



**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 24, 2019**

Board Members Present

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

Board Members Absent

None

Staff Members Present

Lori Beary, Community Development Director	Steve Ferguson, IADD Program Specialist
Debi Durham, Executive Director	Tammy Nebola, IADD Program Specialist

Others Present

Dave Claypool, 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 24, 2019 at 8:31 am. A quorum was established with the following Board Members present via conference call: Borg, Leonard, Fredrickson and Townsley.

REVIEW OF MINUTES OF MARCH 27, 2019 BOARD MEETING

Mr. Borg presented the minutes of the March 27, 2019 IADD Board Meeting. Mr. Borg asked if there were any additions or corrections to the minutes.

MOTION

On a motion by Mr. Leonard and a second by Ms. Townsley, the Board unanimously approved the minutes of the March 27, 2019 IADD Board meeting.

REVIEW OF MARCH 2019 FINANCIAL STATEMENT

Lori Beary presented the March 2019 financials. She stated that for FY19 year-to-date, IADD had operating income of \$497,000 operating expense of \$354,000 and net operating income of \$142,000.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Leonard, the Board unanimously approved the March 2019 financial statement as presented.

REVIEW OF FY20 BUDGET

The FY20 IADD budget memo was presented by Lori Beary. The budget is very conservative. Fee income was estimated close to FY19, it also assumes that the BFTC allocation will increase to \$12 million. She discussed that the IADD CD that is expiring in May will be cashed in. There was some discussion about whether the CD should be left intact and use the IFA line of credit for new LPP's. Net income will be similar to FY19. There were some questions about specific line items. The budget proposal will be reviewed and acted on at the May IADD Board Meeting.

LOAN PARTICIPATION PROGRAM PRO RATA PAYMENT CORRECTION

Tammy Nebola presented the following LPP project which incorrectly applied principal payments to the joint BFLP loan without paying the pro rata portion on the LPP:

P0207 – Laura L. Lunders – American Bank, NA is the lender. Extra principal payments were made incorrectly so the Board must decide how to deal with the situation. There are two options, the first would be to make the lender reinstate a portion of the bank loan and pay the LPP down to the appropriate pro rata percentage. The bank loan is 40% and the LPP is 60%. The second option is to amend the Certificate and Agreement document to remove the pro rata payment requirement and leave things as they are now. The LPP Committee recommends the first option to have the bank buy back 40% of the debt.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Leonard, the Board unanimously approved the first option to correct the pro rata payment. The bank will need to buy back a portion of the LPP leaving the bank loan with 40% and the LPP with 60%.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

Tammy Nebola presented the following resolution to adjust the terms and conditions on a closed BFLP project:

Resolution AG 15-015M – Kyle Lester Schmitz – First State Bank in Sumner is the lender. The amendment will remove Jill Ann Heims Schmitz from the loan and collateral due to divorce. Re-amortize the loan balance over the remaining term of the bond after applying \$110,000. Due to the re-amortization the monthly payment amount will decrease from \$1,054.11 to \$543.75 beginning on May 16, 2019. All other loan terms will remain the same.

MOTION

On a motion by Mr Fredrickson and a second by Mr. Leonard, the Board unanimously approved the Beginning Farmer Loan Program Amending Resolution.

BEGINNING FARMER LOAN APPLICATIONS

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 19-022 – Ryan E. and Mindy A. Lee – Beginning farmer loan of \$186,200 to purchase approximately 39.2 acres of agricultural land in Polk County. The loan will have a 4.449% fixed interest rate and a loan length of 20 years with a 10 year balloon. The lender is Grinnell State Bank in Polk City, Iowa.

AG 19-023 – Riley Van Schepen – Beginning farmer loan of \$250,000 to purchase approximately 13 acres of agricultural land with house and out-buildings including 2,000 Hd capacity hog facilities in Sioux County. The loan will have a 4.50% variable interest rate and a loan length of 15 years. The index will be 85% of New York Prime. The lender is American State Bank in Sioux Center, Iowa.

AG 19-024 – Simon M. and Elizabeth S. Borntreger – Beginning farmer loan of \$39,000 to purchase approximately 12 acres of agricultural land in Worth County. The loan will have a 5.283% fixed interest rate and a loan length of 30 years. The lender is NSB Bank in Northwood, Iowa.

AG 19-025 – Jason James and Danielle Emily Hoerman – Beginning farmer loan of \$210,000 to purchase approximately 40 acres of agricultural land, house and out-buildings in Bremer County. The loan will have a 4.75% variable interest rate and a loan length of 30 years. The index will be 0.75% below New York Prime. The lender is First National Bank in Waverly, Iowa.

AG 19-026 – Jeremy and Esther Arkfeld – Beginning farmer loan of \$355,500 to purchase approximately 96 acres of agricultural land in Shelby County. The loan will have a 4.85% variable interest rate and a loan length of 30 years. The index will be 1.25% over New York Prime. The lender is Shelby County State Bank in Harlan, Iowa.

AG 19-027 – Blake and Amber M. Naeve – Beginning farmer loan of \$400,000 to purchase approximately 160 acres of agricultural land and out-buildings in Pocahontas County. The loan will have a 3.65% variable interest rate and a loan length of 30 years. The index will be 1.23% above the US Treasury 5 year index. The lender is First State Bank in Humboldt, Iowa.

