

**Kentucky Assistive Technology Loan Corporation
(K.A.T.L.C.)**

Board of Directors Meeting

December 9, 2020

Zoom

Members Present: Jackie Butts, Becky Cabe, Ricky Doyle, Katie Gilliam, Keith Hosey, Kenneth Jones and Emily Kimbell

Guests Present: Kate Allen, University of Louisville; Emmaleigh Barnes, Office of Vocational Rehabilitation; Susie Edwards, Office of Vocational Rehabilitation; Chris Dervan, Fifth Third Bank; Skylar Millay, Office of Vocational Rehabilitation; Jennifer Withrow, Office of Vocational Rehabilitation; Deepak Vanjani, Fifth Third Bank and Maggie Vaughan, Fifth Third Bank

Interpreters Present: Kelli Sanchez and Jessica King-Solomon

Staff Present: Melissa Peel and Sarah Richardson

Meeting called to order by Chair, Emily Kimbell, at 9:04 a.m. and introductions made.

Approval of September 17, 2020 Meeting Minutes

Motion to approve the September 11, 2020 minutes made by Kenneth Jones, second by Keith Hosey. Motion carried.

Fifth Third Bank Program Operations

Sarah Richardson explained the final signing of the loan documents by consumers does not meet with Fifth Third Bank compliance and regulations recommendations. Because of this Fifth Third Bank will no longer administer the loans for the Kentucky Assistive Technology Loan Corporation. Fifth Third Bank collaborated with the Kentucky Assistive Technology Loan Corporation for over 20 years.

Maggie Vaughan acknowledged the relationship between Fifth Third Bank and the Kentucky Assistive Technology Loan Corporation in executing this great program for over 20 years. She went on to explain how this decision came about through the bank's Regular Product Review process and in consultation with legal compliance and regulatory guidance. Looking at the agreement as it is Fifth Third Bank will be unable to originate new loans because the bank cannot effectively make the changes required to continue with getting the final authorization to execute an additional agreement needed

to originate the loans. This means that as of close of business on December 30, 2020, Fifth Third Bank will no longer process any new loan applications. They will continue to manage and service existing loans and will process new applications up to that date as normal.

There was discussion on how well Fifth Third Bank has served the Kentucky Assistive Technology Loan Corporation through out the years. It is estimated that the partnership resulted in close to 12 million dollars of loans to assist individuals with disabilities to receive assistive technology.

Fifth Third Bank Loan Report

Deepak Vanjani emphasized Fifth Third Bank would be providing service until the close of business on December 30, 2020. There were two new applications for September, 11 in October and three in November. Sarah Richardson reported that the Kentucky Assistive Technology Loan Corporation has 99 active loans with Fifth Third Bank requiring \$523,250.21 left in the reserve account to cover the total of those loans.

Program Director and Administrative Agency Reports

Sarah Richardson explained how the loan numbers are created and what each character means.

Example: U1011 P-HC

The first letter stands for the year of the loan application. U stands for the year 2020. The next is the month in which the application was received. The next two digits indicate the number of the application during the month it was received – in the example this loan would have been the eleventh loan received in the month of November. The next part is the first letter of the last name of the applicant. The next letters are symbolic of the devices requested on the bank application. In the case of this example, the HC stands for hand controls.

Loan Verification Vote

Affirmation of E Group Votes

8 Approved Loans

4 Denied Loans

0 Withdrawn Loans

1 Incomplete

1 Did Not Accept

0 Ineligible

Motion to Affirm Approved Loans

Motion to affirm the following approved loans: U1001 V-A (override), U1004 T-A (override), U1006 J-A (override), U1007 D-A, U1008 S-V #2 (override), U1009 C-A,

U1011 A-R/WCC (override) and U1102 M-HC made by Keith Hosey, second by Ricky Doyle. Motion carried.

Motion to Affirm Denied Loans

Motion to affirm the following denied loans: U1005 MB-A, U1010 S-V #2, U1101 A-A and U1103 L-A made by Keith Hosey, second by Katie Gilliam. Motion carried.

Motion to Affirm Incomplete and Didn't Accept Loans

Motion to affirm one incomplete (unknown assistive technology) and one didn't accept loan (U1003 S-V) made by Keith Hosey, second by Becky Cabe. Motion carried.

Financial Report

Sarah Richardson stated the balance in the bank account as of November 2020 is \$27,990.70. She recommended that the Board transfer from the Fifth Third Securities account \$75,000 so that if there were a big default the account would be prepared for it. That would bring the account balance to \$102,990.70. It has been about 2 years since a transfer into the account was made. There was discussion as to how much was kept in the account historically. Motion to transfer \$75,000 from Fifth Third Securities to the bank account was made Keith Hosey, second Ricky Doyle. Motion carried.

Sarah Richardson reported on the interest earned from the Fifth Third Securities account that is also referred to as the reserve account. This account is for available funds to cover any defaults. The Kentucky Assistive Technology Loan Corporation is a 100% loan guarantee program and as such must maintain enough money in the reserve account to cover any defaulted loans. Sarah will request Chris Maggard with Fifth Third Securities to find out if these funds can be kept in this account until a new bank is found which is what she recommends. In the event a certificate of deposit comes due before such time as a new bank is designated that could then provide liquid cash to transfer to the reserve account. There are two certificates of deposit coming due in August 2021 and November 2021. One is for \$100,000 and one for \$75,000. The interest on them is 2.4% and 1.50%.

There was discussion as to why certificates of deposit were chosen with that low interest rate. Sarah Richardson explained that Chris Maggard provided Kentucky Assistive Technology Loan Corporation with what was available at the time the investments were made. Historically the Board chose investments conservatively to never lose the initial investment. There is investment policy that Sarah will send out to the board members.

Marketing Activities

With conferences not currently held in person, marketing opportunities have not been available.

Old Business

Appointments/Reappointments

In preparation for the next round of reappointments, members who are interested in serving another term on the Board will need to submit the application and resume to Sarah Richardson as soon as possible.

New Business

Defaults

Sarah Richardson reviewed the defaults with the Board. There were two defaults this quarter both were for hearing aids. The defaults were S1202 T-A for \$1,461.72 and R0503 R-A for \$.21.

There was discussion on the collections process.

Next Steps for Locating New Bank Partner

Office of Vocational Rehabilitation leadership is aware and determining the process to locate a new lending partner. The reorganization could take six to nine months. Sarah Richardson will be drafting a letter to providers to notify them of the reorganization. The website will have a notice posted and any references to Fifth Third Bank need to be removed from documents, website and marketing materials.

It may become necessary to call a special meeting prior to the next quarterly meeting to discuss the reorganization process.

Next Meeting Date and Location

Wednesday, March 10, 2021

Zoom

9:00 a.m.

Motion to Adjourn

Keith Hosey made a motion to adjourn the meeting, second by Katie Gilliam. Motion carried. Meeting adjourned at 10:30 a.m.