

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the June 12, 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  
June 12, 2020  
Frankfort, KY 40601**

**Call to Order**

Tim Hughes presiding, called the Kentucky Agricultural Finance Corporation Board (KAFRC) regular business meeting to order at 10:08 a.m. (EDT).

**Roll Call**

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

Members absent: Donald Mitchell and Linda Rumpke.

**Notification of Media**

Mr. Hughes received verification from Marielle McElmurray, Director of Public Affairs, that the media had been notified of the KAFRC 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) and updates on COVID-19.

**Approval of Minutes**

Mr. Hughes entertained a motion to approve the minutes of the May 8, 2020 KAFRC board meeting.

Dr. Burdine moved to approve the minutes; Mr. Lawson 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.

Mr. Beeler called on Brian Murphy, GOAP General Counsel, to introduce himself to the board.

Mr. Beeler called on Lindsay Bates, GOAP Administrative Loan Manager, to introduce herself to the board.

Mr. Beeler called on Grace Clark and Martin Williams, GOAP summer interns, to introduce themselves to the board.

Mr. Beeler updated the board on the \$1 million KADB investment in the Meat Processing Investment Program.

Mr. Beeler updated the board on the \$5 million transfer from KADB to KAFC to continue supporting the revolving loan programs.

**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 State Pool Status (*on file*) as of May 21, 2020.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund County Account Balances (*on file*) as of May 19, 2020.

Mr. McCloskey reviewed the KAFC Statement of Financial Position (*on file*) as of May 31, 2020.

Mr. McCloskey reviewed the KAFC COVID-19 Payment Deferral List (*on file*) as of April 30, 2020.

Mr. Noe recommended continuing to staff approval of six (6) month payment deferral list.

| <b>KAFC Statement of Financial Position</b>       |    |  |
|---|----|--|
| <b>As of May 31, 2020</b>                         |    |  |
| <b>Assets</b>                                     |    |  |
| Cash KAFC Accounts                                | \$ | 18,264,600   |
| Loan Payments Due KAFC                            |    |  |
| Category A  | \$ | 75,125,536   |
| Category B  | \$ | 707,246<br>(Foothills, Weekly Juicery, Bevins, Miracle & Goodlett) |
| Category C  | \$ | 301,500 (Sunstrand)  |
|   |    | \$ 76,134,282  |
| <b>Total Assets</b>                               |    | <b>\$ 94,398,882</b>   |
| <b>Liabilities</b>                                |    |  |
| KAFC loans approved not closed                    | \$ | 8,807,428  |
| Principal Outstanding                             | \$ | 76,134,282   |
| <b>Total Liabilities</b>                          |    | <b>\$ 84,941,710</b>   |
| <b>Unobligated Assets</b>                         |    | <b>\$ 9,457,172</b>  |
| <b>Total Liabilities &amp; Unobligated Assets</b> |    | <b>\$ 94,398,882</b>   |

Mr. Penn moved to accept the KAFC financial report; Mr. Lawson seconded the motion.

VOTE: Motion Passed; Unanimous

**Loan Review Committee Report**

Mr. Hughes called on Mr. Lawson to give the Loan Review Committee report.

Mr. Lawson stated the loans would be discussed in order of the agenda.

**New Business**

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

**Agricultural Infrastructure Loan Program (AILP)**

**AF20-0038           Cash, Bernard**

Applicants requested \$90,000 for the purchase and installation of a field drain tile in Graves County. River Valley AgCredit in Mayfield, KY is the participating lender.

The Loan Review Committee recommended denying the request due to the applicant's net worth exceeding eligibility requirements for the AILP.

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

VOTE: Motion Passed; Unanimous.

**Agricultural Processing Loan Program (APLP)**

**AF20-0037           Pennington, Chad**

Applicants requested \$1,400,000 for the purchase of stave mill equipment in Metcalfe County. South Central Bank of Barren County in Glasgow, KY is the participating lender.

The Loan Review Committee recommended approval in the reduced amount of \$500,000 with a C/LV no greater than 80%.

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

VOTE: Motion Passed; Unanimous.

**Beginning Farmer Loan Program (BFLP)**

**AF20-0032           Brannock, Steven**

Applicants requested \$84,412 for the purchase of 52 acres in Harrison County. Central Kentucky ACA in Paris, 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. Penn made a motion to approve the staff recommendation, as presented, pending availability of funds; Mr. Adams seconded the motion.

VOTE: Motion Passed; Mr. Noe abstained.

