

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the October 6, 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 E.S. Good Barn  
October 6, 2017**

**Call to Order**

John McCauley, 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: John McCauley (designee for Commissioner Quarles), Kenny Burdine, Wayne Hunt, Larry Jagers, Frank McAninch, Frank Penn, Linda Rumpke, and John Brady (designee for Secretary William M. Landrum III).

Members absent: Westy Adams, Doug Lawson, Aaron Miller, and Tonya Phillips.

**Notification of Media**

Mr. McCauley received verification from Marielle Manning, GOAP Public Affairs Manager, that the media had been notified of the KAFC board meeting.

**Welcome**

Mr. McCauley welcomed everyone to the meeting.

Mr. McCauley commented on the Commissioner's involvement in international trade initiatives.

Mr. McCauley announced the next Kentucky Ag Council meeting on Thursday, November 9 in Louisville and welcomed board members to attend.

**Approval of Minutes**

Mr. McCauley entertained a motion to approve the minutes of the September 15, 2017 KAFC board meeting.

Mr. Penn moved to approve the minutes; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

**Executive Director's Report**

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

Mr. Beeler introduced Amanda Robertson, Farm Service Agency (FSA), Beginning Farmer Regional Coordinator for Kentucky and Tennessee, to update the board on the activities of the organization.

In response to a question from Mr. Penn, Ms. Robertson clarified that the state FSA committee will stay intact until new leadership is established.

Mr. Beeler recognized Marielle Manning as the new GOAP Public Affairs Manager.

Mr. Beeler updated the board on his activities since the September 15, 2017 board meeting.

**Deputy Executive Director's Report**

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

Mr. McCloskey referenced the Canola Feasibility Study (*on file*) and the Lake Cumberland Grain Elevator Feasibility Study (*on file*).

Mr. Hunt commented on the Canola Feasibility Study.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of October 2, 2017.

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

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of September 30, 2017.

| <b>K AFC Statement of Financial Position</b>      |                      |
|---|----------------------|
| <b>As of September 30, 2017</b>                   |                      |
| <b>Assets</b>                                     |                      |
| Cash K AFC Accounts                               | \$ 15,698,767        |
| Loan Payments Due K AFC                           |                      |
| Category A  | \$ 53,123,562        |
| Category B  | \$ 626,600           |
| Category C  | \$                   |
|   | \$ 53,750,162        |
| <b>Total Assets</b>                               | <b>\$ 69,448,929</b> |
| <b>Liabilities</b>                                |                      |
| K AFC loans approved not closed                   | \$ 12,354,550        |
| Loans Outstanding                                 | \$ 53,750,162        |
| <b>Total Liabilities</b>                          | <b>\$ 66,104,712</b> |
| <b>Unobligated Assets</b>                         | <b>\$ 3,344,217</b>  |
| <b>Total Liabilities &amp; Unobligated Assets</b> | <b>\$ 69,448,929</b> |

Mr. McAninch inquired about the money saved by the five percent cuts to the "Big 4".

Dr. Burdine moved to approve the K AFC Statement of Financial Position; Mr. McAninch 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 the E.S. Good Barn to discuss three loans not meeting K AFC guidelines, as well as to review financial and/or collateral positions of the applications.

The Loan Review Committee recommended granting a one-time exception to the K AFC refinance rule, citing the loan officer's limited knowledge of K AFC guidelines as well as ambiguity of the refinance guideline. The committee directed staff to revise guideline to include specific language clarifying any construction-to-permanent financing is considered refinancing for K AFC application purposes and K AFC

would be unable to financially participate on any such projects. Staff to include this information in monthly deadline email sent to all participating loan officers.

Ms. Rumpke requested loans to be reviewed in order of the agenda with consideration of the exception above.

Ms. Rumpke moved to accept the Loan Review Committee Report; Mr. Brady seconded the motion.

VOTE: Motion Passed; Unanimous.

