

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the July 15, 2022 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
Franklin County Extension Office
101 Lakeview Ct Frankfort, KY
July 15, 2022**

Call to Order

Commissioner Ryan Quarles, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 9:10 a.m. (EDT).

Roll Call

The following members were present: Commissioner Ryan Quarles, Frank Penn, Billy Aldridge (designee for Secretary Holly M. Johnson), Dr. Kenny Burdine, Linda Rumpke, Wayne Hunt, and Jonathan Noe.

Absent Members: Dan Flanagan, Mac Stone, David Rink, Larry Jagers, and Doug Lawson.

Notification of Media

Commissioner Ryan Quarles received verification from Hannah Johnson, Board and Special Events Manager, that the media had been notified of the KAFC board meeting.

Welcome

Commissioner Ryan Quarles welcomed everyone to the KAFC board meeting. Commissioner Quarles updated the board on activities of the Kentucky Department of Agriculture (KDA).

Approval of Minutes

Commissioner Ryan Quarles entertained a motion to approve the minutes of the June 10, 2022 board meeting.

Mr. Noe moved to approve the minutes, as presented; Mr. Penn seconded the motion.

VOTE: Motion Passed; Ms. Rumpke Abstained.

Executive Director's Report

Commissioner Quarles called on Brian Lacefield, KOAP Executive Director, to present the KOAP Executive Director's report to the board.

Mr. Lacefield gave an overview of his activities since the June board meeting. Mr. Lacefield referenced the upcoming November Joint Meeting that will take place in Somerset with tours and a business meeting to follow. Mr. Lacefield lastly referenced the Kentucky State Fair events and the KADB meeting.

Deputy Executive Director's Report

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

Mr. McCloskey reviewed the Kentucky Agricultural Development State Pool Status *(on file)* as of July 6, 2022

Mr. McCloskey reviewed an updated version of the Kentucky Agricultural Development Fund County Account Balances *(on file)* as of July 6, 2022

Mr. McCloskey reviewed the K AFC Statement of Financial Position *(on file)* as of June 30, 2022

K AFC Statement of Financial Position	
As of June 30, 2022	
Assets	
Cash K AFC Accounts	\$ 23,006,625
Loan Payments Due K AFC	
Category A	\$79,628,921
Category B	\$
Category C	\$
	\$ 79,628,921
Total Assets	\$ 102,635,546
Liabilities	
K AFC loans approved not closed	\$ 15,620,165
Principal Outstanding	\$ 79,628,921
	\$ 95,249,086
Total Liabilities	\$ 95,249,086
Unobligated Assets	\$ 7,386,460
Total Liabilities & Unobligated Assets	\$ 102,635,546

Ms. Rumpke moved to accept the K AFC financial report, as presented; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

Compliance Committee Report

Commissioner Quarles called on Mr. Noe to give the Compliance Committee report. Mr. Noe stated the Committee reviewed all files from December 2021 to March 2022 as listed on the documentation checklist provided by staff.

Mr. Aldridge moved to accept the recommendations of the Compliance Committee report, Mr. Hunt seconded the motion.

VOTE: Motion passed; Unanimous.

Loan Review Committee Report

Commissioner Quarles called on Ms. Rumpke to give the Loan Review Committee report. Ms. Rumpke stated the loans would be discussed in order of the agenda.

Ms. Rumpke moved to accept the recommendations of the of the Loan Review Committee report.
Mr. Penn seconded the motion.

VOTE: Motion passed; Unanimous.

New Business

Commissioner Quarles called on Mr. Lacefield, Mr. McCloskey, Ms. Ryan, Ms. Mattingly, Mr. Pruitt, and Ms. Randolph to present the following applications:

Agricultural Infrastructure Loan Program (AILP)

AF22-0054 Massengale, Stephen

The applicant requested \$250,000 for the construction of two Cobb-Vantress pullet houses in Wayne County. Farm Credit in Somerset, KY is the participating lender.

Staff recommends approval, contingent upon the approval and obligation of a 90% FSA guarantee on \$975,000 of FCMA and \$250,000 KAFC funds, with combined loan-to-value no greater than 100%.

Mr. Hunt moved to approve the staff recommendation, as presented; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Unanimous.

