



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 23, 2022

Board Members Present

Lyle Borg, Chair
John Fredrickson, Vice Chair

Gretchen McLain
Annette Townsley

Board Members Absent

Mark Leonard

Staff Members Present

Debi Durham, Executive Director
Steve Ferguson, IADD Program Specialist
Nicki Howell, Office Assistant

Tammy Nebola, IADD Program Specialist
Aaron Smith, Chief Bond Programs Director
Becky Wu, Loan Servicing Specialist

Others Present

Cris Kuhn, Dorsey & Whitney
Christina Gruenhagen, Iowa Farm Bureau (joined at 8:46 am)

CALL TO ORDER

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order by Chair Borg on February 23, 2022 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 26, 2022 BOARD MEETING

Mr. Borg presented the minutes of the January 26, 2022 IADD Board Meeting. Mr. Borg asked if there were any additions or corrections to the minutes.

MOTION

On a motion by Ms. McLain and a second by Mr. Fredrickson, the Board unanimously approved the minutes of the January 26, 2022 IADD Board meeting.

REVIEW OF JANUARY 2022 FINANCIAL STATEMENT

Becky Wu presented the January 2022 financials. She stated that for FY22 year-to-date, IADD had operating income of \$294,000 operating expense of \$213,000 and net operating income of \$81,000.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. McLain, the Board unanimously approved the January 2022 financial statement as presented.

APPRAISAL POLICY RECOMMENDATION

Tammy Nebola included an appraisal policy recommendation that needs to be addressed further before action is taken on the matter. She recommended tabling the discussion on the appraisal policy to allow time to further discuss with the IADD Bond attorney prior to making a formal recommendation

MOTION

On a motion by Mr. Fredrickson and a second by Ms. McLain , the Board unanimously approved tabling the appraisal policy recommendation until the March IADD Board Meeting.

LOAN PARTICIPATION PROGRAM

Tammy Nebola presented information on the following loan participation applications.

P0308 - Ethan and Nicole Crawford. The LPP application is for \$49,000. The borrower will purchase approximately 35 acres of agricultural land. Total project cost is \$245,000. The borrower has also applied for a Beginning Farmer Loan AG 22-005. The bank is Lincoln Savings Bank in Lincoln.

MOTION

On a motion by Ms. Townsley and a second by Ms. McLain, the Board unanimously approved the loan participation and bank evaluation for Ethan and Nicole Crawford.

P0309 - Tyler and Chelsea Engel. The LPP application is for \$200,000. The borrower will construct a 2,400 Hd Hog Building. Total project cost is \$900,000. The borrower does not qualify for the Beginning Farmer Loan Program due to their landownership. The bank is Farmers Savings Bank in Arlington.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved the loan participation for Tyler and Chelsea Engel subject to paying off loan and releasing 1st mortgage on subject property so 1st mortgage can be obtained 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 04642M – Neil M. and Krystal L. Sheehan – American Bank, N.A. in Remsen is the lender. The amendment will lower the interest rate from 4.25% to 3.50% until April 1, 2027 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 \$9,437.49 to \$8,594.09 beginning on April 1, 2022. Decrease the rate floor from 4.25% to 3.50%. 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 4.25% to 3.50% until April 1, 2027 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 \$9,862.92 to \$8,919.94 beginning on April 1, 2022. Decrease the rate floor from 4.25% to 3.50%. All other loan terms will remain the same.

Resolution AG 16-028M – Michael Van Beek – American State Bank in Sioux Center is the lender. The amendment will lower the interest rate from 3.70% to 3.60% until June 10, 2029 at which time the rate will adjust to the original index of 75% of ASB Base Rate and be adjustable annually thereafter. All other loan terms will remain the same.

Resolution AG 17-075M – Brandon T. Gingerich – Hills Bank & Trust Company in Kalona is the lender. The amendment will lower the interest rate from 3.80% to 3.30% until March 15, 2032 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 3.80% to 3.30%. All other loan terms will remain the same.

Resolution AG 18-098M – Richard Wetjen – Hills Bank in Kalona is the lender. The amendment will lower the interest rate from 4.75% to 3.27% until December 15, 2032 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 4.75% to 3.27%. 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.

Christina Gruenhagen from Iowa Farm Bureau joined the call during the Beginning Farmer Loan Program Amending Resolutions.

