

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the December 14, 2018 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 Business Meeting
101 Lakeview Court
Frankfort, KY 40601**

Call to Order

Commissioner Ryan Quarles, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFRC) regular business meeting to order at 10:30 a.m. (EST).

Roll Call

The following members were present: Commissioner Quarles, John McCauley (designee for Commissioner Quarles); Larry Jagers, Westy Adams, Donna Amburgey, John Brady (designee for Secretary William M. Landrum III), Kenny Burdine, Doug Lawson, Jonathan Noe, Frank Penn.

Members absent: Wayne Hunt, Frank McAninch and Linda Rumpke.

Notification of Media

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

Welcome

The Commissioner welcomed everyone to the meeting.

The Commissioner stated the Farm Bill was on the President's desk to be signed at this moment. The Farm Bill will be signed Wednesday or Thursday.

The Commissioner mentioned the Kentucky Farm Bureau annual meeting.

The Commissioner talked about the Kentucky Proud Wedding Contest.

The Commissioner mentioned the Hemp Application submission is closed now for 2019.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the November 9, 2018 KAFRC board meeting.

Ms. Amburgey 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 reviewed his schedule since the last meeting.

Mr. McCauley assumed the chair at 11:00 a.m.

Deputy Executive Director's Report

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

Mr. McCloskey addressed the update packet.

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

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund Cash Flow (*on file*) as of December 11, 2018.

Mr. McCloskey referenced the Kentucky Agricultural Development Board State Pool Tobacco Funds (*on file*) as of December 11, 2018.

Mr. McCloskey reviewed KADF County Balances (*on file*) as of December 12, 2018.

KAFC Statement of Financial Position		
As of November 30, 2018		
Assets		
Cash KAFC Accounts	\$	16,615,450
Loan Payments Due KAFC		
Category A	\$	63,765,055
Category B	\$	642,705 (Foothills, Karsner, Monroe, Palmer, Weekly Juicery & Ellis)
Category C	\$	
	\$	64,407,760
Total Assets	\$	81,023,210
Liabilities		
KAFC loans approved not closed	\$	12,778,499
Principal Outstanding	\$	64,407,760
Total Liabilities	\$	77,186,259
Unobligated Assets	\$	3,836,951
Total Liabilities & Unobligated Assets	\$	81,023,210

Mr. Adams moved to approve the KAFC Statement of Financial Position; Mr. Brady seconded the motion.

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

Mr. McCauley yielded the floor to Doug Lawson to report to the board.

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

Guidelines Committee Report

Mr. McCauley yielded the floor to Doug Lawson to review the Committee minutes (*on file*) from the November 9, 2018 meeting

Mr. Noe moved to approve the report; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

New Business

Agricultural Processing Loan Program (APLP)

AF18-0145 Gencanna Global USA Pended on 10/12 until Farm Bill Passes

Beginning Farmer Loan Program (BFLP)

AF18-0136 Eigsti, Derek

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 application until KAFC Guidelines Committee can meet to review the possibility of revising guidelines specifically to address poultry loans.

Mr. Penn moved to approve the Committee recommendation, as presented; Dr. Burdine 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 application until KAFC Guidelines Committee can meet to review the possibility of revising guidelines specifically to address poultry loans.

Mr. Penn moved to approve the Committee recommendation, as presented; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0140 Byler Farms LLC - Wesley Byler

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

Mr. Jagers moved to approve Committee recommendation, as presented; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0151 Murray, James

Applicant requested \$50,000 for the purchase of 75 head of cattle in McLean County. Independence Bank in Livermore, KY is the participating lender.

Mr. Lawson reported the Loan Review Committee recommended approval contingent on applicant work with Kentucky Center for Agriculture and Rural Development (KCARD) to develop a business plan approved by GOAP Executive Director.

Dr. Burdine moved to approve the Committee recommendation, as presented; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0156 Isbell, Anthony T

Applicants requested \$250,000 for the construction of eight (8) Tyson megabroiler barns in Graves County. River Valley AgCredit in Hickman, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF18-0157 Neltner, Brian

Applicants requested \$250,000 for the purchase of 98 acres in Henderson County. Independence Bank in Owensboro, KY is the participating lender.

Staff recommends approval, contingent upon the approval and obligation of a 90% FSA guarantee on Independence Bank and KAFC funds, with C/LV no greater than 65%.

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

VOTE: Motion Passed; Unanimous.

AF18-0158 Howell, Terry

Applicants requested \$54,994.50 for the purchase of 72 acres in Allen County. Farm Credit Mid-America in Glasgow, KY is the participating lender

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

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

VOTE: Motion Passed; Unanimous.

AF18-0159 Young, Joe "Junior"

Applicant requested \$87,500 for the purchase of 60 acres in Allen County. Farm Credit Mid-America in Glasgow, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF18-0160 Nichols, Jillian Macy

Applicant requested \$168,378 for the purchase of 84 acres in Trigg County. Community Financial Services Bank in Benton, KY is the participating lender.

Mr. Lawson reported the Loan Review Committee recommends to approve with the C/LV no greater than 65%.

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

VOTE: Motion Passed; Unanimous.

AF18-0162 Schneider, Joseph

Applicants requested \$138,000 for the purchase of 45.96 acres in Scott County. Central Kentucky Ag-Credit Association in Lexington, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF18-0163 Conner, Cornelius

Applicants requested \$115,642 for the purchase of 68.81 acres in Clinton County. Farm Credit Mid America in Somerset, KY is the participating lender.

