

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the December 11, 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
December 11, 2020
Frankfort, KY 40601**

Call to Order

Commissioner of Agriculture Dr. Ryan Quarles, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:00 a.m. (EST).

Roll Call

The following members were present: Commissioner of Agriculture Dr. Ryan Quarles, Dr. Kenneth Burdine, Billy Aldridge (Secretary Holly Johnson designee), Doug Lawson, Jonathan Noe, Larry Jagers, Frank Penn, David Rink, Mac Stone, Donald Mitchell and Linda Rumpke.

Members absent: Wayne Hunt

Notification of Media

Commissioner Quarles received verification from Marielle McElmurray, Director of Public Relations, that the media had been notified of the KAFC board meeting.

Welcome

Commissioner Quarles welcomed everyone to the teleconference meeting and highlighted some of the Kentucky Department of Agriculture (KDA) activities since the last meeting. He mentioned KDA was working hard with restaurants as they are preparing for in-person dining to open back up Monday, December 14. He also indicated KDA is working with the Food and Drug Administration concerning vaccine distribution to allow essential agricultural workers included in the first wave of vaccinations. He noted that the Farm Machinery Show has been moved to March 31 through April 3, 2021.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the November 13, 2020 KAFC board meeting with corrections.

Ms. Rumpke moved to approve the minutes with corrections; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Commissioner Quarles yielded the floor to Dorsey Ridley, GOAP Executive Director, to report to the board.

Mr. Ridley welcomed everyone to the teleconference meeting and updated the board on his recent activities. He referenced the board to articles concerning a commercial rye cover crop initiative and AppHarvest's recent AgriTech venture in Kentucky. Mr. Ridley discussed additional funding for meat processing through the CARES Act and introduced GOAP spring intern, Aubrey Wells.

Deputy Executive Director's Report

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

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

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund County Account Balances (*on file*) as of November 24, 2020.

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of November 30, 2020.

Mr. McCloskey reviewed the COVID-19 payment deferrals (*on file*).

Mr. McCloskey reviewed the Category B Loans (*on file*) as of November 30, 2020.

K AFC Statement of Financial Position	
As of November 30, 2020	
Assets	
Cash K AFC Accounts	\$ 14,660,155
Loan Payments Due K AFC	
Category A	\$79,574,716
Category B	\$ 609,465 (Foothills, Bevins, Miracle, Goodlett & Four Hills)
Category C	\$
	\$ 80,184,181
Total Assets	\$ 94,844,336
Liabilities	
K AFC loans approved not closed	\$ 8,050,230
Principal Outstanding	\$ 80,184.81
Total Liabilities	\$ 88,234,411
Unobligated Assets	\$ 6,609,925
Total Liabilities & Unobligated Assets	\$ 94,844,336

In response to a question from Mr. Rink, staff clarified that KADF county funds must be applied for in order to receive distribution of a particular county's allocation.

Mr. Lawson moved to accept the K AFC financial report; Mr. Aldridge 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 that the loans reviewed would be discussed in order of the agenda.

New Business

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

Agricultural Processing Loan Program (APLP)

AF20-0095 Frailley, Jerime

Applicants requested \$235,000 for the purchase of a wholesale and retail fish and caviar market in Livingston County. Independence Bank in Livermore, KY is the participating lender.

Staff recommended to approve the request up to \$235,000 with a CL/V no greater than 85%.

In response to a question from Ms. Rumpke, staff stated that additional documentation on collateral would be requested from the loan officer.

Ms. Rumpke moved to approve the committee recommendation, with additional documentation provided by the loan officer, pending availability of funds; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF20-0089 Little, Matthew

Applicants requested \$118,750 for the purchase of 107 acres in Nicholas County. Central Kentucky ACA in Paris, KY is the participating lender.

Staff recommended to approve the request up to \$118,750 contingent upon the approval and obligation of a 90% FSA guarantee on CKACA and KAFC funds, with CL/V no greater than 100%.

Mr. Penn moved to approve the committee recommendation, as presented, availability of funds; Mr. Mitchell seconded the motion.

VOTE: Motion Passed; Mr. Noe abstained.

AF20-0090 Beckham, Alex

Applicant requested \$23,375 for the purchase of 31 acres in Barren County. South Central Bank of Barren County in Glasgow, KY is the participating lender.

Staff recommended to approve the request up to \$23,375 with CL/V no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF20-0091 Free, Seth

Applicant requested \$172,500 for the purchase and upgrades of 11 acres with four (4) Perdue broiler barns in McClean County. Farm Credit Mid-America in Owensboro, KY is the participating lender.

Staff recommended to approve the request up to \$172,500 with CL/V no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF20-0092 Bickett, Brent

Applicant requested \$250,000 for the purchase of 130 acres in Muhlenberg County. Farm Credit Mid-America in Owensboro, KY is the participating lender.