## **New Business**

### **Agricultural Infrastructure Loan Program (AILP)**

#### **AF17-0088 Tabor, Wesley**

Applicants requested \$150,000 for the construction of two Keystone/Equity layer barns in Allen County. Edmonton State Bank in Edmonton, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

In response to a question from Mr. McAninch, GOAP staff stated that the Strategic Planning Committee would reconvene in November to discuss tobacco verification.

#### **AF17-0095 Lawson, Nathan**

Applicants requested \$49,999.99 for the purchase of agricultural improvements located on 138 acres in Spencer County. Farm Credit Mid-America in Elizabethtown, KY is the participating lender.

Ms. Rumpke moved to revise current staff approval authority on Agricultural Infrastructure requests to allow loans \$50,000 and under, meeting all other original guidelines, to be eligible for internal approval by staff.

VOTE: Motion Passed; Unanimous.

Staff approved on September 27, 2017 based on authority granted by the KAFC board on June 24, 2005 and further revised on October 6, 2017.

### **Beginning Farmer Loan Program (BFLP)**

#### **AF17-0085 Green, Ezekiel**

Applicant requested \$239,000 for the purchase of 98 acres in Graves County. Community Financial Services Bank in Benton, KY is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

#### **AF17-0086 Nightingale, Tyson**

Applicants requested \$250,000 for the purchase of 88 acres with improvements and construction of six Pilgrim's Pride broiler barns in Graves County. River Valley AgCredit in Clinton, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**AF17-0089            Stoltzfus, Levi F.**

Applicants requested \$250,000 for the purchase of 92 acres with improvements in Fleming County. AgriFinancial Services in Louisville, KY is the participating lender.

The Loan Review Committee recommended loan approval, contingent on the CL/V being no worse than 85%, or if the CL/V exceeds 85%, the approval and obligation of a FSA guarantee shall be obtained.

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

VOTE: Motion Passed; Mr. Miller abstained.

**AF17-0090            Garland, Robert**

Applicants requested \$80,000 for the purchase of 83 acres with improvements in Pulaski County. Farm Credit Mid-America in Somerset, KY is the participating lender.

Staff recommended loan approval, contingent on the CL/V being no worse than 85%.

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

VOTE: Motion Passed; Unanimous.

**AF17-0091            Yoder, Samuel**

Applicants requested \$250,000 for the purchase of 140 acres with improvements in Fleming County. AgriFinancial Services in Louisville, KY is the participating lender.

The Loan Review Committee recommended loan approval, contingent on the CL/V being no worse than 85%, or if CL/V exceeds 85%, the approval and obligation of a FSA guarantee shall be obtained.

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

VOTE: Motion Passed; Unanimous.

**AF17-0092            Buckler, Nathaniel**

Applicant requested \$153,000 for the purchase of 54 acres with improvements in Shelby County. Citizens Union Bank in Shelbyville, KY is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

**AF17-0093            Stoltzfus, Levi M.**

Applicants requested \$200,000 for the purchase of 40 acres with improvements in Fleming County. AgriFinancial Services in Louisville, KY is the participating lender.

The Loan Review Committee recommended loan approval, contingent on the CL/V being no worse than 85%, or if CL/V exceeds 85%, the approval and obligation of a FSA guarantee shall be obtained.

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

VOTE: Motion Passed; Unanimous.

**AF17-0094 Benton, Christopher**

Applicant requested \$225,000 for the purchase of 116 acres with improvements in Mason County. Farm Credit Mid-America in Dry Ridge, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**Old Business**

**Extension Requests**

**AF16-0038 Gross, Bryant**

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 1-month extension to allow time for final funds to be drawn and permanent financing in place. The new expiration date would be November 15, 2017.

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

VOTE: Motion Passed; Unanimous.

**AF16-0061 Puckett, Logan**

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 1-month extension to allow time for final funds to be drawn and permanent financing in place. The new expiration date would be November 15, 2017.

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

VOTE: Motion Passed; Unanimous.

**AF16-0094 Anderson, 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 be completed and permanent financing in place. The new expiration date would be April 7, 2018.

Approved by the Operations Committee on September 26, 2017.

No action necessary.

**AF17-0048 Hunt, Michael**

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 take place. The new expiration date would be October 9, 2017.

