

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the April 9, 2021 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
April 9, 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), Dr. Kenneth Burdine, Wayne Hunt, Larry Jaggars, Doug Lawson, Donald Mitchell, Jonathan Noe, Frank Penn, Mac Stone and Linda Rumpke.

Members absent: David Rink

Notification of Media

Commissioner Quarles received verification from Milinda Sosby, Boards and Special Events Manger, 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. Commissioner Quarles reported he had attended several meetings including one with the USDA Acting Food and Drug Administration Secretary concerning hemp regulation. He also indicated work was being done with the forest industries and landowners to provide education and support.

Commissioner Quarles also announced the appointment of two new KADB board members. Brenda Paul from Paris, KY replaces Pat Henderson and Suzanne Cecil White from Owensboro replaces Robbie Williams.

Commissioner Quarles reported the transition related to SB 3 continues to roll out. KDA has met with all current KOAP staff and is surveying needs and organizational updates. He reported former Executive Director Dorsey Ridley had accepted a position with the Cabinet of Economic Development and KDA was in the process of naming a new Executive Director.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the March 12, 2021.

Mr. Penn moved to approve the minutes, with corrections; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Unanimous.

Executive Director's Report

No Report

Deputy Executive Director's Report

Commissioner Quarles called on Mr. 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 30, 2021.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund County Account Balances (*on file*) as of March 28, 2021.

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of March 31, 2021.

Mr. McCloskey reviewed the Category B Loans (*on file*) as of March 30 2021.

K AFC Statement of Financial Position	
As of March 31, 2021	
Assets	
Cash K AFC Accounts	\$ 14,839,067
Loan Payments Due K AFC	
Category A	\$80,284,745
Category B	\$ 26,565 (Four Hills)
Category C	\$
	\$ 80,311,310
Total Assets	\$ 95,150,377
Liabilities	
K AFC loans approved not closed	\$ 8,450,411
Principal Outstanding	\$ 80,138,715
Total Liabilities	\$ 88,589,126
Unobligated Assets	\$ 6,561,251
Total Liabilities & Unobligated Assets	\$ 95,150,377

There was much discussion over the fund hitting \$100,000,000 in assets. The board praised the good works of those involved over years to reach this accomplishment. Commissioner Quarles indicated once the milestone was reached he wanted to celebrate the accomplishment.

Dr. Burdine moved to accept the K AFC financial report; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

10:23 am Tim Hughes assumed the Chair.

Compliance Committee Report

Mr. Hughes called on Mr. Noe to give the Compliance Committee Report.

Mr. Noe reported that a review of the loans disbursed during the last quarter were consistent with current guidelines and procedures. The committee recommended a minimum of eight loans should be reviewed during the quarterly compliance reviews.

Mr. Stone moved to accept the committee report and recommendation, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

Guidelines Committee Report

Mr. Hughes called on Mr. Hunt to give the Guidelines Committee report.

Mr. Hunt reported the committee recommends to be eligible for the DEAL program an applicant must have a defined entrepreneurial purpose documented by a detailed business plan but a KCARD business plan will not be required.

Mr. Hunt also reported the committee recommends that lenders requesting subordination must submit an updated one year cash-flow statement, balance sheet, and lender narrative.

Mr. Hunt moved to accept the committee report and recommendations, as presented: Mr. Noe 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.

New Business

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

Agricultural Infrastructure Loan Program (AILP)

AF21-0024 Harrell, Michael

The applicants requested \$75,000 for the construction of a barn in Fayette County. Central Kentucky ACA in Lexington, KY is the participating lender.

Staff recommended to approve the request combined loan-to-value no greater than 85%.

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

Mr. Penn stated he was familiar with this operation and it was a solid business to greatly benefit from this program.

VOTE Motion Passed; Mr. Noe abstained

Agricultural Processing Loan Program (APLP)

AF21-0023 Haseotes, Demetrios

The applicants requested \$500,000 for the purchase of equipment and installation of a soybean crushing plant in Pulaski County. Cumberland Security Bank in Somerset, KY is the participating lender. This loan was referred to the Loan Review Committee.

The Loan Review Committee recommended to pend this application due to complexity of this request so additional information can be obtained.

