

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the August 10, 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

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

Roll Call

The following members were present: Keith Rogers, chair, John Brady (designee for Secretary William M. Landrum III), Kenny Burdine, Wayne Hunt, Larry Jagers, Doug Lawson, Frank McAninch and Jonathan Noe.

Members absent: Donna Amburgey, Frank Penn and Commissioner Quarles.

Notification of Media

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

Welcome

Mr. Rogers welcomed everyone to the meeting.

Mr. Rogers yielded floor to Warren Beeler to introduce new staff at GOAP.

Mr. Beeler introduced Danielle Milbern and Joe Montgomery to the board.

Mr. Beeler acknowledged Farm Service Agency Director Brian Lacefield to address the board.

Mr. Lacefield introduced two staff members.

Approval of Minutes

Mr. Rogers entertained a motion to approve the minutes of the July 13, 2018 KAFC board meeting.

Mr. McAninch moved to approve the minutes; Ms. Rumpke 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 welcomed everyone to the meeting today.

Mr. Beeler welcomed KADF board member Pat Henderson to the meeting.

Mr. Beeler announced two new KAFC board members, Donna Amburgey and Jonathan Noe.

Mr. Beeler commented on the Beeler Report.

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 July 24, 2018.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund Cash Flow as of August 1, 2018.

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of July 31, 2018.

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

| K AFC Statement of Financial Position | |
|---|--|
| As of July 31, 2018 | |
| Assets | |
| Cash K AFC Accounts | \$ 20,324,251 |
| Loan Payments Due K AFC | |
| Category A | \$ 59,617,267 |
| Category B | \$ 654,600 (Foothills, Karaner, Monroe, Palmer & Weekly Juicery) |
| Category C | \$ |
| | \$ 60,271,867 |
| Total Assets | \$ 80,596,118 |
| Liabilities | |
| K AFC loans approved not closed | \$ 12,487,833 |
| Principal Outstanding | \$ 60,271,867 |
| Total Liabilities | \$ 72,759,700 |
| Unobligated Assets | \$ 7,836,418 |
| Total Liabilities & Unobligated Assets | \$ 80,596,118 |

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

VOTE: Motion Passed; Unanimous.

Guidelines Committee Report

Mr. Rogers yielded the floor to Wayne Hunt to report to the board.

Mr. Hunt provided the Board with a list of five (5) recommendations for guideline changes.

The Committee recommended changing the following guidelines:

1. The Combined Loan-to-Value in the Letter of Commitment should reflect K AFC board approval. Staff should create recommended C/LV and include it in the staff recommendation for approval.
2. Any new applications, which make an individual's aggregate balance with K AFC exceed \$250,000, should go to the K AFC Loan Review Committee.
3. Construction projects should be required to commence within six months of loan approval and must be completed within eighteen months of loan approval.
4. Under the BFLP, the committee recommends increasing the off-farm income cap to \$125,000, to be calculated using a 3-year average of the W-2 income.
5. Under the BFLP and DEAL mentor programs, the committee recommends adding the mentor cannot be an immediate family member (father/mother, son/daughter and brother/sister).

Mr. Hunt moved to approve the Guidelines Committee Report, and adopt the Guideline changes; as presented, Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

Mr. Rogers yielded the floor to Linda Rumpke to report to the board.

Ms. Rumpke reported that the Loan Review Committee met at 9:00 a.m. in Room C of the Franklin County Extension Office.

Ms. Rumpke reported that one loan would be pended and come back to full board next month.

Ms. Rumpke requested that the remaining reviewed loans be presented in the order of the agenda (*on file*).

Ms. Rumpke reported the Loan Committee met with Michael Hunt, president of Sacramento Deposit Bank to discuss the recent departure of a loan officer. The Committee referred the Sacramento Deposit Bank loans to the Compliance Committee for review.

New Business

Agricultural Infrastructure Loan Program (AILP)

AF18-0080 Matney Farms

Applicant requested \$100,000 for the construction of four (4) Keystone mega broiler barns in Green County. Limestone Bank in Greensburg, KY is the participating lender.

