

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the March 12, 2021 business meeting. This is provided in summary form; an official record of the meeting is available in the permanent records of the Kentucky Office of Agricultural Policy (KOAP), 404 Ann Street, Frankfort, Kentucky 40601.



**Kentucky Agricultural Finance Corporation Board  
Summary Minutes of the Business Meeting  
March 12, 2021  
Frankfort, KY 40601**

**Call to Order**

Commissioner of Agriculture Dr. Ryan Quarles, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFRC) regular business meeting to order at 10:00 a.m. (EST).

**Roll Call**

The following members were present: Commissioner of Agriculture Dr. Ryan Quarles, Billy Aldridge (Secretary Holly Johnson designee), Dr. Kenneth Burdine, Larry Jagers, Doug Lawson, Jonathan Noe, Frank Penn, David Rink and Mac Stone.

Members absent: Wayne Hunt, Donald Mitchell and Linda Rumpke.

**Notification of Media**

Commissioner Quarles received verification from Milinda Sosby, Boards and Special Events Manger, that the media had been notified of the KAFRC board meeting.

**Welcome**

Commissioner Quarles welcomed everyone to the teleconference meeting and highlighted some of the Kentucky Department of Agriculture (KDA) activities since the last meeting. Commissioner Quarles reported he had visited areas impacted by the flood and mentioned ongoing relief efforts. Commissioner Quarles reported the Ag education trailers had been updated at no cost to tax payers.

Tim Hughes assumed the chair at 10:10 a.m.

**Approval of Minutes**

Mr. Hughes entertained a motion to approve the minutes of the February 12, 2021.

Dr. Burdine moved to approve the minutes, with corrections; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous.

**Executive Director's Report**

Mr. Hughes yielded the floor to Dorsey Ridley, KOAP Executive Director, to report to the board.

Mr. Ridley welcomed everyone to the teleconference meeting and updated the board on his recent activities. Mr. Ridley reported on the precedent setting development of the passing of SB3. Preliminary transition efforts are anticipated to start as early as Monday, March 15. In addition to the legislative update, Mr. Ridley welcomed Martin Williams as the new County Programs Manager and referenced an article on the impact of the Tobacco Settlement funds to Kentucky Agriculture.

In closing, Mr. Ridley thanked the work of the KOAP staff for their part in moving Kentucky Agriculture forward.

### Deputy Executive Director's Report

Mr. Hughes called on Mr. McCloskey, KOAP Deputy Executive Director, to report to the board.

Mr. McCloskey reviewed the memorandum (on file) regarding Foothills Products and Services, Inc. (A2008-0280).

Mr. McCloskey reviewed the Kentucky Agricultural Development State Pool Status (on file) as of February 25, 2021.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund County Account Balances (on file) as of February 25, 2021.

Mr. McCloskey reviewed the K AFC Statement of Financial Position (on file) as of February 28, 2021.

Mr. McCloskey reviewed the 2021 Payment Deferrals due to COVID-19 (on file).

Mr. McCloskey reviewed the Category B Loans (on file) as of February 29, 2021.

<b>K AFC Statement of Financial Position</b>	
<b>As of February 28, 2021</b>	
<b>Assets</b>	
Cash K AFC Accounts	\$ 15,274,094
Loan Payments Due K AFC	
Category A	\$79,691,450
Category B	\$ 447,265 (Foothills & Four Hills)
Category C	\$
	\$ 80,138,715
<b>Total Assets</b>	<b>\$ 95,412,809</b>
<b>Liabilities</b>	
K AFC loans approved not closed	\$ 8,450,411
Principal Outstanding	\$ 80,138,715
<b>Total Liabilities</b>	<b>\$ 88,589,126</b>
<b>Unobligated Assets</b>	<b>\$ 6,823,683</b>
<b>Total Liabilities &amp; Unobligated Assets</b>	<b>\$ 95,412,809</b>

Mr. Penn asked staff when it was projected K AFC would hit \$100,000,000 in total assets. Mr. McCloskey indicated, in the past, K AFC has received \$5 million in funding from KADB after the annual MSA payment so that number could happen as early as May.

Mr. Lawson moved to accept the K AFC financial report; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Unanimous.

### Guidelines Committee Report

Mr. Hughes called on Mr. Lawson to give the Guidelines Committee report.

Mr. Lawson reported the committee had recently reviewed the K AFC guidelines for the Diversification through Entrepreneurship in Agribusiness Loan Program (DEAL). The committee discussed the following: having a Gross Farm income requirement or limit real estate purchase and giving priority consideration to program applicants with a defined entrepreneurial purpose and recommended applicants having a detailed business plan. Staff will complete DEAL program guidelines for the committee to review at the April meeting.

