

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the August 14, 2020 business meeting. This is provided in summary form; an official record of the meeting is available in the permanent records of the Governor's Office of Agricultural Policy (GOAP), 404 Ann Street, Frankfort, Kentucky 40601.



**Kentucky Agricultural Finance Corporation Board
Summary Minutes of the Business Meeting
August 14, 2020
Frankfort, KY 40601**

Call to Order

Tim Hughes, KDA Senior Trade Advisor, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:00 a.m. (EDT).

Roll Call

The following members were present: Tim Hughes (designee for Commissioner Ryan Quarles), Westy Adams, Donna Amburgey, Billy Aldridge (designee for Secretary Holly M. Johnson), Dr. Kenneth Burdine, Wayne Hunt, Larry Jagers, Doug Lawson, Frank Penn, Linda Rumpke and Jonathan Noe.

Members absent: Donald Mitchell

Notification of Media

Mr. Hughes received verification from Marielle McElmurray, Director of Public Affairs, that the media had been notified of the KAFC board meeting.

Welcome

Mr. Hughes welcomed everyone to the teleconference meeting. Mr. Hughes updated the board on activities of the Kentucky Department of Agriculture (KDA), Kentucky State Fair and and COVID-19 impacts on agriculture.

Approval of Minutes

Mr. Hughes entertained a motion to approve the minutes of the July 10, 2020 KAFC board meeting.

Dr. Burdine moved to approve the minutes; Ms. Rumpke seconded the motion.

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Mr. Hughes yielded the floor to Warren Beeler, GOAP Executive Director, to report to the board.

Mr. Beeler welcomed everyone to the teleconference meeting and introduced Billy Aldridge, proxy designee for Finance & Administration Cabinet Secretary Holly McCoy-Johnson.

Mr. Beeler updated the board on the activities of the GOAP and introduced Milinda Sosby, Board and Special Events Manager, and Diana Carrier, Compliance Manager. Mr. Beeler referenced a copy of the Auditor's Report available in the packet (*on file*). Mr. Beeler mentioned some of the initiatives and work being done by the Governor's AgriTech Advisory Council.

Deputy Executive Director's Report

Mr. Hughes called on Mr. McCloskey, GOAP Deputy Executive Director, to report to the board.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund County Account Balances (on file) as of July 21, 2020.

Mr. McCloskey reviewed the Kentucky Agricultural Development State Pool Status (on file) as of July 24, 2020.

Mr. McCloskey reviewed the KAFRC Statement of Financial Position (on file) as of July 31, 2020.

Mr. McCloskey reviewed the Category B Loans (on file) as of August 3, 2020.

KAFRC Statement of Financial Position		
As of July 31, 2020		
Assets		
Cash KAFRC Accounts	\$	17,325,727
Loan Payments Due KAFRC		
Category A	\$	76,384,488
Category B	\$	704,821 (Foothills, Weekly Juicery, Bevins, Miracle & Goodlett)
Category C	\$	301,500 (Sunstrand)
		\$ 77,089,309
Total Assets		\$ 94,415,036
Liabilities		
KAFRC loans approved not closed	\$	9,428,240
Principal Outstanding	\$	77,089,309
Total Liabilities		\$ 85,517,549
Unobligated Assets		\$ 7,897,487
Total Liabilities & Unobligated Assets		\$ 94,415,036

Mr. Penn moved to accept the KAFRC financial report; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

Mr. Hughes called on Ms. Rumpke to give the Loan Review Committee report. Ms. Rumpke stated that the loans reviewed would be discussed in order of the agenda. Due to a meeting conflict, Ms. Rumpke noted that Mr. Lawson and Mr. Noe would present the committee's recommendations.

New Business

Mr. Hughes called on Mr. McCloskey, Ali Hulett and Lindsay Bates to present the following applications.

Agricultural Processing Loan Program (APLP)

AF20-0059 Voet, Douglas

Applicants requested \$500,000 for the purchase and improvements of 15 acres with a distillery in Fulton County. The Citizens Bank of Hickman in Hickman, KY is the participating lender.

