

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the February 12, 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
February 12, 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 Jagers, Doug Lawson, Jonathan Noe, David Rink and Linda Rumpke.

Members absent: Frank Penn, Donald Mitchell and Mac Stone

Notification of Media

Commissioner Quarles received verification from Kara Keeton, Director of Communications, 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 reported a dozen or so agriculture related bills have been filed for the 2021 session. He also reported he would be participating in the NASDA Winter Policy meeting scheduled to be held virtually later in the month, the new Secretary of Agriculture is the Commissioner of Agriculture from Virginia, and invited everyone to participate in the virtual fundraiser that will benefit food banks.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the January 8, 2021.

Ms. Rumpke moved to approve the minutes, as presented; Mr. Burdine 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. Mr. Ridley reported Bobby Pace had been hired as the meat processing consultant and had met with several level 4 applicants. Much positive feedback has been received about the benefit Mr. Pace is providing to applicants. Mr. Ridley welcomed new Director of Communications Kara Keeton and congratulated Stefanie Osterman on her new position with another organization. Ms. Osterman recently resigned from her position and will be leaving at the end of the month. Mr. Ridley also introduced guest Dr. Will Snell and board member Dr. Kenneth Burdine, who provided an US and Kentucky agriculture economic outlook.

Tim Hughes assumed the chair at 11:00 am.

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 January 31, 2021.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund County Account Balances (*on file*) as of January 21, 2021.

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

Mr. McCloskey reviewed the 2021 Payment Deferrals due to COVID-19 (*on file*).

Mr. McCloskey reviewed the Category B Loans (*on file*) as of February 1, 2021.

K AFC Statement of Financial Position	
As of December 31, 2020	
Assets	
Cash K AFC Accounts	\$ 15,850,082
Loan Payments Due K AFC	
Category A	\$78,968,977
Category B	\$ 449,525 (Foothills, Miracle, Goodlett & Four Hills)
Category C	\$ 20,835 (Bevins)
	\$ 79,439,337
Total Assets	\$ 95,289,419
Liabilities	
K AFC loans approved not closed	\$ 8,058,786
Principal Outstanding	\$ 79,439,337
Total Liabilities	\$ 87,498,123
Unobligated Assets	\$ 7,791,296
Total Liabilities & Unobligated Assets	\$ 95,289,419

Mr. Lawson moved to accept the K AFC financial report; Mr. Aldridge 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 staff had recently reviewed the K AFC guidelines and made several recommendations to make the K AFC loan programs more appealing to potential applicants. Recommendations for approval are as outlined below:

Diversification through Entrepreneurship in Agribusiness Loan Program (DEAL)- The committee recommended to increase net worth to \$3.5 million and increase eligibility amount to \$250,000.

Mr. Hunt moved to accept the committee recommendation, as presented; Mr. Rink seconded the motion.

VOTE: Motion Passed; Unanimous.

Large/Food Animal Veterinary Loan Program- The committee recommended to increase eligibility amounts to \$250,000.

Mr. Hunt moved to accept the committee recommendation, as presented; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

Overall Recommendations (All Loan Programs)- The committee recommended the following:

- Applicants with credit scores below 600 must be reviewed by the KAFC Loan Review Committee for evaluation and recommendation.
- Household and/or operation may have multiple KAFC loans but are limited to an aggregate balance of \$250,000 in all programs, excluding borrowers with minority interest in the business and the Agricultural Processing Loan Program (APLP).
- Combined loan-to-value no greater than 85%. *(See email discussion with Wayne Mattingly)*
- Combined loan-to-value no greater than 100% with an approved government guarantee.
- Combined loan-to-value greater than 85% with no government guarantee will be referred to the KAFC Loan Review Committee for evaluation and recommendation.

Mr. Hunt moved to accept the committee recommendation with changes as noted; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

The staff will do research on the definition of a farm/farmer and will report to the guidelines committee in March.

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

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

Agricultural Processing Loan Program (APLP)

AF21-0004 Jury, Richard

The applicants requested \$150,000 for the purchase of a nursery and landscaping business in Nelson County. Town & Country Bank and Trust Company in Bardstown, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF21-0008 Hester, John

The applicant requested \$101,500 for the construction of two (2) grain bins and purchase of an unloading auger in Henderson County. Field & Main Bank in Henderson is the participating lender.