AG 19-028 – Andrew Herb and Marie Ann Spaans – Beginning farmer loan of \$99,000 to purchase approximately 20 acres of agricultural land in Lyon County. The loan will have a 4.25% variable interest rate and a loan length of 30 years. The index will be 1.70% above the 5 year T-Bill. The lender is Security Savings Bank in Inwood, Iowa.

AG 19-029 – Wyatt Lance Spaans – Beginning farmer loan of \$99,000 to purchase approximately 20 acres of agricultural land in Lyon County. The loan will have a 4.25% variable interest rate and a loan length of 30 years. The index will be 1.70% above the 5 year T-Bill. The lender is Security Savings Bank in Canton, Iowa.

AG 19-030 – Cale E. and Kathleen E. Gilman – Beginning farmer loan of \$120,000 to purchase approximately 40 acres of agricultural land in Adair County. The loan will have a 4.45%

variable interest rate and a loan length of 25 years. The index will be 80% of First State Banks Ag Real Estate 20-5 ARM Index. The lender is First State Bank in Stuart, Iowa.

AG 19-031 – Landon and Kinsey Aldinger – Beginning farmer loan of \$125,000 to purchase approximately 34.63 acres of agricultural land in Franklin County. The loan will have a 4.50% variable interest rate and a loan length of 30 years. The index will be 75% of Iowa Falls State Bank's Prime Rate. The lender is Iowa Falls State Bank in Iowa Falls, Iowa. There was discussion about the financial statement and whether Landon and Kinsey Aldinger are eligible due to their net worth. The Board would like to table the application until clarification of the machinery “Adjustment ownership” can be made and to ensure machinery is listed at fair market value.

AG 19-032 – Kara A. and Joshua A. Corcoran – Beginning farmer loan of \$233,375 to purchase approximately 149.54 acres of agricultural land in Fayette County. The loan will have a 3.85% variable interest rate and a loan length of 30 years. The index will be 0.50% above the Wall Street Journal Prime Rate. The lender is Luana Savings Bank in New Hampton, Iowa.

AG 19-033 – Michael T. Donovan – Beginning farmer loan of \$252,500 to purchase approximately 77 acres of agricultural land in Johnson County. The loan will have a 4.64% variable interest rate and a loan length of 25 years. The index will be 80% of the 5 year Treasury plus 3.00%. The lender is Hills Bank & Trust Company in Hills, Iowa.

MOTION

On a motion by Mr. Leonard and a second by Ms. Townsley, the Board tabled application AG 19-031 until clarifications on the financial statement are made.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the Board approved the BFLP applications except for AG 19-031 which was tabled.

PUBLIC HEARING ON BEGINNING FARMER LOANS

A public hearing was held by the IADD Board at the Iowa Finance Authority office on April 24, 2019 at 9:23 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 9:24 am.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously recommended approval of the BFLP Bond documents except for AG 19-031 which was tabled.

BEGINNING FARMER TAX CREDIT APPLICATIONS

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit applications. There were 79 new BFTC applications for an estimated tax credit amount of \$261,133.05. He noted that of those, 56 are cash rent and 23 are crop share.

MOTION

On a motion by Mr. Leonard and a second by Mr. Fredrickson, 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. Mr. Ferguson reviewed some of the recent events he's attended. He also discussed some upcoming events.

OTHER BUSINESS

LEGISLATIVE UPDATE

Lori Beary gave an update on the BFTC legislation. The Senate may debate their BFTC bill today. The Senate bill has some substantial changes from the House bill. First it makes one of the IADD Board Members an ex-officio voting member of the IFA Board, this member would be designated by the IADD Board. The Senate bill includes a correction of the net worth definition for LLC's, it changes the beginning farmer eligibility back to net worth, it defines a substantially high rental rate, it puts the application deadline of August 1 in the Code and the application fee tier (until January of 2022) which is based on the number of acres leased. It also now limits the number of tax credits certificates to any one taxpayer to a maximum of 10. IADD is to allocate all years of the lease in the first year but IADD will continue to issue certificates annually. That way, every year we start with \$12 million to allocate. The crop share calculation is modified slightly to use a 10 year average for yield and a five year average for price. It specifies that we must write rules on how to calculate flex leases so the credit includes the flex portion. Lori stated that we will be seeking the Board's input on how to calculate the flex leases. The \$50,000 maximum credit per taxpayer per year is added back in. All approved applications are grandfathered in under the current law and rules.

The House Bill still changes the beginning farmer eligibility from net worth to years of farming and a revision has been made to give priority to any renewals over new applications.

RESOLUTION FOR RETIRING BOARD MEMBER

Mr. Borg discussed the Resolution for Retiring Board Member. He expressed the desire to revise the Resolution to include and be signed by the entire board, staff and Dave Claypool. He feels it will mean more if the gratitude is expressed by all. Staff will make revisions and the revised Resolution can be signed at the May IADD Board Meeting.

NEXT IADD BOARD MEETING

The May IADD Board meeting will be Wednesday, May 22, 2019 at 9:30 am, at the IFA office. It will be Gretchen McLain's first Board Meeting. Lori shared that the IADD staff will be providing a training that afternoon for Gretchen and any of the existing IADD Board Members are welcome to stay for the training.

ADJOURNMENT

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the April 24, 2019 meeting of the IADD Board of Directors adjourned at 9:45 am.

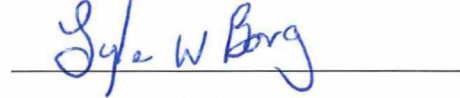
Dated this 22nd day of May, 2019.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:



Lyle Borg, Chair
IADD Board