

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the January 13, 2023, 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
January 13, 2023**

Call to Order

Commissioner Ryan Quarles, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:09 a.m. (EST).

Roll Call

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

Absent Members: Mac Stone, Frank Penn, Dan Flanagan, and Larry Jaggers.

Notification of Media

Commissioner Ryan Quarles received verification from Hannah Sharp-Johnson, Board and Special Event Projects 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 December 9, 2022, board meeting.

Mr. Noe moved to approve the minutes, as presented; Mr. Aldridge 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 December board meeting. Mr. Lacefield referenced The December Tobacco Oversight meeting discussing the KAFC and KADF reports and updates.

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 December 29, 2022

Mr. McCloskey reviewed an updated version of the Kentucky Agricultural Development Fund County Account Balances (*on file*) as of December 29, 2022

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of December 29, 2022

| K AFC Statement of Financial Position | |
|---|-----------------------|
| As of December 31, 2022 | |
| Assets | |
| Cash K AFC Accounts | \$ 20,138,294 |
| Loan Payments Due K AFC | |
| Category A | \$83,670,977 |
| Category B | \$ |
| Category C | \$ |
| | \$ 83,670,977 |
| Total Assets | \$ 103,809,271 |
| Liabilities | |
| K AFC loans approved not closed | \$ 16,435,326 |
| Principal Outstanding | \$ 83,670,977 |
| Total Liabilities | \$ 100,106,303 |
| Unobligated Assets | \$ 3,702,968 |
| Total Liabilities & Unobligated Assets | \$ 103,809,271 |

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

VOTE: Motion Passed; Unanimous.

K AFC Guidelines Committee Report

Commissioner Quarles called on Mr. Lawson to give the K AFC Guidelines Committee report. Mr. Lawson stated the request for loan terms extension in the Beginning Farm Loan Program and revision to the changes for the Large/Food Animal Veterinary Loan Program guidelines will be pended for more information at the next Guidelines Committee Meeting.

Mr. Lawson moved to accept the recommendations of the of the Guidelines Committee report; Ms. Rumpke seconded the motion.

VOTE: Motion passed; Unanimous.

KAFC Loan Review Committee Report

Commissioner Quarles called on Ms. Rumpke to give the KAFC 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; Dr. Burdine seconded the motion.

VOTE: Motion passed; Unanimous.

KAFC Compliance Committee Report

Commissioner Quarles called on Mr. Noe to give the KAFC Compliance Committee report. Mr. Noe stated that all reviewed files were correct as described on the documentation checklist provided by staff.

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

VOTE: Motion passed; Unanimous.

Presentations

Vital Farms Overview

Commissioner Quarles called on Mr. McCloskey to introduce presenter Alex Dadds to provide a presentation on Vital Farms.

New Business

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

Agricultural Infrastructure Loan (AILP)

AF23-0001 Ellis, Seth

The applicant requested \$218,805 for the purchase of 15 acres with improvements in Shelby County. Farm Credit in Shelbyville, KY is the participating lender.

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

Ms. Rumpke moved to approve the staff recommendation, as presented; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

AF23-0002 Rogers, Steven

The applicant requested \$250,000 for the construction of two grain bins, a conveyor, and a dryer in Hardin County. Farm Credit in Elizabethtown, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF23-0003 Owens, Patrick

The applicant requested \$97,500 for purchase of 4 acres with improvements in Lincoln County. First Southern National Bank in Standford, KY is the participating lender.

Staff recommends approval, combined loan-to-value no greater than 85% or contingent upon the approval and obligation of a 90% FSA guarantee on FSNB and KAFC funds, with KAFC combined loan-to-value of no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF23-0004 Phillips, Aaron

The applicant requested \$86,467 for the purchase of 31 acres with improvements in Henry County. Independence Bank in Shelbyville, KY is the participating lender.

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

Dr. Burdine moved to approve the staff recommendation, as presented; Ms. Rumpke seconded the motion.

VOTE: Motion Passed; Unanimous.

AF23-0005 Stoltzfus, Ephriam

The applicant requested \$250,000 for the purchase of 120 acres with improvements and construction of a barn in Christian County, KY. Farm Credit in Hopkinsville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF23-0006 Burke, Cody

The applicant requested \$250,000 for the purchase of 130 acres with improvements in Franklin County, KY. Magnolia Bank in Elizabethtown, KY is the participating lender. This application was referred to the Loan Review Committee.