Approved by the Operations Committee on September 21, 2017.

No action necessary.

**Closing Remarks**

Mr. McCauley stated that the next KAFC Board meeting will be on Friday, November 3 beginning at 10:00 a.m. (EDT) at the Franklin County Extension Office.

Mr. McCauley invited board members to attend the Kentucky Agribusiness Summit on November 7-9.

Mr. Penn mentioned the passing of Jim Barton and the board observed a moment of silence.

Ms. Rumpke invited board members to attend the Bluegrass Tomorrow meeting in November to discuss agriculture.

**Adjournment**

Mr. McCauley entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:38 a.m. (EDT).

APPROVED DATE:

11-3-2017

PRESIDING OFFICER:

Bry Jewell

BOARDS COORDINATOR:

Marvella Manning

# APPENDIX A: Loan Review Committee Meeting Minutes



|                               |   |
|-------------------------------|---|
| <b>Meeting Date:</b>          | October 6, 2017   |
| <b>Meeting Location:</b>      | E.S. Good Barn, Lexington   |
| <b>Meeting Chair:</b>         | Linda Rumpke  |
| <b>Attendees:</b>             | Warren Beeler (staff), John Brady (OFM Proxy), Andy Bishop (loan officer), Kenny Burdine, Steve Doan (staff), Andrew Ellison (loan officer), Hannah Forte (staff), Wayne Hunt, Larry Jaggers, Marielle Manning (staff), John McCauley (KDA Proxy), Bill McCloskey (staff), Beth Mobley (staff), Frank Penn and Linda Rumpke |
| <b>Minutes Issued By:</b>     | Beth Mobley   |
| <b>Meeting Call to Order:</b> | 9:00 am   |
| <b>Meeting Adjourned:</b>     | 9:50 am   |

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|--|--|
| <b>Agenda Items:</b>   |  |
| <ol style="list-style-type: none"> <li>1. Discuss basis for granting or not grant exception to the KAFC “refinance rule”           <ol style="list-style-type: none"> <li>a. LRC recommends granting this exception based on:               <ol style="list-style-type: none"> <li>i. Ambiguity of guidelines, specific to refinancing</li> <li>ii. Limited knowledge of participating Lender of guidelines</li> </ol> </li> <li>b. KAFC guidelines shall be revised to include language dictating any construction to permanent financing is considered refinancing, for KAFC application purposes, and KAFC will be unable to financially participate on any such projects.</li> <li>c. Staff to draft and send formal communication to AFS (Andy Bishop) and originating Lender (Susan Thompson) on this revision and clarification that no other exception will be made from this point forward.</li> <li>d. Staff to include revision in monthly email and post updated guidelines to website.</li> </ol> </li> <li>2. Review AF17-0089— Levi F. Stoltzfus           <ol style="list-style-type: none"> <li>a. Referred by staff for further review</li> <li>b. LRC recommends approve request based on:               <ol style="list-style-type: none"> <li>i. Basis for exception, as listed in 1.</li> <li>ii. Combined LTV shall not exceed 85% or</li> <li>iii. If LTV exceeds 85%, FSA Guarantee shall be obtained</li> </ol> </li> </ol> </li> <li>3. Review AF17-0091—Samuel Yoder           <ol style="list-style-type: none"> <li>a. Referred by staff for further review</li> <li>b. LRC recommends approve / deny / pend request based on:               <ol style="list-style-type: none"> <li>i. Basis for exception, as listed in 1.</li> <li>ii. Combined LTV shall not exceed 85% or</li> <li>iii. If LTV exceeds 85%, FSA Guarantee shall be obtained</li> </ol> </li> </ol> </li> </ol> |  |

# APPENDIX A: Loan Review Committee Meeting Minutes



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**Agenda Items:**

4. Review AF17-0093—Levi M. Stoltzfus
  - a. Referred by staff for further review
  - b. LRC recommends approve / deny / pend request based on:
    - i. Basis for exception, as listed in 1.
    - ii. Combined LTV shall not exceed 85% or
    - iii. If LTV exceeds 85%, FSA Guarantee shall be obtained