

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the May 14, 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
May 14, 2021
Frankfort, KY 40601**

Call to Order

Commissioner of Agriculture Dr. Ryan Quarles, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) 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, Wayne Hunt, Larry Jagers, Jonathan Noe, and Frank Penn.

Members absent: Doug Lawson, Don Mitchell (resigned), David Rink, Linda Rumpke, and Mac Stone

Notification of Media

Commissioner Quarles received verification from Milinda Sosby, Boards and Special Events Manger, that the media had been notified of the KAFC 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. Some of the activities the Commissioner reported on included a cookout at the KDA campus to celebrate Beef Month, the running of the Kentucky Derby with 17 horses from Kentucky participating, and a visit to the Thoroughbred Center at Keeneland to review planned renovations to the facility. Commissioner Quarles mentioned May was also Farmer Mental Health and Suicide Prevention month and resources had been developed for awareness, education and prevention.

Commissioner Quarles also mentioned the resignation of Board Member Don Mitchell. Commissioner Quarles thanked Mr. Mitchell for his service to the KAFC board.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the April 9, 2021.

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

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Deputy Executive Director's Report

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

Mr. McCloskey referenced a memorandum (on file) requesting a \$5 million transfer of funds to KAFC to continue to provide low-interest loans through the established revolving loan program.

Mr. McCloskey reviewed the Kentucky Agricultural Development State Pool Status (*on file*) as of May 6, 2021.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund County Account Balances (*on file*) as of April 27, 2021.

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of April 30, 2021.

Mr. McCloskey reviewed the Category B Loans (*on file*) as of May 3, 2021.

K AFC Statement of Financial Position	
As of April 30, 2021	
Assets	
Cash K AFC Accounts	\$ 16,395,542
Loan Payments Due K AFC	
Category A	\$79,343,018
Category B	\$ 26,565 (Four Hills)
Category C	\$
	\$ 79,369,583
Total Assets	\$ 95,765,125
Liabilities	
K AFC loans approved not closed	\$ 8,493,229
Principal Outstanding	\$ 79,369,583
	\$ 87,862,812
Total Liabilities	\$ 87,862,812
Unobligated Assets	\$ 7,902,313
Total Liabilities & Unobligated Assets	\$ 95,765,125

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

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

Commissioner Quarles 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

Commissioner Quarles called on Mr. McCloskey and Ali Hulett to present the following applications:

Agricultural Infrastructure Loan Program (AILP)

AF21-0035 Bell, Timothy

The applicants requested \$150,000 for the purchase of and upgrades to 49 acres with four (4) Tyson broiler barns in Wayne County. Farm Credit in Somerset, KY is the participating lender.

Staff recommended to approve the request, contingent upon the approval and obligation of a 90% FSA guarantee on Farm Credit and K AFC 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. Noe seconded the motion.

VOTE Motion Passed; Unanimous.

AF21-0037 Adams, Matt

The applicants requested \$30,000 for the construction of a 40x50 barn in Hart County. Magnolia Bank in Elizabethtown, KY is the participating lender.

Staff recommended approval, with combined loan-to-value no greater than 85%.

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

VOTE Motion Passed; Unanimous.

Agricultural Processing Loan Program (APLP)

AF21-0023 Haseotes, Demetrios

The applicants requested \$500,000 for the purchase of equipment and installation of a soybean crushing plant in Pulaski County. Cumberland Security Bank in Somerset, KY is the participating lender. This loan was referred to the Loan Review Committee.

The Loan Review Committee recommended to approve the request, with combined loan-to-value no greater than 50%.

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

VOTE: Motion Passed; Unanimous.

AF21-0032 Hinton, Matt

The applicants requested \$160,000 for the purchase of a robotic palletizing and stretch wrapping system and forklift in Fleming County. Buffalo Trace Area Development District in Maysville, KY is the participating lender. This loan was referred to the Loan Review Committee.

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

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

VOTE: Motion Passed; Unanimous.

