

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the August 11, 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
August 11, 2017**

Call to Order

Keith Rogers, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:09 a.m. (EDT).

Roll Call

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

Members absent: Westy Adams, Doug Lawson, and Frank Penn.

Notification of Media

Mr. Rogers received verification from Marielle Manning, Communications and Special Events Manager, that the media had been notified of the KAFC board meeting.

Welcome

Mr. Rogers welcomed everyone to the meeting.

Mr. Rogers commented on the upcoming State Fair.

Mr. Rogers mentioned the commitment announced by Farm Credit Mid-America and CoBank to donate 140 freezers to food pantries across the state. On August 21st, the first freezers will be delivered.

Mr. Rogers stated the Hunger Initiative Task Force will be meeting again in September.

Mr. Rogers stated that KDA is monitoring pesticide application, as the damage of dicamba raises concern in nearby states. Only ten official complaints of crop damage, possibly due to dicamba use, have been reported in Kentucky.

Mr. Rogers commented that Commissioner Quarles had met with the international trade working group recently and plans to launch the new trade initiative closer to September.

Mr. Rogers stated that the Commissioner and KDA staff will be attending the Anuga Food Fair in Cologne, Germany, as a part of the Southern United States Trade Association (SUSTA).

Approval of Minutes

Mr. Rogers entertained a motion to approve the minutes of the July 14, 2017 KAFC board meeting.

Mr. Miller moved to approve the minutes; Mr. Hunt 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 recognized Nicole Howard, Morgan Askins, and Sadie Middleton, GOAP interns, and thanked them for their work over the summer.

Mr. Beeler referenced the Master Settlement Agreement additional county funds (*on file*) as of August 3, 2017.

Mr. Beeler mentioned the Green River Conservation Reserve Enhancement Program (CREP) area and stated that Energy and Environment Cabinet Secretary Snavelly has asked for a one year reprieve.

Mr. Beeler updated the board on his activities since the July 14, 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 August 2, 2017.

Mr. McCloskey reviewed KADF County Balances (*on file*) as of July 24, 2017.

Mr. McCloskey reviewed the KAFC Statement of Financial Position as of July 31, 2017.

K AFC Statement of Financial Position		
As of July 31, 2017		
Assets		
Cash KAFC Accounts	\$	18,659,241
Loan Payments Due KAFC		
Category A	\$	50,060,769
Category B	\$	599,023
Category C	\$	
	\$	50,659,792
Total Assets	\$	69,319,033
Liabilities		
KAFC loans approved not closed	\$	14,587,557
Loans Outstanding	\$	50,659,792
Total Liabilities	\$	65,247,349
Unobligated Assets	\$	4,071,684
Total Liabilities & Unobligated Assets	\$	69,319,033

Dr. Burdine moved to approve the KAFC Statement of Financial Position; Ms. Rumpke seconded the motion.

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

Ms. Rumpke reported that the Loan Review Committee met at 9:00 a.m. in Room C of the Franklin County Extension Office and requested the loan discussed be reviewed in order of the agenda (*on file*).

New Business

Agricultural Infrastructure Loan Program (AILP)

AF17-0069 Riney, William

Applicants requested \$150,000 for the construction of a free stall dairy barn in Washington County. Central Kentucky ACA in Lebanon, KY is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

In response to a question from Mr. McAninch, GOAP staff discussed the guidelines for the AILP and how currently, any Kentucky farmer engaged in agricultural production can access the AILP.

Staff also mentioned how loans to established farmers help to balance portfolio risk.

AF17-0070 Williams, Jason

Applicant requested \$150,000 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.

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

VOTE: Motion Passed; Mr. Miller abstained.

In response to a question from Ms. Rumpke, GOAP staff stated a previous tax lien had been released.

Beginning Farmer Loan Program (BFLP)

AF17-0064 Riley, Catherine

Applicant requested \$58,500 for the purchase of 15 acres with improvements in Henry 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 KAFK funds and the C/LV being no worse than 100%, as well as, the personal guarantee by the applicant's mother (Toni Riley).

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

VOTE: Motion Passed; Unanimous.

AF17-0065 Garcia, Alfonso

Applicants requested \$250,000 for the purchase of 56 acres with two Tyson breeder barns and other improvements in Graves County. The First Community Bank of the Heartland in Fancy Farm, KY is the participating lender.

Ms. Rumpke stated the Loan Review Committee had a very in-depth discussion on this loan application, as well as, a conference call with the loan officer.

The Loan Review Committee members cited concerns with the applicants' limited repayment capacity/working capital, no secondary source of income outside of poultry houses and credit scores, as basis for denial.

The Loan Review Committee recommended denying the loan based on the above listed issues.

Ms. Rumpke moved to approve the committee recommendation, as presented; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

Mr. McAninch commented on the challenges faced by farmers in Kentucky.

Mr. McAninch discussed how the KADF could be utilized in different ways to assist producers, especially young and beginning farmers.

Mr. Hunt explained the combination of credit issues could not be mitigated enough for the committee to feel confident in funding the request.

Staff commented that the applicants are welcome to reapply if the credit concerns could be mitigated further.

AF17-0066 Woosley, Aaron

Applicant requested \$140,000 for the purchase of 42 acres with improvements in McLean County. Farm Credit Mid-America in Owensboro, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF17-0067 Wadel, Donovan

Applicants requested \$250,000 for the purchase of 15 acres and the construction of two Pilgrim's Pride broiler barns in Graves County. River Valley AgCredit in Mayfield, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF17-0068 Carpenter, Daniel

Applicants requested \$87,250 for the purchase of 41 acres with improvements in Hardin County. Magnolia Bank in Hodgenville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF17-0071 Hagan, Jason

Applicants requested \$250,000 for the construction of four Perdue broiler barns in Ohio County. Farm Credit Mid-America in Owensboro, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

Old Business

Amendments

AF17-0062 Barton, Christopher

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to allow for the C/LV to be no worse than 75% and the waiver of the FSA Guarantee requirement on both Lender and KAFC funds; all other original contingencies will remain in place.

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

VOTE: Motion Passed; Mr. Miller abstained.

Extension Requests

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 September 8, 2017.

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

VOTE: Motion Passed; Mr. Miller abstained.

AF17-0019 Diller, Burton

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

Ms. Rumpke moved to approve the staff recommendation, as presented; Mr. Miller seconded the motion.

VOTE: Motion Passed; Unanimous.

AF16-0060 Cooper Jeremey

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 November 12, 2017

Approved by the Operations Committee on August 3, 2017.

No action necessary.

AF16-0074 Hill, Virginia

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 provide an update as to the expected completion date. The new expiration date would be November 12, 2017.

Approved by the Operations Committee on August 3, 2017.

No action necessary.

Closing Remarks

Mr. Rogers stated that the next KAFC Board meeting will be on Thursday, September 14th and Friday, September 15th beginning at 10:00 a.m. (EDT) at the Clark County Extension Office in Winchester.

Adjournment

Mr. Rogers entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:14 a.m. (EDT).

APPROVED DATE: 9/15/17
PRESIDING OFFICER: [Signature]
BOARDS COORDINATOR: Maricelli Manning