AF22-0059 Gibson, Brady

The applicant requested \$76,725 for the renovation of a tobacco barn into an agri-tourism event venue in Kenton County. Farm Credit in Lexington, KY is the participating lender.

Staff recommends approval, contingent upon the aggregate KAFC and KADB fund not exceeding 50% of the total project cost, with combined loan-to-value no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

Agricultural Processing Loan Program (APLP)

AF22-0055 Westfall, Stacy

The applicant requested \$500,000 for the construction of a meat processing facility and butcher shop in Woodford County. Citizens Commerce National Bank in Versailles, KY is the participating lender. This application was referred to the Loan Review Committee.

The Loan Review Committee recommends approval of \$500,000 contingent upon the approval and obligation of a 90% USDA Food Supply Chain Guarantee of CCNB and KAFC funds with a combined loan-to-value no greater than 100%.

Ms. Rumpke moved to approve the Loan Review Committee recommendation, as presented; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)
AF22-0056 Newswanger, Shledon

The applicant requested \$250,000 for the construction of two Tyson breeder barns Christian County, KY. First Financial Bank in Fort Payne, AL is the participating lender. This application was referred to the Loan Review Committee.

The Loan Review Committee recommends approval contingent upon approval and obligation of a 90% FSA guarantee on \$975,000 First Financial Bank and \$250,000 K AFC funds, with combined loan-to-value no greater than 100%.

Ms. Rumpke moved to approve the Loan Review Committee recommendation, as presented; Mr Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

AF22-0057 Owens, Carlton

The applicant requested \$211,483 for the purchase of 84 acres and livestock in Hart County, KY. Lincoln National Bank in Hodgenville, KY is the participating lender. This application was referred to the Loan Review Committee.

The Loan Review Committee recommends approval of \$211,483 with a combined loan-to-value no greater than 85% contingent on a FSA guarantee or qualified cosigner.

Ms. Rumpke moved to approve the Loan Review Committee recommendation, as presented; Mr Noe seconded the motion

VOTE: Motion Passed; Unanimous.

AF22-0058 Lian, Van

The applicant requested \$250,000 for the purchase of 50 acres with 11 Tyson broiler barns and construction of improvements in McLean County, KY. Field & Main Bank in Henderson, KY is the participating lender

Staff recommends approval, contingent upon the approval and obligation of a 95% FSA guarantee on \$1,575,000 of Field & Main Bank and \$250,000 K AFC funds, with combined loan-to-value no greater than 100%.

Mr. Aldridge moved to approve the staff recommendation, as presented;
Dr. Burdine seconded the motion

VOTE: Motion Passed, Unanimous.

Old Business:

Commissioner Quarles called on Brian Lacefield, and Lane Ryan to present the following modifications and extensions.

Modification

AF18-0013 Schiabach, Nathan

Mr. Lacefield updated the Board the loan officer had withdrawn the loan modification request.

AF21-0082 Bradley, Logan

Ms. Ryan presented a memorandum regarding the above referenced loan. The applicant is requesting a second modification to the Loan Review Committee to increase the K AFC loan amount by \$10,000 as part of a project cost increase for \$116,000 to \$126,000. CKACA is also providing an additional \$10,000 in financing for a total project cost of \$252,000. The applicant was referred to the Loan Review Committee.

The Loan Review Committee recommends approval with a combined loan-to-value no greater than 85%.

Ms. Rumpke moved to approve the Loan Review Committee recommendation, as presented; Mr. Penn seconded the motion.

VOTE: Motion Passed; Mr. Noe Abstained.

Extension

AF19-0009 Jones, Gerald

Ms. Ryan presented a memorandum (*on file*) regarding the above referenced loan. The loan officer made a request for a six month time extension.

Staff recommend approval of the time extension request.

Ms. Rumpke moved to approve the staff recommendation, as presented; Mr. Penn seconded the motion.

VOTE: Motion Passed; Mr. Noe Abstained.

AF19-0121 Anderson, Jesse

Ms. Ryan presented a memorandum (*on file*) regarding the above referenced loan. The loan officer made a request for a six month time extension.

Staff recommend approval of the time extension request.

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

VOTE: Motion Passed; Unanimous.

AF22-0026 Anderson, Dylan

Ms. Ryan presented a memorandum (*on file*) regarding the above referenced loan. The loan officer made a request for a six month time extension.