Staff recommended to approve the request up to \$250,000 with CL/V no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF20-0093 Elam, Wesley

Applicant requested \$250,000 for the purchase and upgrades to 42 acres with Cobb-Vantress layer barns in Wayne County. Farm Credit Mid-America in Somerset, KY is the participating lender.

Staff recommended approval, contingent upon the approval and obligation of a 90% FSA guarantee on Farm Credit Mid-America and KAFC funds, with C/LV no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

AF20-0094 Crawford, Joshua

Applicant requested \$250,000 for the purchase of 21 acres with six (6) Tyson broiler barns in Fulton County. River Valley Ag Credit in Clinton, KY is the participating lender. Referred to loan review due to co-applicants low credit score.

The Loan Review Committee recommended to approve the request up to \$250,000 with C/LV no greater than 85%.

Ms. Rumpke moved to accept the committee recommendation, as presented, pending availability of funds; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

Old Business:

Commissioner Quarles called on Mr. McCloskey, Ms. Hulett and Ms. Bates to present the following modifications, extensions and withdrawals.

Modifications

AF19-0117 Brothers, Cody

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification for KAFC to subordinate its existing loan balance of \$98,116.

The Loan Review Committee recommended to approve the modification to subordinate to the new FFB debt with loan-to-value no greater than 85%. KAFC will be in the fourth lien position with a C/LV of 72.11% with post construction loan-to-value projected to be 66.95%.

Ms. Rumpke moved to approve the modification request, as presented; Mr. Aldridge seconded the motion.

In response to a questions from Mr. Penn, staff clarified this would require a subordination because the new FFB debt would be in a superior lien position over the existing KAFC debt. A subordination agreement would need to be signed by GOAP Executive Director and the Lender will file the subordination agreement with the mortgage.

VOTE: Motion Passed; Unanimous.

Extensions

AF19-0073 Halcomb, John

Ms. Bates presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a six (6) month time extension to allow for equipment to arrive. The new expiration date would be June 14, 2021.

Staff recommended to approve the six (6) month time extension request, as presented.

Mr. Lawson recommended to approve the staff recommendation, as presented; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

AF20-0040 Sulfridge, Travis

Ms. Hulett presented a memorandum (*on file*) regarding the above referenced loan. The new loan officer requested a sixty (60) day time extension to finalize documents due to changes in bank staff. The new expiration date would be February 12, 2021.

Staff recommended to approve the sixty (60) day time extension request, as presented.

Mr. Penn recommended to approve the staff recommendation, as presented; Mr. Mitchell seconded the motion.

VOTE: Motion Passed; Unanimous.

AF20-0071 Marcum, Dustin

Ms. Bates presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a sixty (60) day time extension to finalize documents. The new expiration date would be February 11, 2021.

Staff recommended approval of the sixty (60) day time extension request, as presented.

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

Withdrawn

AF20-0072 Hayden, Jesse

Ms. Hulett indicated the application for Jesse Hayden had been withdrawn. No action is needed.

AF20-0073 Hayden, Justus

Ms. Hulett indicated the application for Justus Hayden had been withdrawn. No action is needed.

Closing Remarks

Commissioner Quarles informed the board the next meeting will be Friday, January 8, 2021 at 10 a.m. EST.

Adjournment

There being no additional business or discussion, Commissioner Quarles adjourned the KAFC Board meeting at 11:45 a.m. EST.

APPROVED DATE: 1-12-2021

PRESIDING OFFICER: 
Dr. Ryan Quarles, Commissioner of Agriculture

BOARDS COORDINATOR: 
Milinda Sosby

Loan Review Committee

Meeting Minutes



Meeting Date:	December 11, 2020
Meeting Location:	Zoom Conference, Meeting ID: 917 3902 4974
Meeting Chair:	Linda Rumpke
Attendees:	Dr. Kenny Burdine, David Rink, Tim Hughes, Linda Rumpke, Jonathan Noe, Doug Lawson, Billy Aldridge, Frank Penn Staff: Ali Hulett, Bill McCloskey, Dorsey Ridley, Lindsay Bates, Milinda Sosby, Anne Marie Franklin, Diana Carrier, Brian Murphy Guests: Aaron Miller
Minutes Issued By:	Ali Hulett, Loan Programs Manager
Meeting Call to Order:	9:30 AM EST
Meeting Adjourned:	9:43 AM EST

Agenda Items:

New Business

1. Review of AF20-0094—Crawford, Joshua
 - a. On behalf of Mr. Crawford, the loan officer requested the loan be considered for approval with an exception to the credit score guideline.
 - b. Recommend approval of \$250,000 with a combined loan-to-value no greater than 85%.

Old Business

2. Review of AF19-0117—Brothers, Cody
 - a. On behalf of Mr. Brothers, the loan officer requested to subordinate to the new First Financial Bank debt.
 - b. Recommended approval, with loan to value no greater than 85%.