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

VOTE: Motion Passed; Unanimous.

AF18-0094 Handyville Poultry

Applicant requested \$51,389 for the upgrades to six (6) Perdue broiler barns in Daviess County. Independence Bank in Owensboro, KY is the participating lender.

Staff recommends approval, contingent on the C/LV no greater than 65%.

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

VOTE: Motion Passed; Unanimous.

AF18-0103 Robert Caldwell Quality Hay

Applicant requested \$21,000 for the construction of a hay barn in Pendleton County. Farm Credit in Dry Ridge, KY is the participating lender.

Staff recommends approval, contingent on the C/LV no greater than 50%.

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

VOTE: Motion Passed; Unanimous.

AF18-0106 Four Rivers Sport Horse Center, LLC

Applicants requested \$100,000 for the purchase of 40 acres in McCracken County. River Valley Ag Credit in Kevil, KY is the participating lender.

Loan Committee recommends pending this loan to obtain additional information.

Ms. Rumpke moved to pend; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

Agricultural Processing Loan Program (APLP)

AF18-0095 Kentucky Organic Farm and Feed, Inc.

Applicant requested \$45,000 for the installation of a grain bin in Todd County. United Southern Bank in Elkton, KY is the participating lender.

Loan Committee recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the United Southern Bank in Elkton and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF18-0097 Lanham, Cody

Applicant requested \$38,000 for the purchase of thirty-three (33) acres in Marion County. Central Kentucky Ag Credit Association in Danville, KY is the participating lender.

Staff recommends approval, contingent on the C/LV no greater than 85% and availability of KAFC funds.

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

VOTE: Motion Passed; Unanimous.

AF18-0098 **Detre, Jason**
Applicants requested \$117,500 for the purchase of 120 acres in LaRue County. Farm Credit Mid-America Campbellsville, KY is the participating lender.

Loan Committee recommends approval; contingent on the C/LV no greater than 100%, and the approval and obligation of a 90% FSA guarantee on the Farm Credit Mid-America and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

AF18-0099 **Britt, Loyd**
Applicants requested \$85,000 for the purchase of forty-six (46) acres in Barren County. South Central Bank of Barren County in Glasgow, KY is the participating lender.

Staff recommends approval, contingent on the C/LV no greater than 100% and the approval and obligation of a 90% FSA guarantee on the South Central Bank of Barren County and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

AF18-0100 **Marksbury, Brett**
Applicant requested \$127,500 for the purchase of fifty (50) acres in Nelson County. Farm Credit Mid-America of Elizabethtown, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF18-0101 **Harbin, Megan**
Applicants requested \$250,000 for the purchase of 109 acres in Shelby County. Citizens Union Bank in Shelbyville, KY is the participating lender.

Staff recommends approval, contingent on the C/LV being no greater than 65%.

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

VOTE: Motion Passed; Unanimous.

AF18-0102 **Daughtery, Nathaniel**
Applicants requested \$143,400 for the purchase of twenty-five (25) acres and two (2) broiler houses in Ohio County. Farm Credit Mid-America in Bowling Green, KY is the participating lender.

Staff recommends approval, contingent on the C/LV being no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF18-0104 **Royse, Chris**
Applicants requested \$48,150 for the purchase of eleven (11) acres in Warren County. Magnolia Bank in Elizabethtown, KY is the participating lender.

Staff recommends approval, contingent on the C/LV no greater than 100% and the approval and obligation of a 90% FSA guarantee on the Magnolia Bank and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

AF18-0105 **Norton, Brian**
Applicants requested \$100,000 for the purchase of sixty-nine (69) acres in Pulaski County. Farm Credit Mid-America in Somerset, KY is the participating lender.

Staff recommends approval, contingent on the C/LV no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF18-0107

Stalcup, Sawyer

Applicant requested \$250,000 for the construction of two (2) Equity mega broiler barns in Clinton County. Farm Credit Mid-America in Somerset, KY is the participating lender.

