

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the January 8, 2021 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
January 8, 2021
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, Billy Aldridge (Secretary Holly Johnson designee), Wayne Hunt, Larry Jagers, Doug Lawson, Jonathan Noe, Frank Penn, Mac Stone, Donald Mitchell and Linda Rumpke.

Members absent: Dr. Kenneth Burdine and David Rink.

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 indicated the winter commodity conferences are in process and are being held virtually. He invited board members to participate in their areas of interest. Commissioner Quarles mentioned the upcoming Beef Expo, the National Association of State Departments of Agriculture (NASDA) honoring outgoing U.S. Secretary of Agriculture Sonny Perdue and assisting with the administration change in Washington, D.C. He also commented on the Feeding Kentucky program.

Ms. Rumpke asked Commissioner Quarles to provide comments on current legislation to move the administration of Kentucky Agricultural Development Fund to KDA. Commissioner Quarles noted that similar bills to Senate Bill 3 had been introduced in the past, this session KDA does support the legislation. He noted the legislation provides safeguards to prevent the Commissioner from reorganizing the board.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the December 11, 2020.

Ms. Rumpke moved to approve the minutes, as presented; Mr. Aldridge 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 two articles that were sent highlighting KAFC investment and innovation in the state and the KAFC January newsletter. Mr. Ridley made the board aware GOAP

Director of Public Affairs Marielle McElmurray had submitted her resignation and had accepted another position with the Kentucky Distillers Association. Mr. Ridley mentioned the one year budget being proposed by Gov. Beasher with no funding cuts for GOAP. Mr. Ridley commented on Senate Bill 3 and made note that GOAP had been successful for the last 20 years in assisting in moving agriculture in the state forward and served as a springboard between farmers and other agencies to assist farmers in the state.

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 December 31, 2020.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund County Account Balances (*on file*) as of December 30, 2020.

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of December 31, 2020.

Mr. McCloskey reviewed the Category B Loans (*on file*) as of December 28, 2020.

Mr. McCloskey reviewed the Category C loan write-off and referenced a memo (*on file*) providing detail.

K AFC Statement of Financial Position	
As of December 31, 2020	
Assets	
Cash K AFC Accounts	\$ 14,429,402
Loan Payments Due K AFC	
Category A	\$79,776,942
Category B	\$ 569,1110 (Foothills, Miracle, Goodlett & Four Hills)
Category C	\$ 20,835 (Bevins)
	\$ 80,366,887
Total Assets	\$ 94,796,289
Liabilities	
K AFC loans approved not closed	\$ 8,283,661
Principal Outstanding	\$ 80,366,887
	\$ 88,650,548
Total Liabilities	\$ 88,650,548
Unobligated Assets	\$ 6,145,741
Total Liabilities & Unobligated Assets	\$ 94,796,289

Mr. McCloskey reviewed the minutes and recommendations of the Joint KADB/K AFC Committee on Hemp (*on file*).

Mr. Mitchell moved to accept the K AFC financial report; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous.

Compliance Committee Report

Commissioner Quarles called on Mr. Noe to give the Compliance Committee report. Mr. Noe discussed loans that had been closed for the third quarter and mentioned he had completed an audit of a sampling of loans. The committee reviewed the recent policy implemented to get final documents in a timely manner to get loans processed.

Mr. Noe moved to accept the Compliance Committee report; Mr. Lawson 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)

AF21-0001 Morris, Gregory

Applicants requested \$30,000 for the construction of a 33,000 bushel grain bin in Marion County. Farm Credit in Campbellsville, KY is the participating lender. This loan was sent to loan review committee due to new loan officer not being familiar with KAFC policy and procedures.

The Loan Review Committee recommended to approve the request with loan-to-value no greater than 85%

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF21-0002 Mudd, John

Applicant requested \$250,000 for the construction of two (2) Pilgrim's Pride breeder barns in Fulton County. The Citizens Bank of Hickman in Hickman, KY is the participating lender.

Staff recommended to approve the request up to \$250,000 contingent upon the approval and obligation of a 90% FSA guarantee on Citizens Bank and KAFC funds, with C/LV no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

AF21-0003 Buenrostro, Jeffrey

Applicants requested \$59,375 for the purchase of 79 acres in Harrison County. Central Kentucky ACA in Paris, KY is the participating lender.

Staff recommended to approve the request up to \$59,375 contingent upon the approval and obligation of a 90% FSA guarantee on Central Kentucky ACA and KAFC funds, with C/LV no greater than 100% or C/LV of no more than 85% without FSA guarantee.

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

AF16-0006 Davis, Adam

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to extend the loan maturity out for additional years, resetting the term to fifteen years. The new maturity date would be in 2036.

The Loan Review Committee recommended to approve the modification request contingent on receiving the FSA guarantee and new loan documentation.

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

Mr. Penn asked questions on the age of the barns and if they would be in adequate condition for the life of the loan and on the length of the contract with Tyson. Staff noted the barns are four years old and the contract with Tyson is for three years and is a typical contract of this type.

VOTE: Motion Passed; Unanimous.

AF19-0025 Nightingale, Kendall

Ms. Hulett presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to subordinate to the Citizens Bank debt in the amount of \$872,844. KAFC would be in second lien position with a loan-to-value of 92%.

The Loan Review Committee recommended to approve the request contingent upon receiving FSA approval and 2020 Tax return.

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

VOTE: Motion Passed; Unanimous.

AF19-0083 Puckett, Kyle

Ms. Hulett presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested to remove Kelly Puckett from all indebtedness regarding the Farm Credit/KAFC participation loan due to a divorce.

The Loan Review Committee recommended to approve the request.

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

VOTE: Motion Passed; Unanimous.