The Loan Review Committee recommend approval of \$250,000 as submitted.

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

VOTE: Motion Passed; Unanimous.

AF23-0007 White, Nathan

The applicant requested \$250,000 for the purchase of 77 acres in Union County, KY. Farm Credit in Louisville, KY is the participating lender.

Staff recommends approval, limited to 25% of the purchase price plus expenses associated with closing cost not to exceed \$250,000 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.

AF23-0008 Mills, Matthew

The applicant requested \$185,000 for the purchase of 72 acres with two Cobb Vantress pullet barns in Wayne County, KY. Farm Credit in Somerset, KY is the participating lender.

Staff recommends approval, contingent upon the approval and obligation of a 90% FSA guarantee on FCMA and KAFC funds, with combined loan-to-value no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF23-0009 Flora, Kevin

The applicant requested \$191,250 for the purchase of 38 acres in Wayne County, KY. Farm Credit of Somerset, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF23-0010 Fink, Stefan

The applicant requested \$134,000 for the purchase of 13 acres in Clark County, KY. Farm Credit in Lexington, KY is the participating lender.

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

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

VOTE: Motion Passed; Ms. Rumpke Abstained.

AF23-0011 Unruh, Dwight

The applicant requested \$250,000 for the construction of one Vital Farms pullet barn in Calloway 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; Mr. Hunt seconded the motion

VOTE: Motion Passed; Unanimous.

Old Business:

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

Extension

AF16-0030 Wurzback, Johnathan

Ms. Ryan presented a memorandum (*on file*) regarding the above referenced loan. The loan officer indicated that Mr. Wurzback wishes to build a residence on the property that was purchased and has requested K AFC subordination. If approved, this modification will invalidate the FSA guarantee on the project, thus Mr. Wurzback is also seeking approval for the removal of the FSA guarantee on AF16-0030. The project's combined loan-to-value was 97% at the time of approval. After several years of repayments, if this subordination request is approved the new combined loan-to-value would be 50%. This application was referred to the Loan Review Committee.

The Loan Review Committee recommend approval of subordination request as submitted.

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

VOTE: Motion Passed; Mr. Noe Abstained.

AF22-0082 Comley, Mark

Ms. Ryan presented a memorandum (*on file*) regarding the above referenced loan. The officer indicated that there has been a delay in closing the loan due to a postponement in processing the FSA's portion of the financing. The request is for a three (3) month extension to allow time for FSA loan processing to be completed and the loan to be closed. The new expiration date would be April 14, 2023.

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

VOTE: Motion Passed; Unanimous.

AF22-0087 Rodriguez, Javier

Ms. Ryan presented a memorandum (*on file*) regarding the above referenced loan. The officer indicated that there has been a delay in closing the loan due to project reconsideration by the borrowers. A large farm has become available, and the applicants are considering increasing the scale of their project by purchasing the newly available farm rather than the originally identified property.

This request is for a three (3) month extension to allow time for borrower project consideration and loan to be closed. The new expiration date would be April 14, 2023.

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

VOTE: Motion Passed; Unanimous.

Closing Remarks

Commissioner Quarles informed the board the next KAFC meeting will be at the Franklin County Extension Office on Friday, February 10, 2023, at 10:00 a.m. EST.

Adjournment

There being no further business, Commissioner Quarles entertained a motion to adjourn the meeting at 11:48 a.m. (EST).

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

VOTE: Motion Passed; Unanimous.