BEGINNING FARMER LOAN APPLICATIONS

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 22-004 – Brady Thomas King – Beginning farmer loan of \$346,500 to purchase approximately 38 acres of agricultural land in Chickasaw County. The loan will have a 3.50% variable interest rate and a loan length of 30 years. The index will be 2.75% over the 5 year Treasury. The lender is Bank Iowa in Lawler, Iowa.

AG 22-005 – Ethan and Nicole Crawford – Beginning farmer loan of \$183,750 to purchase approximately 35 acres of agricultural land in Buchanan County. The loan will have a 3.10% variable interest rate and a loan length of 30 years. The index will be 1.85% above the Des Moines FHLB Rate. The lender is Lincoln Savings Bank in Lincoln, Iowa.

AG 22-006 – Mark and Kristin Berns – Beginning farmer loan of \$174,200 to purchase approximately 48 acres of agricultural land in Allamakee County. The loan will have a 3.25% variable interest rate and a loan length of 30 years. The index will be equal to Wall Street Prime. The lender is Luana Savings Bank in Luana, Iowa.

AG 22-007 – Brice L. Dietz – Beginning farmer loan of \$516,620 to purchase approximately 130 acres of agricultural land in Bremer County. The loan will have a 3.75% variable interest rate and a loan length of 30 years. The index will be 1.75% over the 5 year Federal Home Bank Rate on 5 year maturities. The lender is First Bank in Wavery, Iowa.

MOTION

On a motion by Ms. McLain and a second by Mr. Fredrickson, the Board unanimously approved the BFLP applications and the use of bank evaluations on AG 22-004, AG 22-005 and AG 22-006.

PUBLIC HEARING ON BEGINNING FARMER LOANS

A public hearing was held by the IADD Board at the Iowa Finance Authority office on February 23, 2022 at 8:54 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 8:55 am.

MOTION

On a motion by Ms. Townsley and a second by Ms. McLain, the Board unanimously recommended approval of the BFLP Bond documents, including the increased bond amount for AG 21-048.

BEGINNING FARMER TAX CREDIT CHANGES

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit requested changes. There were two change requests, he noted that of those two, one was 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. McLain, the Board unanimously recommended approval of the Beginning Farmer Tax Credit change requests.

BEGINNING FARMER TAX CREDIT APPLICATIONS UPDATE

Steve Ferguson updated the Board that several BFTC applications have come in and will be ready for the IADD Board in March.

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

IFA BOARD MEETING UPDATE

Mr. Borg presented the agenda from the February 2, 2022 IFA Board Meeting. Director Durham gave the IADD Board a brief update of the items discussed. She shared that the Carbon Sequestration work has been completed and just waiting on the final report. IEDA ran a very successful butchery program, and it looks like the legislature is going to put more money into that program for small meat lockers. The legislature is also considering a dairy modernization fund that would be ran by IEDA. On the IFA Housing side, for the next tax credit round the cost overruns have been very high, so IFA is proposing to raise the percentage of tax credit, for at least this round, so that the projects would not need to be subsidized.

Aaron Smith pointed out that SRF projects are also experiencing the cost overruns which is being kept in mind to see if there is any way that IFA can help alleviate any of those costs. Funds from the American Rescue plan are being used for making grant awards, so they have been busy reviewing applications. The Governor announced some of the awards already, three large sale projects, one in northwest Iowa for the Lewis and Clark Regional Water system, one in northeast Iowa for the Dyersville Field of Dreams project and one in central Iowa to support water quality improvement on the Raccoon River, specifically removing one of the dangerous low head dams. During the next month there will be several more nonpoint source and watershed protection projects considered and awarded.

NEXT IADD BOARD MEETING

The March IADD Board meeting will be Wednesday, March 23, 2022 at 9:30 am, at the Iowa Finance Authority office. Mr. Borg asked that a legislative update, and a site plan update are added to the March agenda.

ADJOURNMENT

On a motion by Mr. Fredrickson and a second by Ms. McLain, the February 23, 2022 meeting of the IADD Board of Directors adjourned at 9:10 am.

Dated this 23rd day of March 2022.

Respectfully submitted:

A handwritten signature in blue ink that reads "Aaron Smith". The signature is written in a cursive style and is positioned above a horizontal line.

Aaron Smith
Director's Designee/Board Secretary

Approved as to form:

A handwritten signature in blue ink that reads "Lyle W Borg". The signature is written in a cursive style and is positioned above a horizontal line.

Lyle Borg, Chair
IADD Board