

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the March 17, 2017 regular 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, 404 Ann Street, Frankfort, Kentucky 40601.



**Kentucky Agricultural Finance Corporation Board
Summary Minutes of the Regular Business Meeting
University of Kentucky South Farm
Lexington, Kentucky
March 17, 2017**

Call to Order

Keith Rogers, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 9:05 a.m. (EDT).

Roll Call

The following members were present: Westy Adams, Kenny Burdine, Wayne Hunt, Larry Jagers, Doug Lawson, Frank McAninch, Aaron Miller, Frank Penn, John Brady (designee for Secretary William M. Landrum III) and Keith Rogers (designee for Commissioner Ryan Quarles).

Members absent: George Begley and Linda Rumpke.

Notification of Media

Mr. Rogers received verification from Hannah Forte, GOAP Communications & Special Events Manager, that the media had been notified of the KAFC board meeting.

Welcome

Mr. Rogers welcomed everyone to the meeting.

Mr. Rogers stated that Commissioner Quarles was on a conference call and could not attend the KAFC meeting.

Approval of Minutes

Mr. Rogers entertained a motion to approve the minutes of the February 10, 2017 KAFC board meeting.

Mr. Hunt moved to approve the minutes; Mr. Miller seconded the motion.

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Mr. Rogers yielded the floor to Warren Beeler, GOAP Executive Director, to report to the board.

Mr. Beeler called on Aleta Botts, Executive Director, KCARD, to update the board on the activities of the organization.

Mr. Beeler thanked the University of Kentucky South Farm for hosting the KAFC and KADB joint meeting. He introduced Dr. Bob Houtz, Chairman, UK Department of Horticulture; Patsy Wilson, Viticulturist; Dr. Dewayne Ingram, Professor, UK Department of Horticulture; and Steve Diver, Superintendent, UK South Farm.

Mr. Beeler introduced Katie Smith, Executive Director of the Office of Financial Services, Cabinet for Economic Development, as the proxy for Secretary Gill.

Mr. Beeler called on Dr. Chad Lee, Director, UK Grain and Forage Center of Excellence, to update the board on the status of the project.

Mr. Beeler updated the board on his activities since the February 10, 2017 board meeting.

Deputy Executive Director's Report

Mr. Rogers yielded the floor to Bill McCloskey, GOAP Deputy Executive Director, to report to the board.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of March 7, 2017.

Mr. McCloskey reviewed KADF County Balances (*on file*) as of February 21, 2017.

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of February 28, 2017.

| K AFC Statement of Financial Position | |
|---|----------------------|
| As of February 28, 2017 | |
| Assets | |
| Cash K AFC Accounts | \$ 16,877,729 |
| Loan Payments Due K AFC | |
| Category A | \$ 45,734,248 |
| Category B | \$ 587,093 |
| Category C | \$ |
| | \$ 46,321,341 |
| Total Assets | \$ 63,199,070 |
| Liabilities | |
| K AFC loans approved not closed | \$ 13,312,288 |
| Loans Outstanding | \$ 46,321,341 |
| Total Liabilities | \$ 59,633,629 |
| Unobligated Assets | \$ 3,565,441 |
| Total Liabilities & Unobligated Assets | \$ 63,199,070 |

Mr. Jagers moved to approve the K AFC Statement of Financial Position; Mr. Brady seconded the motion.

VOTE: Motion Passed; Unanimous.

Mr. McAninch asked why many counties are carrying a significant amount of funds as the end of the fiscal year approaches.

Mr. McCloskey responded that these counties likely run their programs late, and the KADB can expect to see a large quantity of applications over the next few months.

New Business

Agricultural Infrastructure Loan Program (AILP)

AF17-0015 Coates, Michael

Applicants requested \$150,000 for the construction of one Perdue mega pullet house in Grayson County. Wilson & Muir Bank & Trust Co. in Leitchfield, KY is the participating lender.

Staff recommended loan approval.

Mr. Miller made a motion to approve the staff recommendation, as presented; Dr. Burdine seconded the motion.

Mr. McAninch asked if an FSA guarantee was pursued for this loan.

Mr. McCloskey responded that GOAP staff were comfortable with the loan without the guarantee because of offsetting strengths including the C/LV and applicants' credit scores.

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF17-0013 Rodriguez, Waylon

Applicant requested \$250,000 for the purchase of 25.5 acres and the construction of two Pilgrim's Pride breeder barns in Graves County. First Community Bank of the Heartland in Fancy Farm, KY is the participating lender.

Staff recommended loan approval contingent on the approval and obligation of 90% FSA guarantees on the FCB of the Heartland and KAFC funds and the C/LV being no worse than 100%.

Mr. Lawson moved to approve staff recommendation, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

AF17-0014 Neal, Beau

Applicants requested \$78,625 for the purchase of 30 acres in Woodford County. Citizens Commerce National Bank in Versailles, KY is the participating lender.