Staff recommend approval of the time extension request.

Mr. Noe moved to approve the staff recommendation, as presented; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Unanimous.

Expired/Withdrawn Applications
AF22-0001 **Bray, Nathaniel**

No action necessary on withdrawn applications.

Closing Remarks

Commissioner Quarles informed the board the next K AFC meeting will be at Franklin County Extension Office on Friday, August 12, 2022 at 10:00 a.m. EDT.

Adjournment

There being no further business, Commissioner Quarles entertained a motion to adjourn the meeting at 9:59 a.m. (EDT).

Ms. Rumpke moved to adjourn the July K AFC board meeting; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Unanimous.

APPROVED DATE: August 12, 2022

PRESIDING OFFICER: *Travis Huxley* proxy for *Dr. Ryan Quarles*
Commissioner Ryan Quarles

BOARDS COORDINATOR: *Hannah Johnson*
Hannah Johnson, Board Secretary

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1. A copy of the K AFC Compliance Committee meeting minutes is attached as Appendix A.
 2. A copy of the Loan Review Committee meeting minutes is attached as Appendix B.

APPENDIX A: Loan Review Committee Meeting Minutes



Meeting Date:	July 15, 2022
Meeting Location:	Franklin County Extension Office
Meeting Chair:	Linda Rumpke
Attendees:	<p>Committee Members: Jonathan Noe, Billy Aldridge, Frank Penn, Kenny Burdine, Linda Rumpke, Wayne Hunt</p> <p>Staff: Brian Lacefield, Bill McCloskey, Laney Ryan, Olivia Randolph, Brian Murphy, Isaiah Pruitt, Abigail Mattingly, Emma Browning</p> <p>Guests: Stacey Westfall, Joshua Westfall, Michael Duckworth, Jeff Jones</p>
Minutes Issued By:	Laney Ryan, Loan Programs Manager
Meeting Call to Order:	8:15 AM EDT
Meeting Adjourned:	8:55 AM EDT

Agenda Items:
<p>New Business</p> <ol style="list-style-type: none"> 1. Review of AF22-0055 — Westfall, Stacey <ol style="list-style-type: none"> a. On behalf of Stacey Westfall, loan officer Michael Duckworth of Citizens Commerce Bank requested KAFC Agricultural Processing Loan Program funding in the amount of \$500,000. b. The Loan Review Committee recommend approval of \$500,000, contingent upon the approval and obligation of a 90% USDA Food Supply Guarantee on Citizens Commerce Bank and KAFC funds, with a combined loan-to-value no greater than 100%. c. The Loan Review Committee also recommended to extend the loan term to 20 years to match USDA Food Supply Guarantee requirements. 2. Review of AF22-0056 — Newswanger, Sheldon <ol style="list-style-type: none"> a. On behalf of Sheldon Newswanger, loan officer Clint Russell of First Financial Bank requested KAFC Beginning Farmer Loan Program funding in the amount of \$250,000. b. The Loan Review Committee recommend approval of \$250,000, contingent upon the approval and obligation of a 90% FSA Guarantee on \$975,000 of First Financial Bank funds and all KAFC funds and the approval and obligation of a 75% SBA Guarantee on \$1,439,000 of remaining First Financial Bank funds, with a combined loan-to-value no greater than 100%. 3. Review of AF22-0057 — Owens, Carlton <ol style="list-style-type: none"> a. On behalf of Carlton Owens, loan officer Chellie Lafollette of Lincoln National Bank requested KAFC Beginning Farmer Loan Program funding in the amount of \$250,000. b. The Loan Review Committee recommend approval of \$250,000 contingent upon either the approval and obligation of an FSA guarantee with a combined loan-to-value no greater than 100% or the addition of a qualified co-maker with a combined loan-to-

APPENDIX A: Loan Review Committee Meeting Minutes



Agenda Items:

value no greater than 85%.

Old Business

1. Review of AF18-0013 — Schlabach, Nathan
 - a. Modification request withdrawn.
2. Review of AF21-0082 — Logan, Bradley
 - a. On behalf of Bradley Logan, loan officer Caleb Sadler of Central Kentucky Ag Credit Association requested \$10,000 in additional funding.
 - b. The Loan Review Committee recommend approval with a combined loan-to-value no greater than 85%.