

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the July 13, 2018 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
101 Lakeview Ct.
Frankfort, KY 40601**

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 Quarles, chair, John Brady (designee for Secretary William M. Landrum III), Kenny Burdine, Wayne Hunt, Larry Jaggars, Doug Lawson, Frank McAninch, Aaron Miller and Frank Penn.

Members absent: Westy Adams and Linda Rumpke.

Notification of Media

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

Welcome

Commissioner Quarles welcomed everyone to the meeting.

The Commissioner discussed KDA programming changes due to budget cuts.

The Commissioner discussed the trade mission to Canada. He mentioned that the U.S. Ambassador to Canada, Kelly Craft, accompanied the mission.

The Commissioner mentioned the Farm bill.

The Commissioner reminded everyone that the Kentucky State Fair is next month.

The Commissioner recognized the KDA summer interns Debra Myers and Taylor Burnett.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the June 8, 2018 KAFC board meeting.

Mr. Penn 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 welcomed everyone to the meeting today.

Mr. Beeler presented board member Aaron Miller with a plaque for his contribution to KAFC.

Mr. Beeler recognized Larry Jaggars retirement from the Hardin County Fair Board.

Mr. Beeler announced that 11 of the 19 Dairy farms whose contracts were cancelled by Dean Foods have found a market for their milk with Scioto Milk Producers Cooperative and Dairy Farmers of America. Mr. Beeler stated that the other eight dairies have sold their herds privately.

Mr. Beeler directed attention to the July 1, 2016 - June 30, 2017 audit report in the board book (*on file*).

Mr. Beeler commented on the Beeler Report (*on file*).

Mr. Beeler gave update on his activity since that last board meeting.

Deputy Executive Director's Report

Commissioner Quarles called on Bill McCloskey, GOAP Deputy Executive Director, to report to the board.

Mr. McCloskey reminded everyone that there is an update packet.

Mr. McCloskey reviewed KADF County Balances (*on file*) as of June 20, 2018.

Mr. McCloskey reviewed the KAFK Statement of Financial Position (*on file*) as of June 30, 2018.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of June 30, 2018.

Mr. McCloskey reviewed the quarterly delinquency report.

KAFK Statement of Financial Position	
As of June 30, 2018	
Assets	
Cash KAFK Accounts	\$ 19,945,060
Loan Payments Due KAFK	
Category A	\$ 59,858,625
Category B	\$ 656,274 (Foothills, Karsner, Monroe, Palmer, Weekly Juicery, Ellis)
Category C	\$
	\$ 60,514,899
Total Assets	\$ 80,459,960
Liabilities	
KAFK loans approved not closed	\$ 11,859,523
Principal Outstanding	\$ 60,514,899
Total Liabilities	\$ 72,374,422
Unobligated Assets	\$ 8,085,538
Total Liabilities & Unobligated Assets	\$ 80,459,960

Mr. McAninch moved to approve the KAFK Statement of Financial Position; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

Commissioner Quarles yielded the floor to Doug Lawson to report to the board.

Mr. Lawson reported that the Loan Review Committee met at 9:30 a.m. in Room C of the Franklin County Extension Office to discuss one loan.

AF18- 0080 Matney Farms

Applicants requested \$100,000 under the Agricultural Infrastructural Loan Program for the construction of four (4) Keystone Mega broiler barns in Green County. Limestone Bank in Greensburg, KY is the participating lender.

The Loan Review Committees recommended pending this request to obtain further information including a business plan, third party certified appraisal, collateral definition and revised balance sheet.

Mr. Lawson moved to pend this request; Mr. Brady seconded.

VOTE: Motion passed, unanimous.

Compliance Committee Report

Commissioner Quarles yielded the floor to Aaron Miller to report to the board.

Mr. Miller reported that the Compliance Committee met at 8:30 a.m. in Room C of the Franklin County Extension Office.

Mr. Miller stated 40 loans were disbursed from January – July 2018.

Mr. Miller reported the committee updated K AFC Administrative Procedures to reflect semi-annual meetings of the Compliance Committee per board action on January 17, 2018.

Mr. Miller reported the C/LV should reflect K AFC board approval. Moving forward, language should be "Staff recommends approval contingent on the C/LV being no worse than..."

