

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the October 12, 2018 joint 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 Joint Business Meeting
Kentucky Farm Bureau Headquarters
9201 Bunsen Parkway
Louisville, KY 40220**

Call to Order

John McCauley, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 9:06 a.m. (EDT).

Roll Call

The following members were present: John McCauley (designee for Commissioner Quarles), Donna Amburgey, John Brady (designee for Secretary William M. Landrum III), Kenny Burdine, Wayne Hunt, Larry Jaggars, Doug Lawson, Frank McAninch, Frank Penn.

Members absent: Westy Adams, Jonathan Noe and Linda Rumpke.

Notification of Media

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

Welcome

Mr. McCauley welcomed the board and guests to the meeting.

Mr. McCauley mentioned the Sunbelt Conference in Georgia next week.

Mr. McCauley thanked Governor's Office of Agricultural Policy, Kentucky Department of Agriculture and Kentucky Farm Bureau for their participation in the conference.

Mr. McCauley informed the board that Commissioner Quarles was unable to chair today as he is speaking at the Harvard Institute of Politics.

Approval of Minutes

Mr. McCauley entertained a motion to approve the minutes of the September 14, 2018 KAFC board meeting.

Mr. Hunt moved to approve the minutes; Mr. Lawson seconded the motion.

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Mr. McCauley informed the board that this report would take place at the Kentucky Agricultural Development Board Meeting to follow.

Deputy Executive Director's Report

Mr. McCauley called on Bill McCloskey, GOAP Deputy Executive Director, to report to the board.

Mr. McCloskey addressed the updated agenda.

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

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund Cash Flow (*on file*) as of October 1, 2018.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of October 1, 2018.

Mr. McCloskey reviewed KADF County Balances (*on file*) as of September 27, 2018.

K AFC Statement of Financial Position	
As of September 30, 2018	
Assets	
Cash K AFC Accounts	\$ 19,559,961
Loan Payments Due K AFC	
Category A	\$ 60,636,395
Category B	\$ 616,276 (Foothills, Karsner, Monroe, Palmer & Weekly Juicery)
Category C	\$
	\$ 61,252,671
Total Assets	\$ 80,812,632
Liabilities	
K AFC loans approved not closed	\$ 15,006,712
Principal Outstanding	\$ 61,252,671
Total Liabilities	\$ 76,259,383
Unobligated Assets	\$ 4,553,249
Total Liabilities & Unobligated Assets	\$ 80,812,632

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

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

Mr. McCauley stated that the Loan Review report would be presented in the order of the agenda (*on file*).

New Business

Agricultural Infrastructure Loan Program (AILP)

AF18-0127 Davis, Adam

Applicants requested \$150,000 for the purchase of four (4) Keystone broiler houses in Green County. Farm Credit Mid-America in Campbellsville, KY is the participating lender.

Mr. Lawson stated that the applicant has withdrawn this loan.

No Action required.

AF18-0139 Newcome, Aaron

Applicants requested \$150,000 for the construction of one (1) Keystone megabroiler in Taylor County. Limestone Bank in Greensburg, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF18-0144

Cowherd, Tony

Applicants requested \$100,000 for the construction of four (4) Equity megabroiler barns in Taylor County. Farm Credit Mid-America in Somerset, KY is the participating lender.

Mr. Lawson stated the Loan Committee recommends no funding because the applicants net worth exceeds the AILP guideline maximum; seconded by Mr. Hunt.

VOTE: Motion Passed; Unanimous.

Agricultural Processing Loan Program (APLP)

AF18-0145

Richard Drennan, (Gencanna Global USA, Inc.)

Applicant requested \$625,000 for the purchase of hemp processing commercial building in McCracken County. Community Financial Services Bank in Benton, KY is the participating lender.

The Loan Review Committee recommends pending this hemp-related loan based on lack of federal legislation. The Loan Review Committee recommends pending all hemp related applications at this time. The Loan Review Committee recommends GOAP Executive Director Warren Beeler appoint a joint committee consisting of three (3) KADB board members, two (2) KAFC board members, and board member Wayne Hunt to develop a strategy to make policy recommendations to both boards.