APPROVED DATE: 2-10-2023

PRESIDING OFFICER: *Ryan Quarles*
Commissioner Ryan Quarles

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

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

APPENDIX A: Guidelines Committee Meeting Minutes



| | |
|-------------------------------|--|
| Meeting Date: | January 13, 2023 |
| Meeting Location: | Franklin County Extension Office |
| Meeting Chair: | Doug Lawson |
| Attendees: | Committee Members: Linda Rumpke, Jonathan Noe, Doug Lawson, Kenny Burdine, Billy Aldridge, Tim Hughes, David Rink Staff: Brian Lacefield, Bill McCloskey, Laney Ryan, Olivia Randolph |
| Minutes Issued By: | Olivia Randolph, Loan Programs Manager |
| Meeting Call to Order: | 9:03 AM EDT |
| Meeting Adjourned: | 9:44 AM EDT |

| |
|--|
| Agenda Items: |
| <ol style="list-style-type: none"> 1. Review of request from lender in regards to terms on FSA Down Payment Program loans. <ol style="list-style-type: none"> a. Guidelines Committee recommends to pend request. 2. Review of request to change Large Animal Veterinary Loan Program guidelines. <ol style="list-style-type: none"> a. Guidelines Committee recommends to pend request. |

APPENDIX B: Loan Review Committee Meeting Minutes



| | |
|-------------------------------|---|
| Meeting Date: | January 13, 2023 |
| Meeting Location: | Franklin County Extension Office |
| Meeting Chair: | Linda Rumpke |
| Attendees: | <p>Committee Members: Doug Lawson, Jonathan Noe, Billy Aldridge, Kenny Burdine, Linda Rumpke, Tim Hughes, David Rink</p> <p>Staff: Brian Lacefield, Bill McCloskey, Laney Ryan, Olivia Randolph</p> <p>Guests: SaraVard Vongruien, Andrea Sexton, Warren Whitaker, Willie Wilson, Ken Adams, Cody Burke, Jenna Burke, Greg Heideman, Erica Rogers, Craig Woosley, David Grigson</p> |
| Minutes Issued By: | Olivia Randolph, Loan Programs Manager |
| Meeting Call to Order: | 9:44 AM EDT |
| Meeting Adjourned: | 9:53 AM EDT |

| |
|---|
| Agenda Items: |
| <p>New Business</p> <ol style="list-style-type: none"> 1. Review of A2023-0006 — Cody and Jenna Burke <ol style="list-style-type: none"> a. On behalf of Cody and Jenna Burke, loan officer Ken Adams of Magnolia Bank requested KAFC Beginning Farmer Loan Program funding in the amount of \$250,000. b. The Loan Review Committee recommends approval of \$250,000 as submitted. <p>Old Business</p> <ol style="list-style-type: none"> 2. Review of AF16-0030 — Jonathan Wurzback <ol style="list-style-type: none"> a. On behalf of Jonathan Wurzback, loan officer Willie Wilson of Central Kentucky Ag Credit requested a subordination of KAFC funds to CKACA. b. The Loan Review Committee recommend approval of the request as submitted. |

APPENDIX C: Compliance Committee Meeting Minutes



| | |
|-------------------------------|---|
| Meeting Date: | January 13, 2023 |
| Meeting Location: | Franklin County Extension Office |
| Meeting Chair: | Jonathan Noe |
| Attendees: | <p>Committee Members: Doug Lawson, Jonathan Noe, Billy Aldridge, Tim Hughes, David Rink, Linda Rumpke, Kenny Burdine</p> <p>Staff: Brain Lacefield, Bill McCloskey, Laney Ryan, Olivia Randolph</p> <p>Guests: SaraVard Vongruien, Andrea Sexton, Warren Whitaker, Willie Wilson, Ken Adams, Cody Burke, Jenna Burke, Erica Rogers, Craig Woosley, Greg Heideman, David Grigson</p> |
| Minutes Issued By: | Olivia Randolph, Loan Programs Manager |
| Meeting Call to Order: | 9:53 AM EDT |
| Meeting Adjourned: | 5:56 AM EDT |

| |
|--|
| Agenda Items: |
| <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. 22 Loans Closed July-September 2022 b. 25 Loans Closed October-December 2022 2. Report of eight loans randomly selected and reviewed by the Committee Chair <ol style="list-style-type: none"> a. AF22-0015 Tin Thangdon b. AF22-0005 James C Little c. AF22-0038 Joseph Sandusky d. AF22-0052 Dennis Guinn e. AF22-0022 Jordan Brewer f. AF22-0034 Ethan Stahl g. AF22-0024 Jarvin West h. AF22-0060 Dustin Grimes 3. Committee Chair Jonathan Noe informed the Committee that all reviewed files were correct as described on the documentation checklist provided by staff. |