The Loan Review Committee recommended to pend the application until further guidance is received from the KADB.

Mr. Lawson moved to approve the committee recommendation to pend the application; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

AF20-0061 Nichols, Joel

Applicant requested \$399,270 for the purchase and update of an existing building with straw blanket manufacturing equipment in Trigg County. Community Financial Services Bank in Benton, KY is the participating lender.

The Loan Review Committee recommended to approve the application for up to \$150,000.

Mr. Lawson moved to approve the committee recommendation; Ms. Amburgey seconded the motion.

In response from a question by GOAP staff, Mr. Lawson clarified the C/LV would remain at 75% with only land being used as collateral.

VOTE: Motion Passed; Unanimous.

AF20-0068 Rock, Samuel

Applicants requested \$1,317,500 for the purchase of 61 acres and construction of a distillery and warehouse in Woodford County. South Central Bank of Lexington in Lexington, KY is the participating lender.

The Loan Review Committee recommended to pend the application until future guidance is received from the KADB.

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

In response to a question from Mr. Penn, Mr. Hunt clarified distillery funding based on producer impact, loan structure and size guidance would be discussed by the KADB.

VOTE: Motion Passed; Unanimous.

AF20-0069 Case, Russell

Applicant requested \$143,444 for the purchase of equipment for a malthouse in Harrison County. Kentucky Bank in Cynthiana, KY is the participating lender.

The Loan Review Committee recommended to approve.

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF20-0062 Bewley, William

Applicant requested \$84,000 for the purchase of 28 acres in Hardin County. Magnolia Bank in Elizabethtown, KY is the participating lender.

Staff recommended approval, contingent upon the approval and obligation of a 95% FSA guarantee on Magnolia Bank and KAFC funds, with C/LV no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

AF20-0063 Stone, Ryan

Applicant requested \$250,000 for the purchase of 59 acres with (4) Cobb-Vantress breeder barns in Clinton County. Farm Credit Mid-America in Somerset, KY is the participating lender.

Staff recommends approval, contingent upon the approval and obligation of a 95% FSA guarantee on Farm Credit and KAFC funds, with C/LV 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.

AF20-0064 Ayer, Kyle

Applicant requested \$250,000 for the refinance of 30 acres with four (4) Perdue broiler barns in McLean County. Farm Credit Mid-America in Owesboro, KY is the participating lender.

The Loan Review Committee recommended to deny based on program guidelines that refinancing is not eligible.

Mr. Lawson moved to deny the request, based on the committee's recommendation; Ms. Amburgey seconded the motion.

VOTE: Motion Passed; Unanimous.

AF20-0065 Schroeder, Jacob

Applicant requested \$250,000 for the purchase of 190 acres with equestrian center in Hardin County. First Financial Bank in Louisville, KY is the participating lender.

Staff recommended approval, with C/LV no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

Mr. Penn recommended the applicant be encouraged to purchase significant liability and casualty insurance, due the nature of the business.

AF20-0066 Long, Joshua

Applicant requested \$235,000 for the purchase of 183 acres in Madison County. Central Kentucky ACA in Richmond, KY is the participating lender.

Staff recommended approval, contingent upon the approval and obligation of a 95% FSA guarantee on Central Kentucky ACA and KAFC funds, with a C/LV no greater than 100%.

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

VOTE: Motion Passed; Mr. Noe abstained.

AF20-0067 Reynolds, Daniel

Applicant requested \$201,875 for the purchase of 95 acres in Taylor County. Central Kentucky ACA in Lebanon, KY is the participating lender.

Staff recommended approval, contingent upon the approval and obligation of a 90% FSA guarantee on Ag Credit and KAFC Funds, with C/LV no greater than 100%.

Mr. Adams made a motion to approve the staff recommendation, as presented, pending availability of funds; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Mr. Noe abstained.

Old Business:

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

Modifications

AF17-0023 Hagan, Dustin

Ms. Hulett presented a memorandum (*on file*) regarding the above referenced loan and AF17-0071. The loan officer requested an approval modification to release Mr. Jason Hagan from liability on the 44 acres and subordinate to the \$289,00 Rural First home debt into a third lien position for Mr. Dustin Hagan.