Mr. McAninch moved to approve the committee recommendation, as presented; pending Gencanna Global until policy adopted by the KAFC and KADB. Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF18-0128

Davis, Adam

Applicants requested \$250,000 for the purchase of four (4) Keystone broiler houses in Green County. Farm Credit Mid-America in Campbellsville, KY is the participating lender.

Mr. Lawson reported the Loan Review Committee recommends approval contingent on the approval and obligation of a 90% FSA guarantee on the Farm Credit Mid-America and KAFC funds, with C/LV no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF18-0129

Underwood, Cadie

Applicant requested \$92,000 for the purchase of 36.39 acres in McLean County. Independence Bank in Livermore, KY is the participating lender.

Staff recommends approval, with C/LV no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF18-0130

Underwood, Kellie

Applicant requested \$175,000 for the purchase of 70 acres in McLean County. Independence Bank in Livermore, KY is the participating lender.

Staff recommends approval, with C/LV no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF18-0135

(Kaia Ford) S&F Cattle and Grain

Applicants requested \$250,000 for the purchase of 220 acres in Muhlenberg County. Hickman Bank, in Hickman, KY is the participating lender.

Mr. Lawson reported the Loan Review Committee recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on The Citizens Bank of Hickman and KAFC funds, with C/LV no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

AF18-0136 Eigsti, Derik

Applicant requested \$250,000 for the construction of one (1) Handsome Brook layer barn in Logan County. The Citizens Bank of Hickman, in Hickman, KY is the participating lender.

Mr. Lawson reported the Loan Review Committee recommends pending this loan for additional information.

Mr. Penn moved to approve committee recommendation, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0137 Eigsti, Dustin

Applicants requested \$250,000 for the construction of one (1) Handsome Brook layer barn in Logan County. The Citizens Bank of Hickman, in Hickman, KY is the participating lender.

Mr. Lawson reported the Loan Review Committee recommends pending this loan for additional information.

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

VOTE: Motion Passed; Unanimous.

AF18-0138 Hostetler, Wendal

Applicants requested \$250,000 for the purchase of 59.5 acres and the construction of four (4) Pilgrim's Pride mega broiler barns in Graves County. River Valley Ag-Credit in Murray, KY is the participating lender.

Staff recommends approval, with C/LV no greater than 70%.

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

VOTE: Motion Passed; Unanimous.

AF18-0140 (Byler, Wesley) Byler Farms, LLC

Applicants requested \$250,000 for the purchase of 107 acres and one (1) Handsome Brook layer barn in Logan County. The Citizens Union Bank of Hickman in Hickman, KY is the participating lender.

Mr. Lawson reported the Loan Review Committee recommends pending this loan for additional information.

Mr. Penn moved to approve committee recommendation, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0141 Evans, Sara

Applicant requested \$67,687.50 for the purchase of 20 acres in Bourbon County. Central Kentucky Ag Credit Association in Paris, KY is the participating lender.

Staff recommends approval, contingent upon the approval and obligation of a 90% FSA guarantee on the Central Kentucky Ag Credit Association and KAFC funds, with C/LV no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

AF18-0142 Myers, Andrew

Applicant requested \$123,750 for the purchase of 45 acres in Ballard County. Community Financial Services Bank in Benton, KY is the participating lender.

Staff recommends approval, with C/LV no greater than 65%.

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

VOTE: Motion Passed; Unanimous.

AF18-0143 Tincher, James

Applicants requested \$112,000 for the purchase of 50 acres in Madison County. Central Kentucky Ag Credit Association in Richmond, KY is the participating lender.

Staff recommends approval, contingent on the obligation of a 90% FSA guarantee on the Central Kentucky Ag Credit Association and KAFC funds, with C/LV no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF18-0146 (Amanda Smith) AR Cattle Company, LLC

Applicants requested \$117,500 for the purchase of 72 acres in Henry County. Citizens Union Bank in Shelbyville, KY is the participating lender.

Staff recommends approval, with 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.

