

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the April 21, 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
April 21, 2023**

Call to Order

Mr. Hughes, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 9:04 a.m. (EDT).

Roll Call

The following members were present: Mr. Hughes (designee for Commissioner Quarles), Billy Aldridge (designee for Secretary Holly M. Johnson), Dr. Kenny Burdine, Jonathan Noe, Wayne Hunt, Linda Rumpke, Mac Stone, David Rink, Frank Penn, Dan Flanagan, and Larry Jagers.

Absent Members: Doug Lawson

Notification of Media

Mr. Hughes received verification from Hannah Sharp-Johnson, Board and Special Event Projects Manager; that the media had been notified of the KAFC board meeting.

Welcome

Mr. Hughes welcomed everyone to the KAFC board meeting. Mr. Hughes updated the board on activities of the Kentucky Department of Agriculture (KDA).

Approval of Minutes

Mr. Hughes entertained a motion to approve the minutes of the March 10, 2023, board meeting.

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

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Mr. Hughes 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 March board meeting. Mr. Lacefield referenced upcoming 2023 CAIP Administrator Trainings and Conservation District Area Meetings for the year. Mr. Lacefield lastly introduced KOAP's new Programs Manager Savanna Hill.

Deputy Executive Director's Report

Mr. Hughes 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 March 28, 2023

Mr. McCloskey reviewed an updated version of the Kentucky Agricultural Development Fund County Account Balances (*on file*) as of March 28, 2023

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of March 31, 2023

K AFC Statement of Financial Position	
As of March 31, 2023	
Assets	
Cash K AFC Accounts	\$ 23,274,595
Loan Payments Due K AFC	
Category A	\$86,254,971
Category B	\$
Category C	\$
	\$ 86,254,971
Total Assets	\$ 109,529,566
Liabilities	
K AFC loans approved not closed	\$ 20,009,935
Principal Outstanding	\$ 86,254,971
	\$ 106,264,906
Total Liabilities	\$ 106,264,906
Unobligated Assets	\$ 3,264,660
Total Liabilities & Unobligated Assets	\$ 109,529,566

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

VOTE: Motion Passed; Unanimous.

K AFC Loan Review Committee Report

Mr. Hughes called on Ms. Rumpke to give the K AFC Loan Review Committee report. Ms. Rumpke stated the loans would be discussed in order of the agenda.

Mr. Penn moved to accept the recommendations of the of the Loan Review Committee report; Dr. Burdine seconded the motion.

VOTE: Motion passed; Unanimous.

K AFC Compliance Committee Report

Mr. Hughes called on Mr. Noe to give the K AFC Compliance Committee report. Mr. Noe stated the Committee reviewed twenty-five loans that were closed in the third quarter.

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

VOTE: Motion passed; Unanimous.

Presentations

Kentucky State Investment Commission

Mr. Hughes called on Mr. McCloskey to introduce presenter Ryan Barrow to provide a presentation on the Kentucky State Investment Commission.

New Business

Mr. Hughes called on Mr. Lacefield, Mr. McCloskey, Mr. Roberts, and Ms. Randolph to present the following applications:

Agricultural Infrastructure Loan (AILP)

AF23-0045 Unruh, Cory

The applicant requested \$250,000 for the purchase of 54 acres with 8 poultry barns and equipment in Calloway County. River Valley AgCredit in Clinton, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF23-0050 Lyons, James "Alvin"

The applicant requested \$32,500 for a new grain bin with improvements in Scott County. Central Kentucky ACA in Paris, KY is the participating lender.

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

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

VOTE: Motion Passed; Mr. Noe Abstained.

Agricultural Processing Loan Program (APLP)

AF23-0055 M & H Enterprises

The applicant requested \$437,000 for the purchase of equipment for feed tub manufacturing in Montgomery County. Gateway Area Development District in Morehead, KY is the participating lender. This application was referred to the Loan Review Committee.

The Loan Review Committee recommend approval of \$437,000 and the application as presented.

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF23-0043 Allen, William

The applicant requested \$40,000 for purchase of 20 acres in Wayne County. Monticello Banking Company in Monticello, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF23-0046 Lawless, Michael

The applicant requested \$172,000 for the purchase of 86 acres in LaRue County. Farm Credit in Elizabethtown, 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. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

AF23-0048 Duh, Van

The applicant requested \$250,000 for the purchase of 50 acres with 8 Tyson Broiler barns in Webster County, KY. Field & Main Bank in Henderson, KY is the participating lender.