The staff to establish a recommended C/LV during Internal Loan Review Committee Review.

The K AFC board can modify the C/LV as they see fit.

Mr. McAninch moved to approve the committee report; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous

New Business

AF18-0081 Pierce, Timothy

Applicant requested \$63,750 for the purchase of 90 acres in Russell County. First National Bank of Russell Springs in Russell Springs, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the First National Bank of Russell Springs and K AFC funds.

Mr. Lawson moved to approve staff recommendation, contingent on the C/LV being no worse than 65%, pending availability of funds; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0083 KD's Adair Farm LLC

Applicants requested \$100,000 for the construction of one (1) Keystone mega broiler barn in Adair County. Farm Credit Mid-America in Campbellsville, KY is the participating lender.

Staff recommends approval, contingent on the aggregate balance of K AFC loans with the applicants not to exceed \$100,000.

Mr. Lawson moved to approve staff recommendation, contingent on the C/LV being no worse than 85%, pending availability of funds; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Miller abstained.

AF18-0087 Critchelow, Luke

Applicants requested \$150,000 for the construction of four (4) Tyson broiler barns in Breckinridge County. Farm Credit in Hardinsburg, KY is the participating lender.

Staff recommends approving this request.

Mr. Lawson moved to approve staff recommendation, contingent on the C/LV being no worse than 75%, pending availability of funds; Mr. Penn seconded the motion.

Mr. Beeler left the room for this vote.

VOTE: Motion Passed; Unanimous.

AF18-0090 Wood Farms Poultry

Applicants requested \$100,000 for the construction of three (3) Keystone mega broiler houses in Taylor County. Farm Credit Mid-America in Campbellsville, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the Farm Credit Mid-America and KAFC funds.

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

VOTE: Motion Passed; Miller abstained.

Beginning Farmer Loan Program (BFLP)

AF18-0052 Timbers, Joshua

Applicants requested \$118,750 for the purchase of one hundred forty seven (147) acres in Hart County. Farm Credit Mid-America in Elizabethtown, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the Farm Credit Mid-America and KAFC funds.

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

VOTE: Motion Passed; Miler abstained.

AF18-0082 Adams Farms

Applicants requested \$26,000 for the purchase of livestock and equipment in Ballard County. Community Financial Services Bank in Benton, KY is the participating lender.

Staff recommends approval, contingent on the aggregate balance of KAFC loans with the applicants not to exceed \$250,000.

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

VOTE: Motion Passed; Unanimous.

AF18-0086 Stearman, Dalton

Applicant requested \$70,000 for the purchase of forty-five (45) acres in Green County. Farm Credit Mid-America in Elizabethtown, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the Farm Credit Mid-America and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

AF18-0088 Kelly, Brandon

Applicant requested \$101,000 for the purchase of seventy-two (72) acres in Washington County. Central Kentucky Ag-Credit Association of Lebanon, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the Central Kentucky Ag-Credit KAFC funds. and

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

VOTE: Motion Passed; Unanimous.

AF18-0089 **Miracle, John**

Applicants requested \$75,000 for the purchase of 56.7 acres in Taylor County. Citizens National Bank in Lebanon, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the Citizens National Bank.

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

VOTE: Motion Passed; Unanimous.

AF18-0091 **Ramsey, Adam**

Applicants requested \$90,000 for the purchase of sixty eight (68) acres and construction of a multipurpose barn in Pendleton County. Farm Credit Mid-America in Dry Ridge, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the Farm Credit Mid-America and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

AF18-0093 **Linhart, Kathleen**

Applicants requested \$175,000 for the purchase of 115 acres in Scott County. Central Kentucky Ag-Credit Association in Frankfort, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the Central Kentucky Ag-Credit Association and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

Old Business:

Commissioner Quarles yielded chair to John McCauley at 11:19 a.m.

Extensions

AF16-0094 **Anderson, Robert**

Ms. Forte presented a memorandum (on file) regarding the above referenced loan. The loan officer requested a three (3) month extension to allow time for construction to be completed. The new expiration date would be October 7, 2018.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF17-0062 **Barton, Christopher**

Ms. Forte presented a memorandum (on file) regarding the above referenced loan. The loan officer requested a three (3) month extension to allow time for paperwork to be completed and disbursement requested. The new expiration date would be October 14, 2018.

