

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the July 14, 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
Franklin County Extension Office
Frankfort, Kentucky
July 14, 2017**

Call to Order

Commissioner Quarles, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:07 a.m. (EDT).

Roll Call

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

Members absent: Larry Jagers, Frank McAninch, and Linda Rumpke.

Notification of Media

Commissioner Quarles received verification from Emily Milam, GOAP Public Relations Officer, that the media had been notified of the KAFC board meeting.

Welcome

Commissioner Quarles welcomed everyone to the meeting.

Commissioner Quarles mentioned the WAVE River Counties Ag Appreciation Day in western Kentucky.

Commissioner Quarles commented that there are 112 counties in Kentucky that have a farmers market. The new farmers market in Hickman County marks the 160th farmers market in the state.

Commissioner Quarles discussed the role of KDA in international trade and welcomed input from board members for further discussion on the topic.

Commissioner Quarles commented on the conclusion of the regional LAND meetings linking farmers, processors, and manufacturers.

Commissioner Quarles mentioned the upcoming state fair and the new CEO of the Kentucky State Fair Board, Jason Rittenberry.

Commissioner Quarles stated that KDA is monitoring pesticide application, as the damage of dicamba raises concern in nearby states.

Commissioner Quarles commented on the recently nominated USDA Deputy Secretary, Stephen Censky.

Commissioner Quarles introduced Jim Caldwell, President and CEO of Central Kentucky AgCredit. Mr. Caldwell stated the programs provided have been valuable to his customers and shared his appreciation of KAFC.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the June 9, 2017 KAFC board meeting.

Mr. Miller moved to approve the minutes; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Commissioner Quarles yielded the floor to Warren Beeler, GOAP Executive Director, to report to the board.

Mr. Beeler updated the board on his activities since the June 9, 2017 board meeting.

Mr. Beeler welcomed input from board members regarding the discussion topics for the joint meeting in September.

Mr. Beeler recognized former board member, George Begley (not present) and extended his appreciation for Mr. Begley's service. Mr. Beeler mentioned the status of his replacement on the board.

Deputy Executive Director's Report

Commissioner Quarles yielded the floor to Bill McCloskey, GOAP Deputy Executive Director, to report to the board.

Mr. McCloskey referenced the KY Agricultural Development Board Expenditure Detail Summary Record FY17 (*on file*) as of July 11, 2017.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of July 3, 2017.

Mr. Penn asked about the long-term sustainability of funding the "Big Four" (Kentucky Department of Agriculture, Kentucky Horticulture Council, Kentucky Beef Network, and Kentucky Dairy Development Council).

Mr. Hunt discussed the role of the KADB in encouraging those entities to implement sustainable programs.

Mr. McCloskey reviewed KADF County Balances (*on file*) as of June 23, 2017.

Mr. McCloskey reviewed the KAFC Statement of Financial Position as of June 30, 2017.

K AFC Statement of Financial Position	
As of June 30, 2017	
Assets	
Cash K AFC Accounts	\$ 19,887,482
Loan Payments Due K AFC	
Category A	\$ 48,728,591
Category B	\$ 600,323
Category C	\$
	\$ 49,328,913
Total Assets	\$ 69,216,396
Liabilities	
K AFC loans approved not closed	\$ 15,631,307
Loans Outstanding	\$ 49,328,913
Total Liabilities	\$ 64,960,220
Unobligated Assets	\$ 4,256,175
Total Liabilities & Unobligated Assets	\$ 69,216,396

Mr. Penn moved to approve the K AFC Statement of Financial Position; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous.

Compliance Committee Report

Mr. Miller reported that the Compliance Committee met at 9 a.m. in Room C of the Franklin County Extension Office to discuss.

Mr. Miller commented on the actions completed during the Compliance Committee meeting and reported that no errors were found in loans reviewed.

New Business

Agricultural Infrastructure Loan Program (AILP)

AF17-0058 Jackson, Clyde

Applicants requested \$150,000 for the construction of an 80,000 bushel grain bin in Boyle County. Central Kentucky ACA in Danville, KY is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

AF17-0059 Graham, Jeremy

Applicants requested \$58,250 for the purchase of a farm shop on 3.7 acres in McLean County. Farm Credit Mid-America in Owensboro, KY is the participating lender.

Staff recommended loan approval contingent on the aggregate balance of K AFC loans with the applicants not to exceed \$250,000 and the C/LV being no worse than 85%.

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

VOTE: Motion Passed; Unanimous.

AF17-0062 Barton, Christopher

Applicant requested \$100,000 for the construction of two Keystone (Equity) layer barns in Allen County. Farm Credit Mid-America in Glasgow, KY is the participating lender.

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

Mr. Penn commented on Keystone's signing bonus.

