

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the September 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  
September 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 10:15 a.m. (EDT).

**Roll Call**

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

Members absent: Frank Penn and Linda Rumpke

**Notification of Media**

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

**Welcome**

Commissioner Quarles welcomed everyone to the teleconference meeting. Commissioner Quarles welcomed new board members Mac Stone and David Rink and updated everyone on activities of the Kentucky Department of Agriculture (KDA), Kentucky State Fair and highlights of the Championship Drive which successfully raised a record amount of proceeds to benefit the scholarship programs it supports.

**Approval of Minutes**

Commissioner Quarles entertained a motion to approve the minutes of the August 14, 2020 KAFC board meeting.

Mr. Hunt moved to approve the minutes; Mr. Jagers 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 introduced himself as the new Executive Director of the Governor's Office of Agricultural Policy (GOAP). He updated the board on the activities of the GOAP and referenced everyone to the annual report, and AgriTech articles from Governor Beshear.

**Deputy Executive Director's Report**

Commissioner Quarles called on Mr. McCloskey, GOAP Deputy Executive Director, to report to the board. He addressed the updated board member contact information and new committee assignments.

Mr. McCloskey reviewed the Kentucky Agricultural Development State Pool Status (*on file*) as of August 26, 2020.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund County Account Balances (*on file*) as of August 27, 2020.

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

Mr. McCloskey reviewed the COVID-19 payment deferrals (*on file*). After some discussion, it was recommended the board would continue a three month deferral for those impacted by COVID-19.

Mr. McCloskey reviewed the Category B Loans (*on file*) as of August 31, 2020.

<b>K AFC Statement of Financial Position</b>	
<b>As of August 31, 2020</b>	
<b>Assets</b>	
Cash K AFC Accounts	\$ 17,325,727
Loan Payments Due K AFC	
Category A	\$77,999,758
Category B	\$ 735,401 (Foothills, Weekly Juicery, Bevins, Miracle & Goodlett)
Category C	\$
	\$ 78,735,159
<b>Total Assets</b>	<b>\$ 94,454,006</b>
<b>Liabilities</b>	
K AFC loans approved not closed	\$ 8,802,521
Principal Outstanding	\$ 78,735,159
	\$
	87,537,680
<b>Total Liabilities</b>	
<b>Unobligated Assets</b>	<b>\$ 6,916,326</b>
<b>Total Liabilities &amp; Unobligated Assets</b>	<b>\$ 94,454,006</b>

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

VOTE: Motion Passed; Unanimous.

#### **Loan Review Committee Report**

Commissioner Quarles called on Mr. Lawson to give the Loan Review Committee report. Mr. Lawson stated that the loans reviewed would be discussed in order of the agenda.

Mr. Lawson updated everyone on the direction received from the KADB board regarding the funding of distillery related projects.

#### **New Business**

Commissioner Quarles 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 approve the request up to \$200,000 with a CL/V no greater than 85%.

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

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 applicant provides the total financial package for the operation if KAFC loan amount is lower than requested.

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

VOTE: Motion Passed; Unanimous.

**Beginning Farmer Loan Program (BFLP)**

**AF20-0071            Marcum, Dustin**

Applicant requested \$250,000 for the purchase of 160 acres in Clinton County. Farm Credit Mid-America in Somerset, KY is the participating lender.

Staff recommended approval with C/LV no greater than 65%.

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

VOTE: Motion Passed; Unanimous.

**AF20-0072            Hayden, Jesse**

Applicant requested \$178,500 for the purchase of 66 acres at auction in McClean County. Independence Bank in Owensboro, KY is the participating lender.

Staff recommends approval, contingent upon the approval and obligation of a 90% FSA guarantee on Independence Bank and KAFC funds, with C/LV no greater than 100% or C/LV of no more than 85% without FSA guarantee.

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

VOTE: Motion Passed; Unanimous.

**AF20-0073            Hayden, Justus**

Applicant requested \$178,500 for the purchase of 66 acres at auction in McClean County. Independence Bank in Owensboro, KY is the participating lender.

Staff recommends approval, contingent upon the approval and obligation of a 90% FSA guarantee on Independence Bank and KAFC funds, with C/LV no greater than 100% or C/LV of no more than 85% without FSA guarantee.

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

VOTE: Motion Passed; Unanimous.

**Diversification through Entrepreneurship Loan Program (DEAL)**

**AF20-0070 Cash, Hope**

Applicant requested \$85,000 for the purchase of a greenhouse business in Barren County. Farm Credit Mid-America in Glasgow, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**Old Business:**

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

**Modifications**

**AF17-0023 Hagan, Dustin**

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to release Mr. Jason Hagan from liability on the 44 acres and subordinate to the \$289,000 Rural First home debt into a third lien position for Mr. Dustin Hagan.

The Loan Review Committee recommended to approve release of liability and subordination with CL/V no greater than 85% and a new title policy to verify lien position.