**AF20-0033           Pollard, Thomas**

Applicants requested \$185,000 for the purchase of 140 acres in Henry County. Farm Credit Mid-America in Shelbyville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**AF20-0034           Buckman, Benjamin**

Applicant requested \$142,110 for the purchase of 59 acres in Marion County. Central Kentucky ACA in Lebanon, KY is the participating lender.

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

Mr. Hunt made a motion to approve the staff recommendation, as presented, pending availability of funds; Ms. Amburgey seconded the motion.

VOTE: Motion Passed; Mr. Noe abstained.

**AF20-0035 Hamilton, James**

Applicants requested \$200,000 for the purchase of 205 acres in Scott County. Central Kentucky ACA in Paris, KY is the participating lender.

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

Dr. Burdine made a motion to approve the staff recommendation, as presented, pending availability of funds; Mr. Brady seconded the motion.

VOTE: Motion Passed; Mr. Noe abstained.

**AF20-0036 Hayden Daniel**

Applicants requested \$250,000 for the purchase into the family poultry operation in Ohio County. Farm Credit Mid-America in Owensboro, KY is the participating lender.

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

Ms. Amburgey made a motion to approve the staff recommendation, as presented, pending availability of funds; Mr. Lawson seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF20-0039 Clemons, Jordan**

Applicants requested \$75,600 for the purchase of 74 acres in Grayson County. Magnolia Bank in Elizabethtown, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**AF20-0040 Sulfridge, Travis**

Applicants requested \$75,000 for the purchase of 80 acres in Whitley County. Community Trust Bank in Pikeville, KY is the participating lender.

The Loan Review Committee recommended approval, with C/LV no greater than 85% and recommended the Guidelines Committee review the seller finance policy regarding deed transfers.

Mr. Lawson made a motion to approve the committee recommendation, as presented, pending availability of funds; Mr. Brady seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF20-0041 Yoder, James**

Applicants requested \$250,000 to refinance of 56 acres with six (6) Pilgrim's Pride mega-broiler barns in Calloway County. Farm Credit Mid-America in Hopkinsville, KY is the participating lender.

The Loan Review Committee recommended denying the request based on guidelines that refinancing is not eligible.

Mr. Lawson made a motion to approve the committee recommendation, as presented; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF20-0042          Schmucker, Matthew**

Applicants requested \$250,000 for the purchase of 70 acres in Simpson County. Farm Credit Mid-America in Russellville, KY is the participating lender.

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

Mr. Noe made a motion to approve the staff recommendation, as presented, pending availability of funds; Ms. Amburgey seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF20-0043          Lunsford, Chase**

Applicants requested \$112,500 for the purchase of 54 acres in Allen County. Farm Credit Mid-America in Bowling Green, KY is the participating lender.

The Loan Review Committee recommended approval contingent upon the approval and obligation of a 90% FSA guarantee on FCMA and KAFC fund or a C/LV no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

**AF20-0044          Lyon, Christopher**

Applicants requested \$250,000 for the purchase of 88 acres with two Cobb-Vantress pullet 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 FCMA and KAFC funds, with C/LV no greater than 100%.

Mr. Penn made a motion to approve the staff recommendation, as presented, pending availability of funds; Ms. Amburgey seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF20-0045          Oliver, Troy "Brad"**

Applicants requested \$71,400 for the purchase of 60 acres in Carroll County. Citizens Union Bank in Shelbyville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**AF20-0046          Purnell, Hunter**

Applicants requested \$219,675 for the purchase of 84 acres in Shelby County. Citizens Union Bank in Shelbyville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**AF20-0047 Stringer, Trenton**

Applicants requested \$61,450 for the purchase of 59 acres in Casey County. Farm Credit Mid-America in Somerset, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**AF20-0048 Hymer, Johnnie**

Applicants requested \$250,000 for the purchase of 241 acres in Scott County. Farm Credit Mid-America in Shelbyville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**AF20-0049 Koehn, Victor**

Applicants requested \$250,000 to refinance of 128 acres with six (6) Pilgrims Pride mega-broiler barns in Graves County. Farm Credit Mid-America in Hopkinsville, KY is the participating lender.

The Loan Review Committee recommended denial based on guidelines that refinancing is not eligible.

Mr. Lawson made a motion to approve the committee recommendation, as presented; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous.

**Old Business:**

Tim Hughes called on Ms. Hulett, Mr. McCloskey, Ms. Wade and Ms. Bates to present the following extensions/modifications.