Staff recommends approval, with C/LV value 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.

AF18-0164 Schlabach, Jeremy and Justin

Applicants requested \$250,000 for the purchase of one (1) Handsome Brook layer barn and equipment 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 application until KAFC Guidelines Committee can meet to review the possibility of revising guidelines specifically to address poultry loans.

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

VOTE: Motion Passed; Unanimous.

AF18-0165 No Lian Hrang

Applicants requested \$225,000 for the purchase of 200 acres and six (6) Keystone breeder houses in Todd County. Farm Credit Mid-America in Bowling Green, KY is the participating lender.

Staff recommends approval, with C/LV no greater than 85%, and to require proof of Kentucky residence before disbursement of KAFC funds.

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

VOTE: Motion Passed; Unanimous.

AF18-0166 No Hrang

Applicants requested \$25,000 for the purchase of 200 acres and six (6) Keystone breeder houses in Todd County. Farm Credit Mid-America in Bowling Green, KY is the participating lender.

Staff recommends approval, with C/LV no greater than 85%, and to require proof of Kentucky residence before disbursement of KAFC funds.

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

VOTE: Motion Passed; Unanimous.

Old Business:

Extensions

AF16-0074 Hill, Virginia "Carol"

This request is for a six (6) month extension to allow time for construction to be completed. The new expiration date will be May 12, 2019.

The Loan Review Committee recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF17-0076 Linder, Patrick

This request is for a thirty (30) day extension to allow time for permanent financing to be in place. The new expiration date will be January 15, 2019.

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.

AF18-0079 Riley, Catherine

This request is for a three (3) month extension to allow time for loan to be closed and KAFC funds to be disbursed. The new expiration date will be March 8, 2019.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF17-0103 Bowen, Jason

This request is for a six (6) month extension to ensure adequate time for construction to be completed. The new expiration date will be June 8, 2019.

Approved by Operations Committee.

No Action Necessary.

AF18-0001 Wright, Marie

This request is for a thirty (30) day extension to ensure adequate time for closing to be completed. The new expiration date will be February 19, 2019.

Approved by Operations Committee.

No Action Necessary.

AF18-0133 Leonard, Abraham

This request is for a three (3) month extension to ensure adequate time for FSA documentation to be received and closing to be complete. The new expiration date will be March 14, 2019.

Approved by Operations Committee.

No Action Necessary.

This request is for a sixty (60) day extension to allow time for the survey to be done and closing complete. The new expiration date will be January 10, 2018.

Approved by Operations Committee.

No Action Necessary.

Requests

AF17- 0042 Gross, David "Brent"

This request is for consideration from the Board to increase the C/LV limit to accommodate the cost overruns and allow disbursement of this loan.

Mr. Lawson reported the Loan Review Committee recommends to stay with original approval; C/LV at 85%.

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

VOTE: Motion Passed; Unanimous.

Closing Remarks

Adjournment

Mr. McCauley entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:37 a.m. (EST).

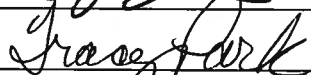
APPROVED DATE:

1-11-19

PRESIDING OFFICER:



BOARDS COORDINATOR:



Tracey Park

APPENDIX A: Loan Review Committee Meeting Minutes



Meeting Date:	November 9, 2018
Meeting Location:	Franklin County Extension Office, Frankfort
Meeting Chair:	Linda Rumpke
Attendees:	Wayne Hunt, Linda Rumpke, John Brady, Jonathan Noe, Doug Lawson, John McCauley (KDA), Warren Beeler (staff), Bill McCloskey (staff) Sadie Middleton (staff), Steve Doan (staff). Guests: Earl Reynolds (FSA), Mike Hoyt (FSA), Ken Wareham (Handsome Brook Farms), Wallace Ward (Citizens Bank of Hickman), Kellie Padgett (KCARD).
Minutes Issued By:	Sadie Middleton
Meeting Call to Order:	9:02 AM EST
Meeting Adjourned:	10:05 AM EST

Agenda Items:

- I. Discussion of Handsome Brook Farms business with Ken Wareham and Wallace Ward
- II. Old Business- Mr. Wareham and Mr. Ward excused.
 1. Review AF18-0013—Schlabach, Nathan—Request to Waive FSA Guarantee
 - a. Recommend denial of request.
 2. Review AF18-0136—Eigsti, Derik
 - a. Recommend pending for further information.
 - b. Recommend GOAP General Counsel research feasibility of a tri-party agreement for all Handsome Brook Farms construction projects.
 3. Review AF18-0137—Eigsti, Dustin
 - a. Recommend pending for further information.
 - b. Recommend GOAP General Counsel research feasibility of a tri-party agreement for all Handsome Brook Farms construction projects.
 4. Review AF18-0140—Byler, Wesley
 - a. Recommend pending for further information.
 - b. Recommend GOAP General Counsel research feasibility of a tri-party agreement for all Handsome Brook Farms construction projects.
- III. New Business
 1. AF18-0155—Birge, Tony
 - a. Recommend approval, contingent upon receipt of satisfactory explanation of taxes and fees.
 2. AF18-0149—Schultz, Brett
 - a. Recommend approval of application submitted 11/8/18.
 3. AF18-0151—Murray, James
 - a. Recommend pending for further information and recommend applicant to develop business plan with KCARD.