Staff recommended loan approval contingent on the C/LV being no worse than 85%.

Mr. Penn asked if the purchase was a land contract.

Mr. McCloskey responded that they are buying 30 of 100 acres initially, with the agreement to buy the remaining acreage in the future.

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

VOTE: Motion Passed; Unanimous.

AF17-0016 Swafford, Colter

Applicant requested \$250,000 for the purchase of 53 acres with six Tyson broiler barns and other improvements in Hickman County. River Valley AgCredit in Hickman, KY is the participating lender.

Staff recommended loan approval contingent on the approval and obligation of 90% FSA guarantees on the RVACA and KAFC funds and the C/LV being no worse than 100%.

Mr. Penn asked if the requirement of enough life insurance to cover the loan was standard for this lender.

Ms. Mobley responded that this was not standard for River Valley AgCredit.

Mr. Jagers moved to approve staff recommendation, as presented; Mr. Hunt seconded the motion..

VOTE: Motion Passed; Unanimous.

AF17-0017 Baer, David

Applicants requested \$90,500 for the purchase of 87 acres with improvements in Washington County. Central Kentucky ACA in Lebanon, KY is the participating lender.

Staff recommended loan approval contingent on the approval and obligation of 90% FSA guarantees on the CKACA and KAFC funds and the C/LV being no worse than 90%.

Mr. Penn moved to approve staff recommendation, as presented; Mr. McAninch seconded the motion.

VOTE: Motion Passed; Unanimous.

AF17-0018 Watts, Ashley

Applicants requested \$250,000 for the purchase of 43 acres with equine facilities and other improvements in Woodford County. Central Kentucky ACA in Lexington, KY is the participating lender.

Staff recommended loan approval contingent on the C/LV being no worse than 85%.

Mr. Penn complimented the applicants for their focus, specifically for providing a substantial down payment in order to expand their business.

Mr. Penn moved to approve staff recommendation, as presented; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous.

Old Business

Administrative Procedure

BFLP/DEAL Mentor Program

Ms. Mobley referenced a memo (*on file*) regarding the proposed graduation requirements for the BFLP and DEAL mentor programs.

No action necessary.

Compliance Committee Responsibilities

Ms. Mobley referenced a memo (*on file*) regarding the updated compliance procedures for the KAFC Compliance Committee.

Mr. Miller, Chair of the Compliance Committee, explained that this recommendation is an effort to ensure that the KAFC continues to be good stewards of the funds.

Mr. Adams moved to accept the updated procedures, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

Amendments

AF15-0072 Wheeldon, Martin

Ms. Mobley referenced a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to allow the total project cost to be increased to \$1,755,000 with all other approval contingencies to remain in place.

Staff recommended approving the request.

After discussion, Dr. Burdine moved to approve the committee recommendation, as presented; Mr. McAninch seconded.

VOTE: Motion Passed, Unanimous.

Extension Requests

AF15-0088 Meredith, John

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for construction to be completed and permanent financing to be in place. The new expiration date would be June 4, 2017.

Mr. Jagers moved to approve the staff recommendation, as presented; Mr. Brady seconded the motion.

VOTE: Motion Passed; Unanimous.

AF15-0096 Johnson, Charles

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for final purchase to be made and permanent financing in place. The new expiration date would be June 4, 2017.

Mr. Lawson moved to approve the staff recommendation, as presented; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

AF16-0020 Wahl, Shane

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 6-month extension to allow time for construction to be completed and permanent financing in place. The new expiration date would be September 11, 2017.

Approved by the Operations Committee on March 8, 2017.

No action necessary.

AF16-0021 Keown, Walter

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for construction to be completed and permanent financing in place. The new expiration date would be June 11, 2017.

Approved by the Operations Committee on March 8, 2017.

No action necessary.

AF16-0112 Roach, Travis

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for improvements to be completed and FSA guarantees in place. The new expiration date would be June 9, 2017.

Approved by the Operations Committee on March 8, 2017.

No action necessary.

AF16-0113 Roach, Travis

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for improvements to be completed and FSA guarantees in place. The new expiration date would be June 9, 2017.

Approved by the Operations Committee on March 8, 2017.

No action necessary.

Expired

AF15-0034

Hardin, Mary

No action necessary.

Closing Remarks

Mr. McCloskey stated that the next KAFC Board meeting will be on Friday, April 7, 2017 beginning at 10:00 a.m. (EDT) at the Franklin County Extension Office in Frankfort.

Adjournment

Mr. Rogers entertained a motion to adjourn.

Mr. Miller moved to adjourn the KAFC board meeting; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 9:56 a.m. (EDT).

APPROVED DATE:

4-7-2017

PRESIDING OFFICER:

Ben Lewis

BOARDS COORDINATOR:

Hannah Ford