**Loan Review Committee Report**

Mr. Hughes called on Mr. Noe to give the Loan Review Committee report. Mr. Noe stated that the loans reviewed would be discussed in order of the agenda.

**New Business**

Mr. Hughes called on Mr. McCloskey, Ali Hulett and Lindsay Bates to present the following applications:

**Agricultural Infrastructure Loan Program (AILP)**

**AF21-0018 Miller, Marla**

The applicants requested \$35,809 for upgrades to two (2) existing Cobb-Vantress layer barns in Logan County. Citizens Bank in Hartford, KY is the participating lender.

Staff recommended to approve the request, contingent upon approval and obligation of a 90% FSA guarantee on Citizens Bank and KAFC funds, with combined loan-to-value no greater than 100%.

Dr. Burdine moved to approve the staff recommendation, as presented, pending availability of funds; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

**Beginning Farmer Loan Program (BFLP)**

**AF21-0014 Boarman, John**

The applicants requested \$217,728 for the purchase of 80 acres in McLean County. Independence Bank of Owensboro, KY is the participating lender.

Staff recommended to approve the request, contingent upon approval and obligation of a 90% FSA guarantee on Independence Bank and KAFC funds, with combined loan-to-value no greater than 100%.

Mr. Jagers moved to approve the staff recommendation, as presented, pending availability of funds; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous

**AF21-0015 Peterson, Joseph**

The applicants requested \$125,000 for the purchase of 220 acres in Marion County. Central Kentucky ACA in Lebanon, KY is the participating lender.

Staff recommended to approve the request with combined loan-to-value no greater than 55%.

Mr. Lawson moved to approve the staff recommendation, as presented, pending availability of funds; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Mr. Noe abstained.

**AF21-0016 Jones, Mindy**

The applicants requested \$237,320 for the purchase of 94 acres in Henderson County. Farm Credit of Mid-American in Henderson, KY is the participating lender.

Staff recommended to approve the request with combined loan-to-value no greater than 85%.

Mr. Lawson moved to approve the staff recommendation, as presented, pending availability of funds; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous

**AF21-0019 Smith, Blake**

The applicants requested \$90,675 for the purchase of 91 acres in Monroe County. Farm Credit Mid-America in Glasgow, KY is the participating lender.

Staff recommended to approve the request with combined loan-to-value no greater than 85%.

Mr. Jagers moved to approve the staff recommendation, as presented, pending availability of funds; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

**Diversification through Entrepreneurship in Agri-business Loan Program (DEAL)**

**AF21-0017 Riley, Clint**

The applicants requested \$100,000 for the construction of an indoor riding arena and boarding facility in Pendleton County. Farm Credit Mid-America in Lexington, KY is the participating lender.

Staff recommended to approve the request with combined loan-to-value no greater than 85%.

Mr. Noe moved to approve the staff recommendation, as presented, pending availability of funds; Dr. Burdine seconded the motion.

Mr. Penn asked if the arena would be used for strictly training, showing, and selling of rodeo horses or also by individuals for general purposes. Staff indicated the arena would also be used for individual training purposes.

VOTE: Motion Passed; Mr. Lawson abstained.

**Old Business:**

Mr. Hughes called on Mr. McCloskey, Ms. Hulett and Ms. Bates to present the following modifications and extensions.

**Modifications**

**AF17-0050 Logsdon, Paul**

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to subordinate to the new Farm Credit debt. This request was referred to the Loan Review Committee.

The Loan Review Committee recommended to approve the modification request with combined loan-to-value no greater than 85%.

Mr. Noe moved to approve the modification request, as presented; Mr. Lawson seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF20-0039 Clemons, Jordan**

Ms. Hulett presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to subordinate to the new Magnolia Bank debt. KAFB will be in a third lien position with a combined loan-to value of 90%. This request was referred to the Loan Review Committee.

The Loan Review Committee recommended to approve the modification request, contingent upon the FSA guarantee remaining in place with loan-to-value no greater than 100%.

There was discussion on subordination requests and the increase in these type of requests.

Mr. Noe moved to have the guidelines committee review guidelines on subordination requests and make a recommendation to the board; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Unanimous.

**Extensions**

**AF19-0102 Bradley, Kimberly**

Ms. Bates presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a time extension to allow for construction to be completed. The new expiration date would be September 20, 2021.

Staff recommended approval of the six (6) month time extension request.