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

VOTE: Motion Passed; Doug Lawson abstained.

Beginning Farmer Loan Program (BFLP)

AF21-0005 Winchester, Jennifer

The applicants requested \$250,000 for the purchase of 56 acres with six (6) Tyson broiler barns in Graves County. The Citizens Bank of Hickman in Hickman, KY is the participating lender.

Staff recommended to approve the request, contingent upon proof of a Kentucky driver's license, with combined loan-to-value no greater than 85%.

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

VOTE: Motion Passed; Unanimous

AF21-0006 Byler, Jacob

The applicants requested \$100,000 for the purchase of 60 acres in Hart County. The South Central Bank of Barren County in Glasgow, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous

AF21-0007 Gossett, Charles

The applicants requested \$106,250 for the purchase of 50 acres in Barren County. South Central Bank of Barren County in Glasgow, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous

AF21-0009 Overholt, Ryan

The applicants requested \$232,000 for the purchase of 80 acres in Logan County. Farm Credit Mid-America in Russellville, KY is the participating lender.

Staff recommended to approve the request, contingent upon proof of a Kentucky driver's license and the approval and obligation of a 90% FSA guarantee on Farm Credit Mid-America and KAFC funds, with combined loan-to-value no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

AF21-0010 Eblen, Matthew

The applicants requested \$250,000 for the purchase of 25 acres with six (6) Tyson broiler barns in Webster County. Referred to Loan Review Committee due to applicant not having land deeded in name more than ten (10) years.

The Loan Review Committee recommended to approve the request

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

VOTE: Motion Passed; Mr. Lawson abstained.

AF21-0011 Kung, Sui

The applicant requested \$250,000 for the purchase of 50 acres with eight (8) Tyson broiler barns in Webster County. Field & Main Bank in Henderson, KY is the participating lender.

Staff recommended to approve the request, contingent upon the approval and obligation of a 95% FSA guarantee on Field & Main Bank 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; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Mr. Noe abstained

AF21-0012 Sorrell, Joseph

The applicant requested \$158,500 for the purchase of 95 acres in Nelson County. Central Kentucky ACA in Lebanon, KY is the participating lender.

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

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

VOTE: Motion Passed; Mr. Noe abstained

AF21-0013 May, Brett

The applicant requested \$40,250 for the purchase of 15 acres in Lincoln County. Central Kentucky ACA in Stanford, KY is the participating lender.

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

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

VOTE: Motion Passed; Mr. Noe abstained.

Old Business:

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

Modifications

AF15-0093 Kamuf, Kyle

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to subordinate to the Independence Bank debt. KAFC will be in a second lien position with a combined loan-to-value of 90.47%. This request was referred to the Loan Review Committee.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0098 Fulks, William

Ms. Hulett presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to subordinate to the Rural First debt. KAFC will be in a second lien position with a combined loan-to value of 77%. This request was referred to the Loan Review Committee.

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

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

Discussion of this loan brought up the question on what defines a farm/farmer.

VOTE: Motion Passed; Unanimous.

Extensions

AF20-0040 Sulfridge, Travis

Ms. Bates presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a time extension due to change in loan officer and additional time needed to finalize documents. The new expiration date would be May 12, 2021.

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

Mr. Rink moved to approve the time extension request, as presented; Mr. Lawson seconded the motion.

VOTE: Motion Passed; Unanimous.

AF20-0078 Rice, William

Ms. Bates presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a time extension to complete home closing so down payment funding could be acquired. The new expiration date would be April 15, 2021.

Staff recommended approval of the three (3) month time extension request. Ms. Rumpke recommended extending for 90 days to allow enough time so would not have to be brought back to the board. The new expiration date would be May 15, 2021.

Mr. Lawson moved to approve the time extension request for 90 days as recommended by Ms. Rumpke; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Unanimous.

Closing Remarks

Mr. Hughes 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, Mr. Hughes entertained a motion to adjourn the KAFC Board meeting.