AF21-0038 Smith Jr, Carl

The applicants requested \$350,000 for the construction of a sausage production and distribution facility and purchase of equipment in Nelson County. Town & Country Bank and Trust Co. in Bardstown, KY is the participating lender. This loan was referred to the Loan Review Committee.

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

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

VOTE: Motion Passed; Unanimous.

Mr. Tim Hughes assumed the chair at approximately 10:49 a.m.

AF21-0039 Wells, Tyler

The applicants requested \$255,000 for the construction of a USDA inspected meat processing facility and purchase of equipment in Greenup County. This loan was referred to the Loan Review Committee.

The Loan Review Committee recommended to approve the request, with combined loan-to-value no greater than 85% contingent upon approval of the KADB forgivable loan, not exceed 50% of the total project cost.

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF21-0029 Noorani, Daniel

The applicant requested \$114,000 for the purchase of 60 acres in Garrard County. Central Kentucky ACA in Stanford, KY is the participating lender.

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

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

VOTE: Motion Passed; Mr. Noe Abstained.

AF21-0030 Kratzer, Kyle

The applicants requested \$202,500 for the purchase of 40 acres in Anderson County. Central Kentucky ACA in Frankfort, KY is the participating lender.

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

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

VOTE: Motion Passed; Mr. Noe Abstained.

AF21-0031 Leid, David

The applicants requested \$234,000 for the purchase and upgrades to 20 acres with four (4) Tyson broiler barns in Graves County. First Community Bank of the Heartland in Fancy Farm, KY is the participating lender.

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

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

It was noted Mr. Leid would also need to provide a driver's license as proof of Kentucky residency.

VOTE: Motion Passed; Unanimous.

AF21-0034 Davis, William

The applicants requested \$82,500 for the purchase of 40 acres in Warren County. South Central Bank of Barren County in Glasgow, KY is the participating lender.

Staff recommended to approve the request, contingent upon the approval and obligation of a 95% FSA guarantee on South Central Bank of Barren County and KAFC funds, with combined loan-to-value no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

AF21-0036 Johnson, Robert

The applicant requested \$236,250 for the purchase of 125 acres in Barren County. South Central Bank of Barren County in Glasgow, KY is the participating lender.

Staff recommended to approve the request, contingent upon the approval and obligation of a 95% FSA guarantee on South Central Bank of Barren County 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. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

Large/Food Animal Veterinary Loan Program (VET)

AF21-0028 Dyer, Wesley

The applicant requested \$150,000 for purchase of 2.8 acres with an existing veterinary practice in Monroe County. South Central Bank of Barren County in Glasgow, KY is the participating lender.

Staff recommended approval, with combined loan-to-value no greater than 85%.

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

Mr. Penn asked what the percentage of the business revenue was from large animal vs. small animal. Staff indicated roughly 65% of the business revenue was from the treatment of large animals.

VOTE: Motion Passed; Unanimous.

Old Business:

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

Modifications

AF13-0047 Poole, Wesley

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 request, with combined loan-to-value no greater than 85%.

Mr. Noe moved to approve the committee recommendation, as presented; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

AF16-0104 Howard, Eric

Ms. Hulett 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 request, with combined loan-to-value no greater than 85%.

Mr. Noe moved to approve the committee recommendation, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

AF19-0083 Puckett, Logan

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 request, with combined loan-to-value no greater than 85%, with the FSA guarantee remaining in place.

Mr. Noe moved to approve the committee recommendation, as presented; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

AF21-0005 Winchester, Jennifer

Ms. Hulett presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to add a 95% FSA guarantee to the loan and increase the combined loan-to-value limits. This request was referred to the Loan Review Committee.

The Loan Review Committee recommended to approve the request, with combined loan-to-value no greater than 100%.

Mr. Noe moved to approve the committee recommendation, as presented; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

Extensions

AF20-0040 Sulfridge, Travis

Ms. Hulett presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a time extension to allow for documents to be finalized. The new expiration date would be August 12, 2021.

Staff recommended approval of the three (3) month time extension request.

