate on active projects will be returned and the interest rate will remain at the original terms.

LPP REQUESTS TO REDUCE INTEREST RATE ON PROJECTS NOT YET CLOSED

Tammy Nebola discussed creating an IADD policy to handle requests to lower the interest rate on Loan Participation projects that have been previously approved at a higher fixed interest rate but have not yet closed. The LPP interest rate adjusts annually on February 1st to be equal to New York Prime as of January 1st, the rate at the time of approval will be the fixed rate for the 10-year term of the LPP loan. In 2020 the LPP interest rate was 4.75% and in 2021 the interest rate decreased to 3.25%. Tammy Nebola is recommending, if requested, IADD will decrease the interest rate from the approved rate to the lower current rate on LPP projects that have not yet closed.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. McLain, the Board unanimously approved the policy, if requested, to reduce the approved rate to the lower current rate on the LPP projects that have not yet closed.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

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

Resolution 04781M – Christopher R. Bumann – First Trust & Savings Bank in Grand Mound is the lender. The amendment will lower the interest rate from 4.00% to 3.00% until January 1, 2026 at which time the rate will adjust to the original index of 80% of First Trust & Savings Bank's Real Estate Base Rate and be adjustable every five years thereafter. All other loan terms will remain the same.

Resolution AG 18-064M – Daniel A. and Erin E. Northup – Hills Bank & Trust Company in Kalona is the lender. The amendment will lower the interest rate from 4.70% to 3.50% until May 1, 2026 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. Due to the rate decrease the semi-annual payment amount will decrease from \$3,016.65 to \$2,632.57 beginning on May 1, 2021. Decrease the rate floor from 4.70% to 3.50%. All other loan terms will remain the same.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. McLain, 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 21-006 – Lonny and Cassandra Truelson – Beginning farmer loan of \$450,000 to purchase approximately 172 acres of agricultural land and out-buildings in Clinton County. The loan will have a 3.20% variable interest rate and a loan length of 40 years. The index will be 80% of First Trust and Savings Bank's base real estate rate. The lender is First Trust & Savings Bank in Grand Mound, Iowa.

AG 21-007 – Nathan R. Behrends – Beginning farmer loan of \$515,000 to purchase approximately 80 acres of agricultural land in Cass County. The loan will have a 2.00% variable interest rate and a loan length of 30 years. The index will be 75% of bank's real estate rate. The lender is First Whitney Bank & Trust Co in Atlantic, Iowa.

AG 21-008 – Frank A. and Kelsey C. Weymiller – Beginning farmer loan of \$558,000 to purchase approximately 275 acres of agricultural land, house and out-buildings in Allamakee County. The loan will have a 2.45% variable interest rate and a loan length of 40 years. The index will be 1.50% below the Waukon State 5 year Ag Real Estate Rate. The lender is Waukon State Bank in Waukon, Iowa.

AG 21-009 – Ryan D. and Jenna J. Sneller – Beginning farmer loan of \$250,000 to purchase 2 acres of agricultural land and construct a 2,400 Hd Hog Nursery in Sioux County. The loan will have a 3.15% fixed interest rate and a loan length of 15 years. The lender is American State Bank in Sioux Center, Iowa.

AG 21-010 – Derek James Yegge – Beginning farmer loan of \$437,000 to purchase approximately 115 acres of agricultural land in Kossuth County. The loan will have a 2.80% variable interest rate and a loan length of 30 years. The index will be 0.50% above Prime. The lender is TSB Bank in Thompson, Iowa.

AG 21-011 – Dalton Dean Martinek – Beginning farmer loan of \$127,500 to purchase approximately 40 acres of agricultural land in Howard County. The loan will have a 3.50% variable interest rate and a loan length of 30 years. The index will be 3.50% over the 5 year Treasury. The lender is Bank Iowa in Lawler, Iowa.

MOTION

On a motion by Ms. Townsley and a second by Ms. McLain, 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 24, 2021 at 9:15 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 9:16 am.

MOTION

On a motion by Ms. McLain and a second by Mr. Fredrickson, the Board unanimously recommended approval of the BFLP Bond documents. Bond document approval includes all the new applications as well as re-approval of project AG 21-005 at the increased bond amount.

BEGINNING FARMER TAX CREDIT APPLICATIONS

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit applications. There were 21 new BFTC applications for an estimated tax credit amount of \$186,591. He noted that all 21 are cash rent.

MOTION

On a motion by Ms. McLain 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 change. There was one change request to increase the number of acres.

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 reviewed some of the recent events. He also discussed some upcoming events. IADD will be holding 3 webinars in the month of March, the invitation went out to our IADD contact list that includes; ag community colleges, lenders, beginning farmers and asset owners.

OTHER BUSINESS

IFA BOARD MEETING UPDATE

Mr. Borg presented the agenda from the February 3rd IFA Board Meeting. He gave the IADD Board a brief update of the items discussed.

GOVERNOR'S ECONOMIC RECOVERY ADVISORY BOARD REPORT

A copy of the Governor's Economic Recovery Advisory Board Report was provided to the IADD Board Members.

UPDATE ON PENDING LEGISLATION HOUSE FILE 484

Lori Beary discussed the pending Beginning Farmer Tax Credit legislation. The legislation was a recommendation that stemmed from one of the Economic Recovery Advisory Board sub-committees to expand the Beginning Farmer Tax Credit Program to include livestock facilities. This can already be done, but the current code states that a lease must include land, this legislation is to clarify that the program can be used to lease a livestock facility without also leasing land. This legislation changes the language that limits the asset owner to 10 certificates to instead allow an asset owner to use the program for a maximum of 15 years. It also changes the \$50,000 annual maximum to each taxpayer to \$50,000 per application. The intent of the legislation is to increase eligibility and use of the Beginning Farmer Tax Credit Program.

RETIREMENT UPDATE

Aaron Smith was hired to replace Lori Beary as Chief Bond Programs Director. He is currently an investment banker/municipal advisor for DA Davidson. He will be starting March 22nd and will be present at the March 24th IADD Board Meeting. Lori's last day will be April 15th.

IADD REPRESENTATIVE FOR THE IFA BOARD

Tammy Nebola discussed the re-appointment of an IADD Representative to the IFA Board. There are new IFA Board Members starting May 1st. Mr. Borg has discussed the potential of appointing a new IADD representative to serve on the IFA Board and it would be perfect timing to have that appointment effective May 1st. The new representative could then go through the IFA Board orientation with the other new IFA Board Members. Lyle encouraged all IADD Board Members to think about serving on the IFA Board as the IADD representative. Appointment of an IADD Representative will be added to the March IADD agenda.

NEXT IADD BOARD MEETING

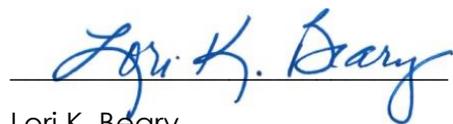
The March IADD Board meeting will be Wednesday, March 24, 2021 at 8:30 am, via conference call.

ADJOURNMENT

On a motion by Ms. McLain and a second by Mr. Fredrickson, the February 24, 2021 meeting of the IADD Board of Directors adjourned at 9:41 am.

Dated this 24th day of March, 2021.

Respectfully submitted:

A handwritten signature in blue ink, reading "Lori K. Beary", written over a horizontal line.

Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:

A handwritten signature in black ink, reading "Lyle W. Borg", written over a horizontal line.

Lyle Borg, Chair
IADD Board