

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the October 14, 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
October 14, 2022**

Call to Order

Commissioner Ryan Quarles, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:21 a.m. (EDT).

Roll Call

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

Absent Members: Mac Stone, Linda Rumpke, Larry Jagers, and David Rink.

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 September 9, 2022 board meeting.

Mr. Flanagan moved to approve the minutes, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

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 September board meeting. Mr. Lacefield referenced the upcoming KAFC and KADF Joint Board Meeting itinerary in Somerset, KY. Mr. Lacefield lastly referenced Deputy Executive Director Bill McCloskey's recent visit to Auburn University College of Veterinary Medicine,

to promote the KADF tentative Large Food and Animal program along with the KAFV Large Animal Veterinary Loan Program.

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 September 26, 2022

Mr. McCloskey reviewed an updated version of the Kentucky Agricultural Development Fund County Account Balances *(on file)* as of September 26, 2022

Mr. McCloskey reviewed the KAFV Statement of Financial Position *(on file)* as of September 30, 2022

KAFV Statement of Financial Position	
As of September 30, 2022	
Assets	
Cash KAFV Accounts	\$ 22,215,637
Loan Payments Due KAFV	
Category A	\$80,905,421
Category B	\$
Category C	\$
	\$ 80,905,421
Total Assets	\$ 103,121,058
Liabilities	
KAFV loans approved not closed	\$ 17,139,688
Principal Outstanding	\$ 80,905,421
	\$ 98,045,109
Total Liabilities	\$ 98,045,109
Unobligated Assets	\$ 5,075,949
Total Liabilities & Unobligated Assets	\$ 103,121,058

Mr. Penn moved to accept the KAFV financial report, as presented; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

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

Mr. Lawson moved to accept the recommendations of the Loan Review Committee report; Mr. Noe 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 thirteen loans that were closed in the second quarter.

Mr. Noe moved to accept the recommendations of the of the Compliance Review Committee report; Mr. Lawson seconded the motion.

VOTE: Motion passed; Unanimous.

New Business

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

Agricultural Infrastructure Loan (AILP)

AF22-0081 Rich, Jeff

The applicant requested \$40,000 for improvements of Perdue pullet barns in Barren County. Cecilian Bank in Hiseville, KY is the participating lender.

Staff recommends approval, 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.

AF22-0087 Rodriguez, Javier

The applicant requested \$210,000 for the purchase of four Tyson broiler barns in Clinton County. Farm Credit in Somerset, KY is the participating lender. This application was referred to the Loan Review Committee.

The Loan Review Committee recommend approval of \$210,000 contingent upon the approval and obligation of a 90% FSA guarantee on FCMA and KAFC funds with combined loan-to-value no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

Agricultural Processing Loan Program (APLP)

AF22-0086 Reed, Ryan

The applicant requested \$250,000 for the purchase and installation of brewing equipment in Jefferson County. Metropolitan Business Development Corp in Louisville, KY is the participating lender. This application was referred to the Loan Review Committee.

The Loan Review Committee recommends to table the application to give the participating lender and applicant time to identify collateral to secure the loan with 85% combined loan-to-value.

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF22-0080 Overholt, Rylan

The applicant requested \$45,828 for the purchase of 46 acres in Logan County, KY. Farm Credit in Russellville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF22-0082 Comely, Mark

The applicant requested \$187,500 for the purchase of 126 acres with improvements in Bourbon County, KY. Farm Credit in Campbellsville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF22-0085 Holland, Andrew

The applicant requested \$190,000 for the purchase of 84 acres with two Tyson pullet barns in Hickman County, KY. River Valley AgCredit in Clinton, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF22-0088 Dartt, Richard

The applicant requested \$250,000 for the purchase of 348 acres in Mercer County, KY. Farmers National Bank in Danville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

Diversification through Entrepreneurship in Agribusiness Loan Program (DEALP)

AF22-0084 Nalley, Taylor

The applicant requested \$150,000 for the purchase of a feed store retail building in Nelson County, KY. Town & Country Bank & Trust Co. in Bardstown, KY is the participating lender. This application was referred to loan review committee.

The loan review committee recommends approval of \$150,000 contingent on loan-to-value no greater than 85%.

Mr. Lawson moved to approve the loan review committee recommendation, as presented; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

Old Business:

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

Extension

AF21-0023 Haseotes, Demetrios

Ms. Ryan presented a memorandum (*on file*) regarding the above referenced loan. The loan officer indicated that the project was delayed due to shipping and construction setbacks. This request is for a six month extension for construction to be completed and the loan to be closed. The new expiration date would be April 9, 2023.

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

VOTE: Motion Passed; Unanimous.

Modifications

AF18-0093 Linhart, Kathleen

Ms. Ryan presented a memorandum (*on file*) regarding the above referenced loan. The board previously approved a request for subordination and FSA guarantee removal at the June 12, 2020 meeting. At the time the loan officer indicated that Mrs. Linhart would like to build a house on the property. The loan officer has indicated that the original plans to build a home were delayed and never completed. Now, Mrs. Linhart is ready to build her home. This request is to subordinate into a third lien position resulting in a 80% combined loan to value. Referred to Loan Review Committee.

The Loan Review Committee recommended approval as presented.

Mr. Lawson moved to approve loan review committee recommendation, as presented; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Mr. Noe Abstained.