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF21-0020 Parish, Philip "Rhett"

The applicant requested \$225,000 for the purchase of 160 acres in Crittenden County. Farm Credit of Mid-America in Louisville, KY is the participating lender. This loan was referred to the Loan Review Committee due to requesting an exception to program guidelines that require application to be submitted before loan purchase.

The Loan Review Committee recommended to approve the request with combined 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.

AF21-0021 Buckler, Nathaniel

The applicants requested \$147,000 for the purchase of 111 acres in Shelby County. Farm Credit Mid-America in Shelbyville, KY is the participating lender.

Staff recommended to approve the request with combined loan-to-value no greater than 65% and aggregate KAFC balance not to exceed \$250,000 at time of closing.

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

VOTE: Motion Passed; Unanimous.

AF21-0022 Shewmaker, Adam

The applicants requested \$183,250 for the purchase of a total of 134 acres in Washington County. Central Kentucky ACA in Lebanon, KY is the participating lender.

Staff recommended to approve the request, contingent upon the approval and obligation of a 90% FSA guarantee on Central Kentucky Ag Credit and KAFC funds, with combined loan-to-value no greater than 100%.

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

VOTE: Motion Passed; Mr. Noe abstained.

AF21-0025 Sanford, Jason

The applicants requested \$204,000 for the purchase of 126 acres in Mercer County. Central Kentucky ACA in Danville, KY is the participating lender.

Staff recommended to approve the request with combined loan-to-value no greater than 85%.

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

VOTE: Motion Passed; Mr. Noe abstained.

AF21-0026 Payne, Leah

The applicant requested \$250,000 for the purchase of 217 acres in Clark County. Central Kentucky ACA in Danville, KY is the participating lender.

Staff recommended to approve the request with combined loan-to-value no greater than 85%.

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

VOTE: Motion Passed; Mr. Noe abstained.

AF21-0027 Smith, Jordan

The applicant requested \$250,000 for the construction of four (4) Pilgrim's Pride mega-broiler barns in Graves County. River Valley AgCredit in Mayfield, KY is the participating lender. This loan was referred to the Loan Review Committee due to the credit score.

The Loan Review Committee recommended to approve the request, contingent upon the approval and obligation of a 90%FSA guarantee on River Vall ACA and KAFC funds, with combined loan-to-value no greater than 75%.

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

VOTE: Motion Passed; Unanimous.

Old Business:

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

Modifications

AF13-0047 **Poole, Wesley**

Ms. Hulett presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to subordinate to the new Farm Credit debt. This request was referred to the Loan Review Committee.

The Loan Review Committee recommended pend the request for additional information.

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

VOTE: Motion Passed; Unanimous.

Extensions

AF18-0056 **Brockman, Brent**

Ms. Bates presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a time extension to allow for construction to be completed. The new expiration date would be July 13, 2021.

Staff recommended approval of the three (3) month time extension request.

Mr. Jagers moved to approve the time extension request, as presented; Mr. Stone seconded the motion.

VOTE: Motion Passed; Unanimous.

Closing Remarks

Mr. Hughes informed the board the next meeting will be Friday, May 14, 2021 at 10:00 a.m. EDT.

Adjournment

There being no additional business or discussion, Mr. Hughes entertained a motion to adjourn the KAFC Board meeting.

Ms. Rumpke moved to adjourn the April KAFC board meeting; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

Meeting adjourned at 10:52 a.m. EDT.

APPROVED DATE:

May 14, 2021

PRESIDING OFFICER:

Tim Hughes Proxy for Commissioner, Dr. Ryan Quarles
Tim Hughes (Designated Proxy)

BOARDS COORDINATOR:

Milinda Sosby
Milinda Sosby

Compliance Committee Meeting Minutes



Meeting Date:	April 9, 2021
Meeting Location:	Zoom Conference, Meeting ID: 980 6510 1555
Meeting Chair:	Jonathan Noe
Attendees:	Jonathan Noe, Linda Rumpke, Doug Lawson, Wayne Hunt, Billy Aldridge, Larry Jagers, Tim Hughes (Proxy) Staff: Bill McCloskey, Ali Hulett, Lindsay Bates, Milinda Sosby, Brian Murphy, Martin Williams
Minutes Issued By:	Lindsay Bates, Administrative Loan Manager
Meeting Call to Order:	8:00 AM EDT
Meeting Adjourned:	8:27 AM EDT