The Loan Review Committee recommended to pend until additional information has been received.

Mr. Lawson moved to pend the request, based on the committee's recommendation; Ms. Amburgey seconded the motion.

VOTE: Motion Passed; Unanimous.

AF20-0048 Hymer, Johnnie

Ms. Hulett presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to remove the FSA guarantees from the real estate notes.

The Loan Review Committee recommended to approve.

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

VOTE: Motion Passed; Unanimous.

Closing Remarks

Mr. Hughes informed the board the next meeting will be Friday, September 11 at 10 a.m. EDT.

In response to the two pended applications, GOAP staff stated information will be presented to the KADB at its August board meeting for further guidance on distillery funding.

Mr. Hughes also mentioned the upcoming Linking Agriculture for Networking and Development (LAND) forums and invited board members and staff to attend via teleconference.

Adjournment

Mr. Hughes entertained a motion to adjourn.

Ms. Amburgey moved to adjourn the KAFC board meeting; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

The KAFC Board meeting adjourned at 11:14 a.m. (EDT).

APPROVED DATE: 9/11/2020

PRESIDING OFFICER: Joni Hughes proxy for Commissioner Ryan Zearles

BOARDS COORDINATOR: Milinda Sosby
Milinda Sosby

Loan Review Committee

Meeting Minutes



Meeting Date:	August 14, 2020
Meeting Location:	Zoom Conference, Meeting ID: 954 1092 1187
Meeting Chair:	Linda Rumpke
Attendees:	Billy Aldridge, Kenny Burdine, Wayne Hunt, Frank Penn, Doug Lawson, Linda Rumpke, Larry Jagers, Jonathan Noe, Tim Hughes Staff: Ali Hulett, Bill McCloskey, Warren Beeler, Sandy Gardner, Lindsay Bates, Marielle McElmurray, Grace Clark, Martin Williams, Bill Hearn, Brian Murphy, Milinda Sosby Guests: Wallace Ward, Ben Franzini, Allen Johnson
Minutes Issued By:	Ali Hulett, Loan Programs Manager
Meeting Call to Order:	9:00 AM EDT
Meeting Adjourned:	9:54 AM EDT

Agenda Items:	
New Business	
1.	Review of AF20-0059—Voet, Douglas <ul style="list-style-type: none"> a. On behalf of Mr. Voet, the loan officer requested the loan be considered for approval. b. Recommend pending, to allow time for guidance from the KADB on distillery loan application requests.
2.	Review of AF20-0061—Nichols, Joel <ul style="list-style-type: none"> a. On behalf of Mr. Nichols, the loan officer requested the loan be considered for approval. b. Recommended approval for \$150,000, with combined loan-to value no greater than 75%.
3.	Review of AF20-0068—Rock, Samuel <ul style="list-style-type: none"> a. On behalf of Mr. Rock, the loan officer requested the loan be considered for approval. b. Recommend pending, to allow time for guidance from the KADB on distillery loan application requests.
4.	Review of AF20-0069—Case, Russell <ul style="list-style-type: none"> a. On behalf of Mr. Case, the loan officer requested the loan be considered for approval. b. Recommend approval, with combined loan-to-value no greater than 75%.
5.	Review of AF20-0064—Ayer, Kyle <ul style="list-style-type: none"> a. On behalf of Mr. Ayer, the loan officer requested the loan be considered for approval. b. Recommend denial, based on guideline that refinancing is not eligible.
Old Business	
6.	Review of AF17-0023—Hagan, Dustin <ul style="list-style-type: none"> a. On behalf of Mr. Hagan, the loan officer requested subordination and release of liability. b. Recommend pending, to allow time to receive additional documentation and information.
7.	Review of AF20-0048—Hymer, Johnnie <ul style="list-style-type: none"> a. On behalf of Mr. Hymer, the loan officer requested to remove the FSA guarantee requirement. b. Recommend approval, with combined loan-to-value no greater than 85%.