**Extensions/Modifications**

**AF18-0019 Case, Russell**

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification for the \$150,000 loan to be disbursed.

The Loan Review Committee recommended denying the modification request because the loan commitment has expired.

Mr. Lawson moved to approve the committee recommendation, as presented; Mr. Brady seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF18-0093 Linhart, Kathleen**

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 and subordinate into a third lien position after a principal reduction of \$62,700 is made to the Central Kentucky ACA note.

The Loan Review Committee recommended approval of the modification request contingent upon a C/LV no greater than 80%.

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

VOTE: Motion Passed; Unanimous.

**AF19-0066 Farmer, Zachary**

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to change the original collateral position to a shared collateral position. The new loan-to-value percentage would be 84.61% with a FSA guarantee on total loan of \$1,100,000.

The Loan Review Committee recommended approval of the modification request.

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

VOTE: Motion Passed; Unanimous.

**AF13-0046 Igleheart, Christopher**

Ms. Wade presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a sixty (60) day time extension to allow time for documents to be finalized. The new expiration date would be July 8, 2020.

Staff recommended approval.

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

VOTE: Motion Passed; Unanimous.

**AF20-0003 Schrock, David**

Ms. Bates presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a sixty (60) day time extension to allow time for documents to be finalized. The new expiration date would be August 14, 2020.

Staff recommended approval.

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

VOTE: Motion Passed; Mr. Noe abstained.

**AF20-0021 Wedel, Taylor**

Ms. Wade presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a thirty (30) day extension to allow time for documents to be finalized. The new expiration date would be July 13, 2020.

Staff recommended approval.

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

VOTE: Motion Passed; Unanimous.

**Closing Remarks**

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

Mr. Hughes invited board members to the upcoming Linking Agriculture for Networking and Development forums.

In response to a question from Mr. Penn, GOAP staff clarified that KAFC does not consider refinancing on loans.

Mr. Hunt referred to the roughly \$16 million in KADF County funds available for future projects such as the Meat Processing Investment Program (MPIP).

In response to a question from Ms. Amburgey, Mr. Hunt explained that the MPIP, so far, is intended to grow the current processing capacity in place in Kentucky. Little exploration has been done in regards to a location for a new processing plant.

**Adjournment**

Mr. Hughes entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:17 a.m. (EDT).

APPROVED DATE: 7/10/2020

PRESIDING OFFICER: Tim Hughes

BOARDS COORDINATOR: Marielle McElmurray  
Marielle McElmurray



# Loan Review Committee

## Meeting Minutes



|                               |   |
|-------------------------------|---|
| <b>Meeting Date:</b>          | May 8, 2020   |
| <b>Meeting Location:</b>      | Governor's Office of Agricultural Policy, Frankfort, KY   |
| <b>Meeting Chair:</b>         | Doug Lawson   |
| <b>Attendees:</b>             | Jonathan Noe, John Brady, Larry Jagers, Kenny Burdine, Wayne Hunt, Frank Penn, Westy Adams, Doug Lawson, Tim Hughes, Donna Amburgey<br>Staff: Shelby Wade, Ali Hulett, Bill McCloskey, Warren Beeler, Sandy Gardner, Lindsay Bates, Marielle McElmurray<br>Guests: Amanda Robertson |
| <b>Minutes Issued By:</b>     | Ali Hulett, Loan Programs Manager   |
| <b>Meeting Call to Order:</b> | 9:06 AM   |
| <b>Meeting Adjourned:</b>     | 9:58 AM   |

### Agenda Items:

#### New Business

1. Review of AF20-0031—Hobbs, Charles
  - a. On behalf of Mr. Hobbs, the loan officer requested the loan be considered for approval with an exception to the construction commencement guideline.
  - b. Recommend approval.

#### Old Business

2. Review of AF18-0065—Goode, Greg
  - a. On behalf of Mr. Goode, the loan officer requested the combined loan-to-value limit be increased to 65%
  - b. Recommend approval.
3. Review of AF14-0074—McCarty, Christian
  - c. On behalf of Mr. McCarty, the loan officer requested the first lien with Traditional Bank be restructured.
  - d. Recommend approval.
4. Review of AF19-0019—Fink, Stefan
  - e. The loan modification request was withdrawn.
  - f. No action necessary.
5. Review of AF18-0019—Case, Russell
  - g. On behalf of Mr. Case, the loan officer requested the loan be removed from expired status and funds be disbursed.
  - h. Recommend to table the modification request until further information has been acquired.