Extensions

AF19-0009 Jones, Gerald

Ms. Bates presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a time extension on construction due to weather and COVID-19. The new expiration date would be January 13, 2022.

Staff recommended approval of the twelve month time extension request.

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

VOTE: Motion Passed; Unanimous.

AF20-0050 Howard, Eric

Ms. Bates presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a time extension to allow for documents to be finalized and the loan closing to take place. The new expiration date would be April 9, 2021.

Staff recommended approval of the three-month time extension request.

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

Withdrawn

AF19-0076 Griffith, Nathaniel

Ms. Hulett indicated the application for Nathaniel Griffith had been withdrawn. No action is needed.

AF20-0070 Cash, Hope

Ms. Hulett indicated the application for Hope Cash had been withdrawn. No action is needed.

AF20-0074 Duke, Justin

Ms. Hulett indicated the application for Justin Duke had been withdrawn. No action is needed.

Closing Remarks

Commissioner Quarles asked Mr. Lawson to provide comments on the outlook of Agricultural Economics in the state. Mr. McCloskey noted Dr. Burdine and Dr. Snell will be giving a forecast at the meeting in February.

Mr. Frank Penn was asked to give comments on the outlook of equine sales. He also noted a virtual machinery sale is being scheduled for the Kentucky Horse Park in February.

Mr. McCloskey mentioned the Guidelines Committee would be convened in the upcoming weeks to address concerns raised by Mac Stone. Guidelines will be mailed in the February board packet.

Commissioner Quarles informed the board the next meeting will be Friday, February 12, 2021 at 10 a.m. EST.

Adjournment

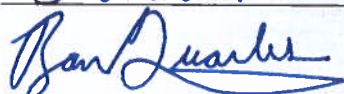
There being no additional business or discussion, Commissioner Quarles entertained a motion to adjourn the K AFC Board meeting.

Mr. Aldridge moved to adjourn the January K AFC board meeting; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

Meeting adjourned at 11:00 a.m. EST.

APPROVED DATE: 3-2-2021

PRESIDING OFFICER: 
Dr. Ryan Quarles, Commissioner of Agriculture

BOARDS COORDINATOR: 
Milinda Sosby

Compliance Committee Meeting Minutes



Meeting Date:	January 8, 2021
Meeting Location:	Zoom Conference, Meeting ID: 928 6377 4180
Meeting Chair:	Jonathan Noe
Attendees:	Jonathan Noe, Linda Rumpke, Doug Lawson, Wayne Hunt, Billy Aldridge, Larry Jagers, Keith Rogers (Proxy) Staff: Bill McCloskey, Dorsey Ridley, Ali Hulett, Lindsay Bates, Milinda Sosby, Brian Murphy, Grace Clark
Minutes Issued By:	Lindsay Bates, Administrative Loan Manager
Meeting Call to Order:	9:00 AM EDT
Meeting Adjourned:	9:11 AM EDT

Agenda Items:

1. Review loan disbursements
 - a. 33 loans closed July-September 2020
 - b. 19 loans closed October-January 2021

2. Report of reviewed loans randomly selected by the Committee Chair
 - a. AF19-0083 Logan Kyle Puckett
 - b. AF20-0039 Jordan Clemons
 - c. AF20-0009 Jared Bragg
 - d. AF20-0026 Charles Crume
 - e. AF20-0055 David Owens
 - f. AF20-0067 Daniel Reynolds
 - g. AF18-0152 Dustin Blevins

Jonathan Noe informed the committee that files were as described on the Post-Disbursement checklist provided by staff.

3. Questions, comments, suggestions
 - a. The next quarterly meeting will be March 12, 2021.
 - b. Recommendation to acquire contact information from lender loan operations departments.

4. Motion to Adjourn

Loan Review Committee

Meeting Minutes



Meeting Date:	January 8, 2021
Meeting Location:	Zoom Conference, Meeting ID: 928 6377 4180
Meeting Chair:	Linda Rumpke
Attendees:	Linda Rumpke, Jonathan Noe, Doug Lawson, Billy Aldridge, Frank Penn, Mac Stone, Keith Rogers, Wayne Hunt, Larry Jagers Staff: Ali Hulett, Bill McCloskey, Dorsey Ridley, Lindsay Bates, Milinda Sosby, Brian Murphy, Grace Clark Guests: Will Rice, Jonathan West
Minutes Issued By:	Ali Hulett, Loan Programs Manager
Meeting Call to Order:	9:30 AM EST
Meeting Adjourned:	9:58 AM EST

Agenda Items:	
New Business	
1.	Review of AF21-0001—Morris, Gregory <ul style="list-style-type: none"> a. On behalf of Mr. Morris, the loan officer requested the loan be considered for approval with an exception to the construction commencement guideline. b. Recommend approval of \$30,000 with a combined loan-to-value no greater than 85%.
Old Business	
2.	Review of AF16-0006—Davis, Adam <ul style="list-style-type: none"> a. On behalf of Mr. Davis, the loan officer requested to re-amortize the existing KAFC debt. b. Recommended approval, contingent upon to the 90% FSA guarantee remaining in place.
3.	Review of AF19-0025—Nightingale, Kendall <ul style="list-style-type: none"> a. On behalf of Mr. Nightingale, the loan officer requested to subordinate. b. Recommended approval, contingent upon to the 90% FSA guarantee remaining in place and receiving 2020 income tax returns.
4.	Review of AF19-0083—Puckett, Kyle <ul style="list-style-type: none"> a. On behalf of Mr. Puckett, the loan officer requested to release Mrs. Kelly Puckett from all indebtedness as a result of a recent divorce. b. Recommended approval, as presented.