Staff recommends approval, contingent on the C/LV no greater than 85% and approval and obligation of a 90% FSA guarantee on Farm Credit Mid-America and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

AF18-0108

Prahl, Nathaniel

Applicants requested \$41,300 for the purchase of ten (10) acres in LaRue County. Magnolia Bank in Elizabethtown, KY is the participating lender.

Staff recommends approval, contingent on the C/LV no greater than 100% and the approval and obligation of a 90% FSA guarantee on the Magnolia Bank and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

AF18-0109

Daughtery, Nathaniel

Applicants requested \$30,350 for the purchase of broiler house equipment in Ohio County. Farm Credit Mid-America in Bowling Green, KY is the participating lender.

Staff recommends approval, contingent on the C/LV no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF18-0110

Courtney, Carl "CL"

Applicants requested \$160,000 for the purchase of 127 acres in Harrison County. Central Kentucky Ag Credit Association of Paris, KY is the participating lender.

Staff recommends approval, contingent on the C/LV no greater than 100% and the approval and obligation of a 90% FSA guarantee on the Magnolia Bank and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

Old Business:

Extensions

AF16-0074

Hill, Virginia

This request is for a three (3) month extension to allow time for construction to be completed. The new expiration date would be November 12, 2018.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF17-0076

Linder, Patrick

This request is for a three (3) month extension to allow time for permanent financing in place. The new expiration date would be December 15, 2018.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF17-0045

Boone, Mark

This request is for a three (3) month extension to allow time for construction to be completed. The new expiration date would be November 12, 2018.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF17-0066 Combs, Benjamin

This request is for a three (3) month extension to allow time for permanent financing to be in place. The new expiration date would be November 11, 2018.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF17-0067 Gardner, James

This request is for a three (1) month extension to allow time for the loan to close and documents to be received by KAFC. The new expiration date would be September 11, 2018.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF18-0075 Decker, Bradley

This request is for a nine (9) month extension to allow time for permanent financing in place. The new expiration date would be June 11, 2019.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

Requests:

AF18-0052 T & L Livestock

The applicants request to waive the FSA requirement.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF18-0063 Stamenkovic, Conan

The applicants have requested to waive the FSA requirement.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

Adjournment

Mr. Rogers entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:58 a.m. (EDT).

APPROVED DATE: 9/14/2018
PRESIDING OFFICER: [Signature]
BOARDS COORDINATOR: [Signature]
Tracey Park

APPENDIX A: Loan Review Committee Meeting Minutes



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| Meeting Date: | July 13, 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, Warren Beeler (staff), Larry Jagers, Wayne Hunt, Steve Doan (staff), Andrew Glass (staff), Doug Lawson, Sadie Middleton (staff) and Kenny Burdine. |
| Minutes Issued By: | Hannah Forte, Director of Loan Programs |
| Meeting Call to Order: | 9:25 am |
| Meeting Adjourned: | 10:57 am |

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| Agenda Items: |
| <ol style="list-style-type: none"> 1. Review AF18-0080—Matney Farms <ol style="list-style-type: none"> a. Kerry Davis, loan officer with Limestone Bank in Greensburg, is requesting an exception to the AILP guideline that “Only expenses incurred after the application has been received by the KAFC will be eligible for consideration.” b. Construction on the project is almost complete, except for finishing touches. c. Discussion on precedent for this request. d. The committee recommended pending the application for further information: <ol style="list-style-type: none"> i. Business plan to include a description of refinanced loans and reasons; ii. 3rd party certified appraisal; iii. Collateral definition to include a breakdown of acreage; iv. Possibilities of further collateral for the KAFC loan; v. Explanation of the working capital shortfall; vi. Balance sheet discrepancy from lender narrative. 2. Update on AF18-0047 – Homegrown Direct, LLC 3. Motion to Adjourn |