AF18-0147 (Stefan David Fink) Double F Stock Farm, LLC

Applicants requested \$150,000 for the purchase of 109.1 acres in Clark County. Central Kentucky Ag Credit Association in Paris, KY is the participating lender.

Staff recommends approval, with C/LV no greater than 50%.

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

VOTE: Motion Passed; Unanimous.

AF18-0148 Campbell, Michael

Applicants requested \$65,000 for the purchase of 33 acres in Washington County. Central Kentucky Ag Credit Association in Danville, 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, with C/LV no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

Old Business:

Extensions

AF17-0035 Hunter, John "Eric"

This request is for a three (3) month extension to allow time for project to be completed. The new expiration date will be February 12, 2019.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF17-0067 **Wadel, Donovan**

This request is for a three (3) month extension to allow time for project to be finalized and disbursement requested. The new expiration date will be February 14, 2019.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF18-0042 **Winfield, Joseph Tyler**

This request is for a three (3) month extension to allow time for the loan to close and KAFC funds to be requested. The new expiration date will be January 13, 2019.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF18-0062 **Barton, Christopher**

This request is for a 30-day extension to allow time for paperwork to be completed and disbursement requested. The new expiration date will be January 14, 2019.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF18-0089 **Miracle, John**

This request is for a three (3) month extension to ensure adequate time for purchase to be completed. The new expiration date will be January 13, 2019.

Approved by Operations Committee.

No Action Necessary.

AF18-0094 **Humphrey, Bradley**

This request is for a three (3) month extension to ensure adequate time for upgrades to be completed. The new expiration date will be February 10, 2019.

Approved by Operations Committee.

No Action Necessary.

AF18-0097 **Lanham, Cody**

This request is for a three (3) month extension to ensure adequate time for purchase to be completed. The new expiration date will be February 10, 2019.

Approved by Operations Committee.

No Action Necessary.

AF18-0098 **Detre, Jason**

This request is for a 60-day extension to allow time for the survey to be done and closing complete. The new expiration date will be January 10, 2019.
Approved by Operations Committee.

No Action Necessary.

AF18-0104 **Royse, Christopher**

This request is for a 30-day extension to allow time for project to be finalized and disbursement requested. The new expiration date will be December 11, 2018.

Approved by Operations Committee.

No Action Necessary.

Requests

AF18-0049 **Clark, Gerry**

This request is to transfer the current loan balance from Sacramento Deposit Bank to Magnolia Bank. This loan meets approved guidelines for loan approval transfer consideration by the Loan Review Committee.

Staff referred this to Loan Review Committee.

Mr. Lawson reported the Loan Review Committee recommended approving this loan transfer.

Ms. Amburgey moved to approve Loan Review recommendation, as presented, pending availability of funds; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0108 **Prahl, Nathaniel**

This request is for an approval modification on the above referenced loan.

The first request is to have Ms. Sallee removed from the approval since FSA cannot make guarantees to unmarried couples and Mr. Prahl's finances are substantial to support the project and meet KAFC guidelines.

Staff recommends approval.

Mr. McAninch moved to approve staff recommendation to remove Ms. Sallee from the loan; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous

The second request is to allow Magnolia Bank to close the loan and KAFC disburse funds without the FSA guarantee.

Staff referred second request to Loan Review Committee.

Mr. Lawson reported the Loan Review Committee recommends approval contingent upon Magnolia Bank agreeing to enter into an indemnity agreement with KAFC to guarantee the KAFC loan until an FSA guarantee has been obtained.

Mr. McAninch moved to approve loan review recommendation, as presented; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

Closing Remarks

Adjournment

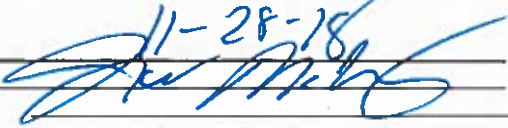
Mr. McCauley entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 9:50 a.m. (EDT).

APPROVAL DATE:
PRESIDING OFFICER:
BOARDS COORDINATOR:

11-28-18


Tracey Park