



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
March 23, 2022

Board Members Present

Lyle Borg, Chair
John Fredrickson, Vice Chair

Mark Leonard
Annette Townsley

Board Members Absent

Gretchen McLain

Staff Members Present

Debi Durham, Executive Director
Steve Ferguson, IADD Program Specialist
Jeff Geerts, IEDA Special Projects Manager
Kristin Hanks-Bents, Legislative Liaison
Nicki Howell, Office Assistant

Tammy Nebola, IADD Program Specialist
Shelly Peterson, IEDA Energy Program Manager
Brian Selinger, IEDA Energy Team Leader
Aaron Smith, Chief Bond Programs Director
Becky Wu, Accounting Manager

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 March 23, 2022 at 9:36 am. A quorum was established with the following Board Members present: Borg, Townsley, Fredrickson, Leonard and McLain.

REVIEW OF MINUTES OF FEBRUARY 23, 2022 BOARD MEETING

Mr. Borg presented the minutes of the February 23, 2022 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 February 23, 2022 IADD Board meeting.

REVIEW OF FEBRUARY 2022 FINANCIAL STATEMENT

Becky Wu presented the February 2022 financials. She stated that for FY22 year-to-date, IADD had operating income of \$333,000 operating expense of \$261,000 and net operating income of \$72,000. Mr. Leonard asked if there was a way within the accounting

software to list the gross amount of Loan Participation loans and list the loan loss reserve as a separate line item. Becky Wu stated that the accounting report is a standardized report that can't be customized but she could add the loan loss reserve balance as a note on the financial statement narrative.

MOTION

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

BEGINNING FARMER LOAN APPLICATIONS

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 22-008 – Austin J. and Laena B. Sonntag – Beginning farmer loan of \$320,465 to purchase approximately 119.8 acres of agricultural land in Cass County. The loan will have a 2.625% variable interest rate and a loan length of 30 years. The index will be 75% of First Whitney Bank's 10 year rate. The lender is First Whitney Bank & Trust Co in Atlantic, Iowa. Mr. Leonard requested that the financial statement for Sonntag Development LLC be signed by the preparing lender and all members as well as verification from the lender that the real estate values listed on the LLC financial statement are listed at fair market value.

AG 22-009 – Blake D. and Inga I. Lehmann – Beginning farmer loan of \$575,400 to purchase approximately 160 acres of agricultural land, house and out-buildings in Franklin County. The loan will have a 2.55% variable interest rate and a loan length of 30 years. The index will be 2.75% over 5 year CMT. The lender is First Citizens Bank in Charles City, Iowa.

AG 22-010 – Macy Lauren Niewoehner – Beginning farmer loan of \$232,000 to purchase approximately 58 acres of agricultural land in Fayette County. The loan will have a 3.45% variable interest rate and a loan length of 30 years. The index will be 0.35% above Prime. The lender is Luana Savings Bank in Ossian, Iowa.

AG 22-011 – Chad Eric and Debbra Carol Stamp – Beginning farmer loan of \$564,660 to purchase approximately 157 acres of agricultural land and house in Tama County. The loan will have a 3.53% variable interest rate and a loan length of 30 years. The index will be 1.85% above the Des Moines FHLB. The lender is Lincoln Savings Bank in Lincoln, Iowa.

AG 22-012 – Austin Taylor and Katelyn Elaine Reicks – Beginning farmer loan of \$273,570 to purchase approximately 64.37 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 2.50% over the 5 year CMT Rate. The lender is First Citizens Bank in New Hampton, Iowa.

AG 22-013 – Adam Jacob and Catherine Nicole Vogel – Beginning farmer loan of \$460,000 to purchase approximately 39.52 acres of agricultural land in Lyon County. The loan will have a 3.75% variable interest rate and a loan length of 25 years. The index will

be 2.50% above the weekly average yield on United States Treasury Securities adjusted to a constant maturity of five years, result will be rounded to the nearest 0.125%. The lender is Premier Bank in Rock Rapids, Iowa.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the Board unanimously approved the BFLP applications. AG 22-008 approval is subject to receiving a signed financial statement for Sonntag Development LLC, signed by the preparing lender and all members as well as verification from the lender that the real estate values listed on the LLC financial statement are listed at fair market value.

PUBLIC HEARING ON BEGINNING FARMER LOANS

A public hearing was held by the IADD Board at the Iowa Finance Authority office on March 23, 2022 at 10:17 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 10:18 am.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Leonard, 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 18 new BFTC applications for an estimated tax credit amount of \$156,274. He noted that of those 18 all were cash rent leases. Steve Ferguson mentioned that he has spoke to a few participants that will not be renewing their leases due to the recent Iowa Income Tax changes.

Director Durham pointed out that while the Iowa Income Tax changes are great for our state, there are always some unintended consequences. She acknowledged we do need to evaluate the program to see if there is something we can do proactively next year to counter the decrease of program use. We should be having some conversations with Secretary Naig to explore options as well as seeing what other states do.