Mr. Noe moved to approve the time extension request, as presented; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

AF21-0010 Eblen, Matthew

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a time extension to allow for documents to be finalized. The new expiration date would be August 12, 2021.

Staff recommended approval of the three (3) month time extension request.

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

VOTE: Motion Passed; Unanimous.

AF21-0011 Kung, Sui

Ms. Hulett presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a time extension to allow for documents to be finalized. The new expiration date would be August 12, 2021.

Staff recommended approval of the three (3) month time extension request.

Mr. Noe moved to approve the time extension request, as presented; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous

AF21-0013 May, Brett

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a time extension to allow for documents to be finalized. The new expiration date would be August 12, 2021.

Staff recommended approval of the three (3) month time extension request.

Mr. Hunt moved to approve the time extension request, as presented; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Unanimous.

Closing Remarks

Mr. Hughes informed the board the next meeting will be Friday, June 11, 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 May KAFC board meeting; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

Meeting adjourned at 11:27 a.m. EDT.

APPROVED DATE: June 11, 2021

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

BOARDS COORDINATOR: Milinda Sosby
Milinda Sosby

Loan Review Committee

Meeting Minutes



Meeting Date:	May 14, 2021
Meeting Location:	Zoom Conference, Meeting ID: 913 6395 7429
Meeting Chair:	Jonathan Noe
Attendees:	Jonathan Noe, Larry Jagers, Kenny Burdine, Tim Hughes, Wayne Hunt Staff: Ali Hulett, Bill McCloskey, Milinda Sosby, Brian Murphy, Brian Lacefield Guests: Tyler Wells, Matt Keller, Rebekah Roberts, Raffo Wimsett III, Demetrios Haseotes
Minutes Issued By:	Ali Hulett, Loan Programs Manager
Meeting Call to Order:	8:34 AM EDT
Meeting Adjourned:	9:19 AM EDT

Agenda Items:

New Business

1. Review of AF21-0023—Haseotes, Demetrios
 - a. On behalf of Mr. Haseotes the loan officer requested consideration of the \$500,000 Ag Processing loan request.
 - b. Recommended approval as presented, with loan-to-value no greater than 50%.
 - c. Motion passed unanimously.
2. Review of AF21-0038—Smith Jr., Carl
 - a. On behalf of Mr. Smith, the loan officer requested consideration of the \$350,000 Ag Processing loan request.
 - b. Recommended approval, with loan-to-value no greater than 85%.
 - c. Motion passed unanimously
3. Review of AF21-0039—Wells, Tyler
 - a. On behalf of Mr. Smith, the loan officer requested consideration of the \$255,000 Ag Processing loan request.
 - b. Recommended approval, with loan-to-value no greater than 85% contingent upon approval of the KADB forgivable loan, not to exceed 50% of the total project cost.
 - c. Motion passed unanimously

Old Business

1. Review of AF13-0047—Poole, Wesley
 - a. On behalf of Mr. Poole, the loan officer requested to subordinate.
 - b. Recommended approval as presented, with loan-to-value no greater than 85%.
 - c. Motion passed unanimously.
2. Review of AF16-0104—Howard, Eric
 - a. On behalf of Mr. Howard, the loan officer requested to subordinate.
 - b. Recommended approval as presented, with loan-to-value no greater than 85%.
 - c. Motion passed unanimously.

Loan Review Committee

Meeting Minutes



Agenda Items:

3. Review of AF19-0083—Puckett, Kyle
 - a. On behalf of Mr. Puckett, the loan officer requested to subordinate.
 - b. Recommended approval as presented, with loan-to-value no greater than 85% with the FSA guarantee remaining in place.
 - c. Motion passed unanimously.
 4. Review of AF21-0005—Winchester, Jennifer
 - a. On behalf of Mrs. Winchester, the loan officer requested to add an FSA guarantee to the loan and increase the loan-to-value limits.
 - b. Recommended approval as presented, with loan-to-value no greater than 100% with a FSA guarantee.
 - c. Motion passed unanimously.
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