Mr. Noe moved to approve the modification request, based on the committee's recommendation; Mr. Rink seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF17-0071 Hagan, Jason**

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to release the 44 acres as collateral on poultry loan (AF17-0071).

The Loan Review Committee recommended to approve release of the 44 acres with CL/V no greater than 85%.

Mr. Lawson moved to approve the modification request, based on the committee's recommendation; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF08-0070 Mims, Kyle**

Ms. Hulett presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to release the five (5) acres and substitute for 137 acres for collateral.

The Loan Review Committee recommended to approve the request for modification as presented.

Mr. Lawson moved to approve, based on the committee's recommendation; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF15-0004 Devine, Jason**

Ms. Bates presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to release Christina Devine from all indebtedness regarding the Ag Credit/KAFC participation loan.

The Loan Review Committee recommended to approve the request for modification, contingent upon an updated title policy.

Mr. Lawson moved to approve, based on the committee's recommendation; Mr. Mitchell seconded the motion.

VOTE: Motion Passed; Mr. Noe abstained

**AF16-0011 Feezor, Jackie**

Ms. Hulett presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested to extend the maturity on all loans related to his poultry operation, including his KAFC note, in order to improve his cash flow for three additional years. The new maturity date would be in 2034.

The Loan Review Committee recommended to approve the modification with CL/V no greater than 100%.

Mr. Lawson moved to approve the modification, based on the committee's recommendation; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Unanimously.

**Extensions**

**AF20-0040 Sulfridge, Travis**

Ms. Bates presented a memorandum (*on file*) regarding the above referenced loan. The loan officer has requested an extension of three months to allow for documents to be finalized due to a change in loan officers. The new expiration date would be December 12, 2020.

The Loan Review Committee recommended to approve extension as presented.

Mr. Mitchell moved to approve the modification, based on the committee's recommendation; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

**Closing Remarks**

Commissioner Quarles informed the board the next meeting will be Friday, October 9 at 10 a.m. EDT.

**Adjournment**

Commissioner Quarles entertained a motion to adjourn.

Mr. Mitchell moved to adjourn the KAFC board meeting; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Unanimous.

The KAFC Board meeting adjourned at 11:30 a.m. (EDT).

APPROVED DATE: 10/9/2020

PRESIDING OFFICER: Teri Hughes proxy for Commissioner Quarles

BOARDS COORDINATOR: Milinda Sosby  
Milinda Sosby

# Loan Review Committee

## Meeting Minutes



<b>Meeting Date:</b>	September 11, 2020
<b>Meeting Location:</b>	Zoom Conference, Meeting ID: 992 6841 1770
<b>Meeting Chair:</b>	Doug Lawson
<b>Attendees:</b>	Billy Aldridge, Kenny Burdine, Wayne Hunt, Doug Lawson, Larry Jagers, Jonathan Noe, David Rink, Tim Hughes Staff: Ali Hulett, Bill McCloskey, Dorsey Ridley, Sandy Gardner, Lindsay Bates, Marielle McElmurray, Bill Hearn, Brian Murphy, Milinda Sosby Guests: Brad Latham
<b>Minutes Issued By:</b>	Ali Hulett, Loan Programs Manager
<b>Meeting Call to Order:</b>	9:00 AM EDT
<b>Meeting Adjourned:</b>	10:04 AM EDT

### Agenda Items:

#### New Business

1. Review of AF20-0059—Voet, Douglas
  - a. On behalf of Mr. Voet, the loan officer requested the loan be considered for approval.
  - b. Recommend approval of \$200,000 with a combined loan-to-value no greater than 85%.
2. Review of AF20-0068—Rock, Samuel
  - a. On behalf of Mr. Rock, the loan officer requested the loan be considered for approval.
  - b. Recommend pending, to allow time for the applicants to finalize funding.

#### Old Business

3. Review of AF17-0023—Hagan, Dustin
  - a. On behalf of Mr. Hagan, the loan officer requested subordination and release of liability.
  - b. Recommend approval, with a combined loan-to-value no greater than 85% and a new title policy to verify lien position.
4. Review of AF17-0071—Hagan, Jason
  - a. On behalf of Mr. Hagan, the loan officer requested to release collateral.
  - b. Recommend approval, with combined loan-to-value no greater than 85%.
5. Review of AF08-0070—Mims, Kyle
  - c. On behalf of Mr. Mims, the loan officer requested to release and substitute collateral.
  - d. Recommend approval, contingent upon the appraisal being received.
6. Review of AF15-0004—Devine, Jason
  - e. On behalf of Mr. Devine, the loan officer requested to release liability for Mrs. Devine.
  - f. Recommend approval, contingent upon an updated title policy.
7. Review of AF16-0011—Feezor, Jackie
  - g. On behalf of Mr. Feezor, the loan officer requested to restructure.
  - h. Recommend approval, with combined loan-to-value no greater than 100%.