Ms. Rumpke moved to adjourn the February KAFC board meeting; Mr. Aldridge seconded the motion.

VOTE: Motion Passed; Unanimous.

Meeting adjourned at 11:30 a.m. EST.

APPROVED DATE: March 12, 2021

PRESIDING OFFICER: Tim Hughes Proxy for Commissioner Dr. Ryan Anderson
Tim Hughes (Designated Proxy)

BOARDS COORDINATOR: Milinda Sosby
Milinda Sosby

Guidelines Committee

Meeting Minutes



Meeting Date:	February 12, 2021
Meeting Location:	Zoom Conference, Meeting ID: 940 7735 8702
Meeting Chair:	Wayne Hunt
Attendees:	Wayne Hunt, Kenny Burdine, Jonathan Noe, Billy Aldridge, Linda Rumpke, Larry Jagers, Doug Lawson. Staff: Lindsay Bates, Ali Hulett, Bill McCloskey, Milinda Sosby, Kara Keeton, Brian Murphy. Tim Hughes, Wayne Mattingly
Minutes Issued By:	Ali Hulett, Loan Programs Manager
Meeting Call to Order:	8:30 AM
Meeting Adjourned:	9:23 AM

Agenda Items:

Diversification through Entrepreneurship in Agribusiness Loan Program (DEAL)

- Edit the purpose definition of the program.
Current Purpose: "To assist entry-level agri-entrepreneurs with the establishment of or purchase into a business that provides agricultural products or services to other producers."
Suggested Revision: "To assist agri-entrepreneurs with the purchase, establishment or expansion of a business that sells agricultural products or services to farmers or consumers."
- Increase net worth to \$3.5 million.
- Increase eligibility amount to \$250,000.

Large/Food Animal Veterinary Loan Program (VET)

- Increase eligibility amounts to \$250,000.

Overall Recommendations (All Loan Programs)

- The KAFC Loan Review Committee must review applicants with credit scores below 600 for evaluation and funding recommendation.
- Household and/or operation may have multiple KAFC loans but are limited to an aggregate balance of \$250,000 in all programs, excluding borrowers with minority interest in the business and the Agricultural Processing Loan Program (APLP).
- Applications with a combined loan-to-value up to 85% may have a government guarantee, but it is not required.
- Applications with the approval and obligation of a government guarantee, shall not have a combined loan-to-value greater than 100%
- Any application with a combined loan-to-value greater than 85% without a government guarantee will be referred to the KAFC Loan Review Committee for evaluation and recommendation.

Motion to Adjourn

Loan Review Committee

Meeting Minutes



Meeting Date:	February 12, 2021
Meeting Location:	Zoom Conference, Meeting ID: 940 7735 8702
Meeting Chair:	Linda Rumpke
Attendees:	Linda Rumpke, Jonathan Noe, Doug Lawson, Billy Aldridge, Wayne Hunt, Larry Jagers, Kenny Burdine, Tim Hughes Staff: Ali Hulett, Bill McCloskey, Lindsay Bates, Milinda Sosby, Brian Murphy, Kara Keeton Guests: Wayne Mattingly
Minutes Issued By:	Ali Hulett, Loan Programs Manager
Meeting Call to Order:	9:30 AM EST
Meeting Adjourned:	9:54 AM EST

Agenda Items:

New Business

1. Review of AF21-0010—Eblen, Matthew
 - a. On behalf of Mr. Eblen, the loan officer requested the loan be considered for approval with an exception to the land deeded in name for more than 10 years guideline.
 - b. Recommend approval of 250,000 with a combined loan-to-value no greater than 100% contingent upon a 90% FSA guarantee.

Old Business

2. Review of AF15-0093—Kamuf, Kyle
 - a. On behalf of Mr. Kamuf, the loan officer requested to subordinate.
 - b. Recommended approval, with loan-to-value no greater than 85%.
3. Review of AF19-0098—Fulks, William
 - a. On behalf of Mr. Fulks, the loan officer requested to subordinate.
 - b. Recommended approval, with loan-to-value no greater than 85%.