Staff recommends approval, contingent upon the approval and obligation of a 90% FSA guarantee on Field & Main Bank and KAFC funds, combined loan-to-value no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

AF23-0049 Dobner, Andrew

The applicant requested \$175,000 for the purchase of 27 acres in Franklin County, KY. Central Kentucky ACA in Frankfort, KY is the participating lender.

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

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

VOTE: Motion Passed; Mr. Noe Abstained.

AF23-0051 Nissley, Caleb

The applicant requested \$250,000 for the purchase of construction of 2 Tyson Broiler barns 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 100%.

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

VOTE: Motion Passed; Unanimous.

AF23-0052 Marcum, Cordell

The applicant requested \$58,000 for the purchase of 29 acres Garrard County, KY. Central Kentucky ACA in Richmond, KY is the participating lender.

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

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

VOTE: Motion Passed; Mr. Noe Abstained.

AF23-0054 Compton, Thomas

The applicant requested \$200,000 for the purchase of 51 acres Breckinridge 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 the application as presented.

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

VOTE: Motion Passed; Unanimous.

Diversification through Entrepreneurship in Agribusiness Loan Program (DEALP)

AF23-0053 Hamilton, Gary

The applicant requested \$30,000 for the purchase of a drone sprayer unit in Nicholas County, KY. Central Kentucky ACA in Paris, KY is the participating lender.

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

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

VOTE: Motion Passed; Mr. Noe Abstained.

Old Business:

Mr. Hughes called on Ms. Randolph to present the following modifications.

Modifications

AF16-0112 Roach, Travis

Ms. Randolph presented a memorandum (*on file*) regarding the above-mentioned loan. The KAFC Board approved Mr. Roach's request for a total of \$250,000 for the purchase of 10 acres in with four Pilgrims Pride boiler barns in Hickman County contingent on the approval and obligation of a 90% FSA guarantee on RVAC and KAFC funds with a combined loan-to-value of no greater than 100%. The loan officer indicated that

recently one of Mr. Roach's broiler barns burnt in which he will be receiving \$237,000 back from the insurance company and requested approval for the release of the insurance funds to allow Mr. Roach to invest in the purchase and/or improvements of another property. AF16-0112's loan-to-value was 78% at the time of approval and after several years of repayment is at 67% with 107 months of repayment remaining. AF16-0114's loan-to-value was 100% at the time of approval and is currently at 72% with 11 months of loan life remaining.

The Loan Review Committee recommended approval as presented.

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

VOTE: Motion Passed; Unanimous.

AF21-0046 Totman, Nathan

Ms. Randolph presented a memorandum (*on file*) regarding the above-mentioned loan. The K AFC Board approved Mr. Totman's request for \$130,000 for the purchase of 105 acres in Mercer County contingent on the approval and obligation of a 90% FSA guarantee on CKACA and K AFC funds with combined loan-to-value of no greater than 100% at the June 11, 2022, meeting. The loan officer indicated that Mr. Totman wishes to purchase a double wide mobile home that will sit on the property and has requested K AFC subordination. The project's combined loan-to-value was 82% at the time of approval. After several years of repayments, if this subordination request is approved the new combined loan-to-value would be 44% with the FSA Guarantee still active.

The Loan Review Committee recommended approval as presented.

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

VOTE: Motion Passed; Unanimous.

AF14-0062 Davis, Juddson

Mr. McCloskey presented a memorandum (*on file*) regarding the above-mentioned loan. The K AFC Board approved Mr. Davis's request for \$250,000 for the construction of two Tosh Farms swine barns and purchase of equipment in Marshall County contingent on the approval and obligation of a 90% FSA guarantee on First Financial Bank and K AFC funds with a combined loan-to-value of no greater than 100% at the July 11, 2014, meeting. The \$250,000 was split between two notes, one for \$125,000 on a 15-year term and another for \$125,000 on a 7-year balloon note on a 10-year amortization. The loan officer indicated Mr. Davis is requesting a modification to extend the 7-year term note out 3 years and fully amortize the loan. The loan matured on March 1, 2023, and has a current balance of \$40,694. The project's combined loan-to-value was 98% at the time of approval and current combined loan-to-value is at 85%.

The Loan Review Committee recommended not to extend the loan terms.

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

VOTE: Motion Passed; Unanimous.

Closing Remarks

Mr. Hughes informed the board the next KAFC meeting will be at the Franklin County Extension Office on Friday, May 12, 2023, at 10:00 a.m. EDT.

Adjournment

There being no further business, Mr. Hughes entertained a motion to adjourn the meeting at 10:09 a.m. (EDT).