AF22-0045 Thang, Suan

Ms. Ryan presented a memorandum (*on file*) regarding the above referenced loan. The loan officer indicated that Tyson is requiring Mr. Thang to construct several upgrades to the broiler houses totaling to \$187,222. Mr. Thang will be financing \$21,222 of these required upgrades out of pocket and is requesting KAFC subordination to Field & Main Bank for the remaining \$166,000 to be financed.

The Loan Review Committee recommended approval for additional improvements.

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

VOTE: Motion Passed; Mr. Lawson Abstained.

Closing Remarks

Commissioner Quarles informed the board the next KAFC meeting will be at the Pulaski County Farmers Market for Joint Meeting on Friday, November 18, 2022 at 9:00 a.m. EST.

Adjournment

There being no further business, Commissioner Quarles entertained a motion to adjourn the meeting at 11:17 a.m. (EDT).

Mr. Aldridge moved to adjourn the October KAFC board meeting; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

APPROVED DATE: 11-18-2022

PRESIDING OFFICER: *Ryan Quarles*
Commissioner Ryan Quarles

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

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

APPENDIX A: Loan Review Committee Meeting Minutes



Meeting Date:	October 14, 2022
Meeting Location:	Franklin County Extension Office
Meeting Chair:	Doug Lawson
Attendees:	Committee Members: Doug Lawson, Jonathan Noe, Billy Aldridge, Frank Penn, Kenny Burdine, Tim Hughes, Wayne Hunt
	Staff: Bill McCloskey, Laney Ryan, Olivia Randolph, Brian Murphy
	Guests: Theresa Hathaway, Ryan Reed, Taylor Nalley, Aleta Botts
Minutes Issued By:	Laney Ryan, Loan Programs Manager
Meeting Call to Order:	9:07 AM EDT
Meeting Adjourned:	10:12 AM EDT

Agenda Items:
New Business
<ol style="list-style-type: none"> 1. Review of AF22-0087 – Rodriguez, Javier <ol style="list-style-type: none"> a. On behalf of Javier Rodriguez, loan officer Connie Erp of Farm Credit Mid-America requested KAFC Agricultural Infrastructure Loan Program funding in the amount of \$210,000. b. The Loan Review Committee recommend approval of \$210,000 contingent upon the approval and obligation of a 90% FSA guarantee on FCMA and KAFC funds, with a combined loan to value of no greater than 100%. 2. Review of AF22-0086 – Reed, Ryan <ol style="list-style-type: none"> a. On behalf of Ryan Reed, Theresa Hathaway of the Louisville Metropolitan Business Development Corporation requested KAFC Agricultural Processing Loan Program funding in the amount of \$250,000. b. The Loan Review Committee recommend pending the application. 3. Review of AF22-0084 – Nalley, Taylor <ol style="list-style-type: none"> a. On behalf of Taylor Nalley, loan officer Emerson Ballard of Town & Country Bank & Trust Co. requested KAFC Diversification through Entrepreneurship in Agribusiness Loan Program funding in the amount of \$150,000. b. The Loan Review Committee recommend approval of \$150,000, with a combined loan to value of no greater than 85%.
Old Business
<ol style="list-style-type: none"> 4. Review of AF18-0093 – Linhart, Kathleen <ol style="list-style-type: none"> a. On behalf of Kathleen Linhart, loan officer Kelli Buckley of Farm Credit Mid-America requested KAFC subordination to FCMA into a third lien position resulting in a 80% combined loan to value. b. The Loan Review Committee recommend approval of the modification request with a

APPENDIX A: Loan Review Committee Meeting Minutes



Agenda Items:

- combined loan to value of no greater than 85%.
5. Review of AF22-0045 – Thang, Suan
 - a. On behalf of Suan Thang, loan officer Daniel Smith of Field & Main Bank requested KAFCC subordination to Field & Main Bank into a third lien position resulting in a 100% combined loan to value.
 - b. The Loan Review Committee recommend approval of the modification request, contingent upon the approval and obligation of a 90% FSA guarantee on FCMA and KAFCC funds, with a combined loan to value of no greater than 100%.

APPENDIX B: Compliance Committee Meeting Minutes



Meeting Date:	October 14, 2022
Meeting Location:	Franklin County Extension Office
Meeting Chair:	Jonathan Noe
Attendees:	Committee Members: Doug Lawson, Jonathan Noe, Billy Aldridge, Frank Penn, Tim Hughes, Wayne Hunt Staff: Bill McCloskey, Laney Ryan, Olivia Randolph, Brian Murphy
Minutes Issued By:	Laney Ryan, Loan Programs Manager
Meeting Call to Order:	10:13 AM EDT
Meeting Adjourned:	10:14 AM EDT

<p>Agenda Items:</p> <p>New Business</p> <ol style="list-style-type: none"> 1. Review of previous quarter's and current quarter's loan disbursement <ol style="list-style-type: none"> a. 13 Loans Closed April-June 2022 b. 22 Loans Closed July-September 2022 2. Report of eight loans randomly selected and reviewed by the Committee Chair <ol style="list-style-type: none"> a. AF21-0061 William Jackson b. AF21-0081 Mitchell Staples c. AF21-0092 Joshua Kee d. AF22-0008 Brandon Story e. AF22-0009 Micah Cloyd f. AF22-0012 Clark Sturgeon g. AF22-0014 Brandon Yocum h. AF22-0030 Nathaniel Prah 3. Committee Chair Jonathan Noe informed the Committee that all reviewed files were correct as described on the documentation checklist provided by staff.