Dr. Burdine moved to approve the time extension request, as presented; Mr. Stone seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF20-0089 Little, Matthew**

Ms. Hulett presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a time extension to complete loan closing. The new expiration date would be May 11, 2021.

Staff recommended approval of the two (2) month time extension request.

Mr. Stone moved to approve the time extension request, as recommended; Mr. Lawson seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF20-0094 Crawford, Joshua**

Ms. Bates presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a time extension to finalize documents. The new expiration date would be May 11, 2021.

Staff recommended approval of the two (2) month time extension request.

Mr. Aldridge moved to approve the time extension request, as recommended; Mr. Stone seconded the motion.

VOTE: Motion Passed; Unanimous.

**Closing Remarks**

Mr. Hughes informed the board the next meeting will be Friday, April 9, 2021 at 10:00 a.m. EDT.

**Adjournment**

There being no additional business or discussion, Mr. Hughes entertained a motion to adjourn the KAFC Board meeting.

Mr. Aldridge moved to adjourn the March KAFC board meeting; Mr. Stone seconded the motion.

VOTE: Motion Passed; Unanimous.

Meeting adjourned at 10:58 a.m. EST.

APPROVED DATE: April 9, 2021

PRESIDING OFFICER: Tim Hughes proxy for Commissioner, Dr. Ryan Zuercher  
Tim Hughes (Designated Proxy)

BOARDS COORDINATOR: Milinda Sosby  
Milinda Sosby

# Loan Review Committee

## Meeting Minutes



<b>Meeting Date:</b>	March 12, 2021
<b>Meeting Location:</b>	Zoom Conference, Meeting ID: 953 8704 7874
<b>Meeting Chair:</b>	Jonathan Noe
<b>Attendees:</b>	Jonathan Noe, Doug Lawson, Billy Aldridge, Larry Jagers, Kenny Burdine, Tim Hughes, Frank Penn, Mac Stone, David Rink Staff: Ali Hulett, Bill McCloskey, Lindsay Bates, Milinda Sosby, Brian Murphy, Kara Keeton, Dorsey Ridley, Martin Williams
<b>Minutes Issued By:</b>	Ali Hulett, Loan Programs Manager
<b>Meeting Call to Order:</b>	9:30 AM EST
<b>Meeting Adjourned:</b>	9:55 AM EST

<b>Agenda Items:</b>
Old Business
<ol style="list-style-type: none"><li>1. Review of AF17-0050—Logsdon, Paul<ol style="list-style-type: none"><li>a. On behalf of Mr. Logsdon, the loan officer requested to subordinate.</li><li>b. Recommended approval, with loan-to-value no greater than 85%.</li><li>c. Motion passed unanimously.</li></ol></li><li>2. Review of AF20-0039—Clemons, Jordan<ol style="list-style-type: none"><li>a. On behalf of Mr. Clemons, the loan officer requested to subordinate.</li><li>b. Recommended approval, contingent upon the FSA guarantee remaining in place with loan-to-value no greater than 100%.</li><li>c. Motion passed with Members Burdine, Jagers, Lawson, and Noe voting in favor and Member Rink voting against.</li></ol></li><li>3. Recommend to refer discussion on subordination requests to the guidelines committee in April.</li></ol>

# Guidelines Committee

## Meeting Minutes



<b>Meeting Date:</b>	March 12, 2021
<b>Meeting Location:</b>	Zoom Conference, Meeting ID: 924 2602 5205
<b>Meeting Chair:</b>	Doug Lawson
<b>Attendees:</b>	Kenny Burdine, Jonathan Noe, Billy Aldridge, Doug Lawson, Frank Penn, Mac Stone, Tim Hughes. Staff: Lindsay Bates, Ali Hulett, Bill McCloskey, Milinda Sosby, Kara Keeton, Brian Murphy, Dorsey Ridley, Anne Marie Franklin, Martin Williams.
<b>Minutes Issued By:</b>	Ali Hulett, Loan Programs Manager
<b>Meeting Call to Order:</b>	9:00 AM
<b>Meeting Adjourned:</b>	9:28 AM

<b>Agenda Items:</b>	
<b>Diversification through Entrepreneurship in Agribusiness Loan Program (DEAL)</b>	
<ul style="list-style-type: none"> <li>- <i>Gross farm income requirement or limit real estate purchase (acres, dollars, or percentage)</i></li> <li>- Committee members in concurrence to give priority consideration to program applicants with a defined entrepreneurial purpose and recommends applicants having a detailed business plan.</li> <li>- Staff will present complete DEAL program guidelines for committee review at the next meeting.</li> </ul>	
<b>Motion to Adjourn</b>	