Dr. Burdine moved to adjourn the April KAFC board meeting; Mr. Noe seconded the motion.

VOTE: Motion Passed, Unanimous.

APPROVED DATE: May 12, 2023

PRESIDING OFFICER: Timothy D. Hughes Proxy for Dr. Ryan F. Quarles
Commissioner Ryan Quarles

BOARDS COORDINATOR: Hannah Sharp-Johnson
Hannah Sharp-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:	April 21, 2023
Meeting Location:	Franklin County Extension Office
Meeting Chair:	Linda Rumpke
Attendees:	<p>Committee Members: Jonathan Noe, Billy Aldridge, Kenny Burdine, Linda Rumpke, Tim Hughes, Wayne Hunt, Larry Jagers, David Rink</p> <p>Staff: Brian Lacefield, Bill McCloskey, Olivia Randolph, Tera Roberts</p> <p>Guests: Ken Adams, Thomas Compton, Emileigh Compton, Matt Hinton, Adam Hinton, Jason Boggs, Larry Manning</p>
Minutes Issued By:	Olivia Randolph, Loan Programs Manager
Meeting Call to Order:	8:08 AM EDT
Meeting Adjourned:	8:44 AM EDT

<p>Agenda Items</p> <p>New Business</p> <ol style="list-style-type: none"> 1. Review of AF23-0055: M&H Enterprises <ol style="list-style-type: none"> a. On behalf of M&H Enterprises, loan officer Jason Boggs of Gateway Area Development District requested KAFC Agricultural Processing Loan Program funding in the amount of \$437,000. Loan Review Committee met to discuss the loan amount. b. The Loan Review Committee recommends approval of \$437,000 and the application as presented. 2. Review of AF23-0054: Thomas and Emileigh Compton <ol style="list-style-type: none"> a. On behalf of Thomas and Emileigh Compton, loan officer Ken Adams of Magnolia Bank requested KAFC Beginning Farmer Loan Program funding in the amount of \$200,000. Loan Review Committee met to discuss the low credit score of the co-applicant. b. The Loan Review Committee recommends approval as submitted. <p>Old Business</p> <ol style="list-style-type: none"> 1. AF16-00112: Travis Roach <ol style="list-style-type: none"> a. On behalf of Travis Roach, loan officer Ira Wray of River Valley Ag Credit requested the release of insurance funds. b. The Loan Review Committee recommended to approve the modification contingent upon loan-to-value no greater than 80% and maintaining the FSA guarantee.
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APPENDIX A: Loan Review Committee Meeting Minutes



2. AF21-0046: Nathan Totman
 - a. On behalf of Nathan Totman, loan officer Beth Mobley of Central KY Ag Credit requested a subordination of KAFC funds to CKACA.
 - b. The Loan Review Committee recommends to approve as presented.
3. AF14-0062: Juddson Davis
 - a. On behalf of Juddson Davis, loan officer Brian Overbey of First Financial Bank requested a loan term extension of three (3) years.
 - b. The Loan Review Committee recommends not to extend the loan terms.

APPENDIX B: Compliance Committee Meeting Minutes



Meeting Date:	April 21, 2023
Meeting Location:	Franklin County Extension Office
Meeting Chair:	Jonathan Noe
Attendees:	Committee Members: Jonathan Noe, Billy Aldridge, Tim Hughes, David Rink, Linda Rumpke, Kenny Burdine, Wayne Hunt, Larry Jaggers
	Staff: Brain Lacefield, Bill McCloskey, Tera Roberts, Olivia Randolph
	Guests: Ken Adams, Thomas Compton, Emileigh Compton, Matt Hinton, Adam Hinton, Jason Boggs, Larry Manning
Minutes Issued By:	Olivia Randolph, Loan Programs Manager
Meeting Call to Order:	8:44 AM EDT
Meeting Adjourned:	8:47 AM EDT

Agenda Items:
New Business
<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. 25 Loans Closed October-December 2022 b. 25 Loans Closed January-March 2023 2. Report of eight loans randomly selected and reviewed by the Committee Chair <ol style="list-style-type: none"> a. AF21-0101 Donald Putty b. AF21-0037 Matthew Adams c. AF21-0103 Za Sung d. AF22-0042 Justin Duke e. AF22-0069 Harry Hubler f. AF22-0023 Zachary Schwartz g. AF22-0068 David McCall h. AF22-0037 Ike Mink 3. Committee Chair Jonathan Noe informed the Committee that all reviewed files were correct as described on the documentation checklist provided by staff.