Agenda Items:

1. Review loan disbursements
 - a. 19 loans closed October-December 2020
 - b. 19 loans closed January-March 2021
2. Report of reviewed loans randomly selected by the Committee Chair
 - a. AF17-0103 Jason Bowen
 - b. AF20-0063 Ryan Stone
 - c. AF20-0012 Timothy Jones
 - d. AF20-0081 Carson Bowen

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 July 2021.
 - b. Recommendation to acquire contact information from lender loan operations departments.
 - c. Motion to review a minimum of eight loans during the quarterly compliance audits. Motion passed unanimously.

4. Motion to Adjourn

Guidelines Committee Meeting Minutes



Meeting Date:	April 09, 2021
Meeting Location:	Zoom Conference, Meeting ID: 980 6510 1555
Meeting Chair:	Wayne Hunt
Attendees:	Kenny Burdine, Jonathan Noe, Billy Aldridge, Doug Lawson, Frank Penn, Tim Hughes, Wayne Hunt, Larry Jagers, Linda Rumpke Staff: Lindsay Bates, Ali Hulett, Bill McCloskey, Milinda Sosby, Brian Murphy, Martin Williams Guests: Myrisa Christy
Minutes Issued By:	Ali Hulett, Loan Programs Manager
Meeting Call to Order:	8:30 AM EDT
Meeting Adjourned:	9:08 AM EDT

<p>Agenda Items:</p> <p>Diversification through Entrepreneurship in Agribusiness Loan Program (DEAL)</p> <ul style="list-style-type: none"> - <i>Defined Entrepreneurial Purpose</i> - To be eligible for the DEAL program, an applicant must have a defined entrepreneurial purpose documented by a detailed business plan. <p>Discussion of Subordination Requests</p> <ul style="list-style-type: none"> - <i>KAFCC Board Procedure in regards to subordination requests.</i> - Lenders requesting a subordination, must submit an updated one year cash-flow statement, balance sheet, and lender narrative. <p>Motion to Adjourn</p>

Loan Review Committee

Meeting Minutes



Meeting Date:	April 09, 2021
Meeting Location:	Zoom Conference, Meeting ID: 980 6510 1555
Meeting Chair:	Linda Rumpke
Attendees:	Jonathan Noe, Doug Lawson, Billy Aldridge, Larry Jagers, Kenny Burdine, Tim Hughes, Frank Penn, Linda Rumpke Staff: Ali Hulett, Bill McCloskey, Lindsay Bates, Milinda Sosby, Brian Murphy, Dorsey Ridley, Martin Williams Guests: Seth Carter, Demetrios Haseotes
Minutes Issued By:	Ali Hulett, Loan Programs Manager
Meeting Call to Order:	9:08 AM EDT
Meeting Adjourned:	9:57 AM EDT

Agenda Items:	
New Business	
<ol style="list-style-type: none"> 1. Review of AF21-0023—Haseotes, Demetrios <ol style="list-style-type: none"> a. On behalf of Mr. Haseotes, the loan officer requested to subordinate. b. Recommended pending, to allow time to gather information about KADB grant funding. c. Motion passed unanimously. 2. Review of AF21-0020—Parish, Rhett <ol style="list-style-type: none"> a. On behalf of Mr. Parish, the loan officer requested an exception to the deed guideline. b. Recommended approval, with loan-to-value no greater than 85%. c. Motion passed unanimously 3. Review of AF21-0027—Smith, Jordan <ol style="list-style-type: none"> a. On behalf of Mr. Smith, the loan officer requested an exception to credit score guideline. b. Recommended approval, contingent upon the FSA guarantee with loan-to-value no greater than 75%. c. Motion passed unanimously 	
New Business	
<ol style="list-style-type: none"> 1. Review of AF13-0047—Poole, Wesley <ol style="list-style-type: none"> a. On behalf of Mr. Poole, the loan officer requested to subordinate. b. Recommended pending, contingent upon receiving justification that a subordination will benefit the borrower. c. Motion passed unanimously. 	