Approved by the operations committee on July 2, 2018.

No action necessary.

AF17-0067 Wadel, Donovan

Ms. Forte presented a memorandum (on file) regarding the above referenced loan. The loan officer requested a three (3) month extension to allow time for paperwork to be completed and disbursement requested. The new expiration date would be October 14, 2018.

Approved by the operations committee on July 2, 2018.

No action necessary.

AF17-0070 Williams, Jason

Ms. Forte presented a memorandum (on file) regarding the above referenced loan. The loan officer requested a three (3) month extension to allow time for paperwork to be completed and disbursement requested. The new expiration date would be November 11, 2018.

Approved by the operations committee on July 2, 2018.

No action necessary.

AF17-0071 Hagan, Jason

Ms. Forte presented a memorandum (on file) regarding the above referenced loan. The loan officer requested a three (3) month extension to allow time for construction to be completed. The new expiration date would be November 11, 2018.

Approved by the operations committee on July 2, 2018.

No action necessary.

AF18-0019 South Fork Malthouse

Ms. Forte presented a memorandum (on file) regarding the above referenced loan. The loan officer requested a six (6) month extension to allow time for equipment to be delivered and installed. The new expiration date would be January 13, 2018.

Approved by the operations committee on July 2, 2018.

No action necessary.

AF18-0042 Winfield, Tyler

Ms. Forte presented a memorandum (on file) regarding the above referenced loan. The loan officer requested a three (3) month extension to allow time for the loan to close and KAFC funds to be requested. The new expiration date would be October 13, 2018.

Approved by the operations committee on July 2, 2018.

No action necessary.

AF18-0047 Sharpe, Jacob and Beckham

Ms. Forte presented a memorandum (on file) regarding the above referenced loan. The loan officer requested a 30-day extension to allow time for the appraisal to be completed and KAFC funds disbursed. The new expiration date would be August 13, 2018.

Approved by the operations committee on July 2, 2018.

No action necessary.

AF18-0049 Clark, Gerry

Ms. Forte presented a memorandum (on file) regarding the above referenced loan. The loan officer requested a three (3) month extension to allow time for FSA guarantee to be approved. The new expiration date would be October 13, 2018.

Approved by the operations committee on July 2, 2018.

No action necessary.

Closing Remarks

Adjournment

John McCauley entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:28 a.m. (EDT).

APPROVED DATE: 8-28-2018
PRESIDING OFFICER: Ben Quante
BOARDS COORDINATOR: Tracey Park

Tracey Park

APPENDIX A: Loan Review Committee Meeting Minutes



Meeting Date:	June 8, 2018
Meeting Location:	Franklin Co. Extension Office, Frankfort
Meeting Chair:	Doug Lawson
Attendees:	John Brady (OFM Proxy), Hannah Forte (staff), Bill McCloskey (staff), Aaron Miller, Frank Penn, Warren Beeler (staff), Larry Jaggars, Wayne Hunt, Steve Doan (staff), Anna Arthur (staff), McKaylee Copher (staff), Andrew Glass (staff), Doug Lawson, Sadie Middleton (staff), John McCauley and Brent Lackey (KCARD).
Minutes Issued By:	Hannah Forte
Meeting Call to Order:	9:08 am
Meeting Adjourned:	9:56 am

Agenda Items:
<ol style="list-style-type: none"> 1. Review AF18-0068—Tri-County Milk <ol style="list-style-type: none"> a. Presentation from Brent Lackey on the business plan and objectives; b. Discussion of dairy industry and opportunities; c. Recommend approval. 2. Review AF18-0073—Charles Hall <ol style="list-style-type: none"> a. FCMA is requesting an exception to the 20% AGI requirement under AILP; b. FCMA will not approve applicant without KAFC participation; c. Discussion that the applicant will meet the requirement based on projections; d. Recommend approval contingent on FSA guarantee. 3. Review AF18-0072—Kentucky American Seeds <ol style="list-style-type: none"> a. Mr. Hunt gave background on the applicant, project and industry; b. Discussion of key project impacts such as bringing seed processing and production into KY, economic development. c. Discussion of the appropriate level of support from KAFC based on available funds, repayment capacity, loan terms and options for future investment. d. Recommend approval for \$500,000. 4. Motion to Adjourn