Tammy Nebola shared IADD's involvement with a research project funded by a grant from the Agriculture and Food Research Initiative (AFRI) lead by Indiana University and American Farmland Trust. IADD is part of the Community of Practice through our tax credit program for Land Access Program Incentives (LAPI) across the nation. The project consists of research of tax credit programs and other land access programs in Iowa and other states. They will be surveying a majority of the BFTC participants since the inception of the program, and we should see the results from that survey sometime in 2023.

MOTION

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

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Leonard, 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 has attended. He also discussed some upcoming events. He mentioned that we will be slowing down on some of the marketing to allow time to process the received BFTC applications.

OTHER BUSINESS

IADD REPRESENTATIVE TO SERVE ON THE IFA BOARD

Mr. Borg asked the IADD Board if there were any volunteers to serve as the IADD Representative on the IFA Board. Mr. Fredrickson nominated Mr. Borg to continue to serve as the IADD Representative on the IFA Board.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved Mr. Borg to continue to serve as the IADD Representative on the IFA Board.

APPRAISAL POLICY RECOMMENDATION

Tammy Nebola recommended nominating an Appraisal Review Committee. Historically, IADD has required a 3rd party appraisal when a loan program requires an appraisal. An appraisal may be required on a BFLP project if there are structures on the property or if it is a closely related person sale. Appraisals are required for all LPP projects.

In the past several months there have been several lenders requesting to submit a bank evaluation in lieu of a 3rd party appraisal or an appraisal on a larger property which includes the subject property to establish a per acre price which can then be used to determine the fair market value of the property being purchased. In each instance those requests have been brought before the IADD Board to approve the use of the bank evaluation or the larger appraisal, and in each instance the request has been approved by the IADD Board.

Instead of sending each evaluation or full appraisal to the full Board for review which can often cause delays in closing. Tammy Nebola recommended nominating an Appraisal

Review Committee to review and approve/deny the bank evaluation in lieu of a 3rd party appraisal as well as the full appraisals that establish a per acre value to determine the fair market value.

Tammy Nebola discussed the committee recommendation with IADD Board Members, Mark Leonard and Gretchen McLain who both have experience with reviewing and analyzing appraisals. Both Board Members were comfortable serving on an Appraisal Review Committee to review the bank evaluations and full appraisals for the BFLP and LPP programs. If the evaluation or full appraisal is for the LPP program it will also go to the LPP Loan Committee for review and approval/denial.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved nominating Mark Leonard and Gretchen McLain to serve on an Appraisal Review Committee to review and approve/deny bank evaluations and full appraisals.

LEGISLATIVE UPDATE

Kristin Hanks-Bents gave a legislative update on House file 22-17, which affects claims for the Beginning Farmer Tax Credit, and Senate file 22-63. If Senate file 22-63 is passed, members of the IADD board would no longer need to be confirmed by the Senate.

IADD SIGN AT 1963 BELL

Steve Ferguson inquired if there was potential to get the Iowa Agricultural Development Division logo added to the sign outside at 1963 Bell. Director Durham stated she was open to adding the division to the sign and would touch base with Nicki Howell to get that process started.

SITE PLAN UPDATE

Jeff Geerts, Special Projects Manager for IEDA, gave a presentation on the master site plan that has been developed for 1963 Bell Ave. The goal of the site plan is to transform the property into a living laboratory to demonstrate efficiency and renewable best practices that are promoted through several IFA and IEDA programs.

CARBON SEQUESTRATION TASK FORCE UPDATE

Brian Selinger, Energy Team Leader, and Shelly Peterson, Energy Program Manager, shared an update on the Governor's Carbon Sequestration Task Force that was developed to explore carbon sequestration and opportunities it presents for Iowa's economic development.

IFA BOARD MEETING UPDATE

Mr. Borg presented the agenda from the March 2, 2022 IFA Board Meeting. He gave the IADD Board a brief update of the items discussed.

NARRC AND NCOSAFP NEWSLETTERS

Steve Ferguson presented the NARRC Newsletter to the IADD Board and noted that the NARRC annual conference is scheduled for September 24-28 in Virginia. Tammy Nebola presented the NCOSAFP Newsletter to the IADD Board and noted that the NCOSAFP annual conference is scheduled for September 18-21 in Great Falls, Montana.

NEXT IADD BOARD MEETING

The April IADD Board meeting will be Wednesday, April 27, 2022 at 8:30 am, via conference call.

ADJOURNMENT

On a motion by Mr. Leonard and a second by Mr. Fredrickson, the March 23, 2022 meeting of the IADD Board of Directors adjourned at 11:33 am.

Dated this 27th day of April 2022.

Respectfully submitted:



Aaron Smith
Director's Designee/Board Secretary

Approved as to form:



Lyle Borg, Chair
IADD Board