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

VOTE: Motion Passed; Mr. Miller abstained.

Beginning Farmer Loan Program (BFLP)

AF17-0060 Van Zee, Joseph

Applicants requested \$220,000 for the purchase of 100 acres with improvements in Shelby County. Farm Credit Mid-America in Shelbyville, KY is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

AF17-0061 Scillion, Makayla

Applicants requested \$250,000 for the construction of two Tosh finishing barns in Hickman County. The Citizens Bank of Hickman in Hickman, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF17-0063 Buckley, Tyler

Applicants requested \$250,000 for the purchase of 440 acres with improvements in Anderson County. Central Kentucky ACA in Frankfort, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

Old Business

Amendments

AF16-0070 Shockee, Brandon

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to allow the total aggregate K AFC loan balances to be increased to \$293,790.60 with all other original approval contingencies to remain in place.

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

VOTE: Motion Passed; Unanimous.

Extension Requests

AF15-0016 Yoder, Elwood

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for applicant to either sell property or secure a contract with an alternative integrator. The new expiration date would be October 10, 2017.

In response to a question from Mr. Hunt, GOAP officials stated that this would be the second Egg Innovation project on the books.

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

VOTE: Motion Passed; Unanimous.

AF15-0046 Rutherford, Blake

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 K AFC funds disbursed. The new expiration date would be January 17, 2018.

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

VOTE: Motion Passed; Unanimous.

AF15-0047 Vincent, Huey

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 K AFC funds disbursed. The new expiration date would be January 17, 2018.

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

VOTE: Motion Passed; Unanimous.

AF15-0074 Revlett, 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 remaining funds to be drawn and permanent financing in place. The new expiration date would be October 2, 2017.

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

VOTE: Motion Passed; Unanimous.

AF16-0006 Davis, Adam

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 1-month extension to allow time for permanent financing to be in place. The new expiration date would be August 8, 2017.

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

VOTE: Motion Passed; Mr. Miller abstained.

AF16-0021 Keown, Matthew

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 1-month extension for compliancy purposes, due to the lag time between when request was made and when Board could take action. The new expiration date would be July 11, 2017.

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

VOTE: Motion Passed; Unanimous.

AF16-0028 Pirtle, Dillon

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for FSA to close their loans and RVACA to convert their loans to permanent financing in place. The new expiration date would be October 8, 2017.

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

VOTE: Motion Passed; Unanimous.

AF16-0038 Gross, Bryant

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for upgrades to be completed, egg packing building constructed and permanent financing in place. The new expiration date would be October 15, 2017.

Approved by the Operations Committee on June 22, 2017.

No action necessary.

AF16-0058 Miller, Ryan

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 commence, be completed and permanent financing in place. The new expiration date would be January 15, 2018.

Approved by the Operations Committee on June 22, 2017.

No action necessary.

AF16-0059 Miller, Robert

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 commence, be completed and permanent financing in place. The new expiration date would be January 15, 2018.

Approved by the Operations Committee on June 22, 2017.

No action necessary.

AF16-0061 Puckett, Logan

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 funds to be drawn and permanent financing in place. The new expiration date would be October 15, 2017.

Approved by the Operations Committee on June 22, 2017.

No action necessary.

AF16-0065 Payne, James

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 October 15, 2017.

Approved by the Operations Committee on July 11, 2017.

No action necessary.

AF16-0076 Hicks, Matthew

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 January 15, 2018.

Approved by the Operations Committee on June 22, 2017.

No action necessary.

AF16-077 Miller, Ronnie

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 commence, be completed and permanent financing in place. The new expiration date would be February 15, 2018.

Approved by the Operations Committee on June 22, 2017.

No action necessary.

AF17-0014 Neal, Beau

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 1-month extension to allow time for closing to be completed and request for disbursement submitted. The new expiration date would be July 17, 2017.

Approved by the Operations Committee on June 19, 2017.

No action necessary.

AF17-0019 Diller, Burton

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 1-month extension to allow time for documents to be submitted and closing to take place. The new expiration date would be August 7, 2017.

Approved by the Operations Committee on July 6, 2017.

No action necessary.

AF17-0021 Smith, Christopher

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for closing to take place and KAFC funds disbursed. The new expiration date would be October 7, 2017.

Approved by the Operations Committee on June 28, 2017.

No action necessary.

Closing Remarks

Commissioner Quarles stated that the next KAFC Board meeting will be on Friday, August 11, 2017 beginning at 10:00 a.m. (EDT) at the Franklin County Extension Office in Frankfort.

Adjournment

Commissioner Quarles entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:08 a.m. (EDT).

APPROVED DATE:

8-11-17

PRESIDING OFFICER:

Ron Quarles

BOARDS COORDINATOR:

Maricella Manning