

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the March 8, 2019 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 (KAFC) regular business meeting to order at 10:12 a.m. (EST).

Roll Call

The following members were present: Commissioner Quarles, Donna Amburgey, John Brady, (designee for Secretary William M. Landrum III), Dr. Kenny Burdine, Wayne Hunt, Larry Jagers, Linda Rumpke, Frank Penn and Jonathan Noe.

Members absent: Doug Lawson, Frank McAninch, Westy Adams.

Notification of Media

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

Welcome

Commissioner Quarles welcomed everyone to the meeting.

Commissioner Quarles discussed some of the topics at the recent National Association of State Departments of Agriculture (NASDA) conference he attended.

Commissioner Quarles stated that Kentucky will host the 2021 NASDA in Louisville.

Commissioner Quarles stated that on April 8, 2019, there will be a hemp listening session in Louisville, Senator McConnell and Under Secretary of Agriculture Greg Ibach will attend.

Commissioner Quarles stated that the grain indemnity bill and the fake meat bill have passed through both chambers of state legislature.

Commissioner Quarles stated that the Serving Up Solutions event raised \$50,000 going to feed the hungry in Kentucky.

Commissioner Quarles yielded the floor to Mr. Penn for Santa Anita racetrack update and discussion of Kentucky equine economic effect.

Commissioner Quarles called on Hilda Legg, State Director for the U.S. Department of Agriculture's Office of Rural Development in Kentucky to address the board.

Ms. Legg updated the board on the where grant money has been distributed recently, with an emphasis on family housing, summer meals initiative and broadband in KY.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the February 8, 2019 KAFC board meeting.

Dr. Burdine moved to approve the minutes; Mr. Noe 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. Beeler recognized Aleta Botts, Executive Director of Kentucky Center for Agricultural and Rural Development (KCARD).

Deputy Executive Director’s Report

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

Mr. McCloskey called on Steve Doan to give the report on the Joint KADB/KAFC Hemp Committee that occurred on January 11, 2019.

Ms. Rumpke moved to accept the Committee’s recommendation; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

Mr. McCloskey addressed the update packet.

Mr. McCloskey reviewed the KAFC Statement of Financial Position (*on file*) as of February 28, 2019.

KAFC Statement of Financial Position		
As of February 28, 2019		
Assets		
Cash KAFC Accounts		\$ 16,250,263
Loan Payments Due KAFC		
Category A	\$ 65,162,269	
Category B	\$ 886,211 (Foothills, Karsner, Monroe, Palmer, Weekly Juicery & Ellis, Bevins)	
Category C	\$ 0	
		\$ 66,048,481
Total Assets		\$ 82,298,744
Liabilities		
KAFC loans approved not closed		\$ 12,274,398
Principal Outstanding		\$ 66,048,481
Total Liabilities		\$ 78,322,879
Unobligated Assets		\$ 3,975,865
Total Liabilities & Unobligated Assets		\$ 82,298,744

Mr. McCloskey referenced the Kentucky Agricultural Development Fund State Pool Tobacco Funds (*on file*) as of February 28, 2019.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund Cash Flow (*on file*) as of February 28, 2019.

Mr. McCloskey review the Kentucky Agricultural Development Fund County Balances (*on file*) as of February 22, 2019.

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

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

Commissioner Quarles yielded the floor to Linda Rumpke to report to the board.

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

Ms. Rumpke made a motion that going forward, all loans are contingent upon the applicant having an acceptable credit score based on the KADB Guidelines, where the credit score was missing; Mr. Noe seconded the motion.

VOTE: Passed; Unanimous.

New Business

Beginning Farmer Loan Program (BFLP)

AF19-0015 Knott, Matthew

Applicant requested \$173,818 for the purchase of fifty (50) acres in Daviess County. Independence Bank in Owensboro, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0016 Knott, Mitchell

Applicant requested \$175,512 for the purchase of fifty (50) acres in Daviess County. Independence Bank in Owensboro, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0017 Canham, Orrie

Applicant requested \$140,000 for the purchase of 132 acres in Montgomery County. Central Kentucky ACA in Paris, KY is the participating lender.

Staff recommends approval, contingent upon approval and obligation of a 90% FSA guarantee on KAFC and CKACA funds, with a C/LV no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF19-0018 Leinbach, Kevin

Applicants requested \$187,500 for the purchase of 73 acres and two (2) Tyson broiler houses in Todd County. Farm Credit Mid-America in Hopkinsville, KY is the participating lender.

Ms. Rumpke asked if the applicant has a contract with Tyson.

Ms. Middleton stated that will be on the letter of commitment that they must have a contract.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0019 Fink, Stefan, Double F Stock Farm, LLC

Applicants requested \$250,000 for the construction of a sheep barn in Clark County. Central Kentucky ACA in Paris, KY is the participating lender.

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

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

VOTE: Motion Passed; Ms. Rumpke abstained.

AF19-0020 Clark, Justin, J&C Farms KY Inc.

Applicant requested \$246,500 for the purchase of 126 acres in Graves County. Community Financial Services Bank in Mayfield, KY is the participating lender.

Ms. Rumpke moved to approve committee recommendation, as presented, pending availability of funds; with a recommendation for the Guidelines Committee to meet in April to discuss changes to the net worth limitations of Beginning Farmer loans; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

AF19-0021 Higgins, Justin

Applicants requested \$49,000 for the purchase of 22 acres in Marshall County. Community Financial Services Bank in Mayfield, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0022 Rogers, Benjamin

Applicant requested \$58,500 for the purchase of 46 acres in Nelson County. Farm Credit Mid-America in Elizabethtown, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0023 Drury, Hunter

Applicants requested \$125,000 for the purchase of 52 acres in Mercer County. Central Kentucky ACA in Danville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0025 Nightingale, Kendall

Applicants requested \$250,000 for the purchase of 35 acres with six (6) Tyson broiler barns in Webster County. The Citizens Union Bank of Hickman in Hickman, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0026 Logdson, Isaac

Applicant requested \$45,000 for the purchase of 14 acres in Grayson County. Magnolia Bank in Elizabethtown, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0028 Jenkins, Michael

Applicant requested \$250,000 for the purchase of 120 acres in Trigg County. Planters Bank in Hopkinsville, KY is the participating lender.

Staff recommends approval, with a 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.

AF19-0029 Seven Springs Farms

Applicants requested \$250,000 for the purchase of 119 acres in Trigg County. Community Financial Services Bank in Mayfield, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0030 Jenkins, Mitchell

Applicant requested \$250,000 for the purchase of 110 acres in Trigg County. Planters Bank in Hopkinsville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

Old Business:

Extensions

AF17-0042 Gross, David "Brent"

This request is for a three (3) month extension to allow adequate time for the project to be completed. The new expiration date will be May 25, 2019.

Staff recommends approval.

Ms. Rumpke 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 disbursed. The new expiration date will be June 8, 2019.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF17-0086 Nightingale, Tyson

This request is for a three (3) month extension to allow adequate time for construction and closing to be complete. The new expiration date will be July 6, 2019.

Approved by Operations Committee.

AF18-0151 Murray, James

This request is for a thirty (30) day extension to allow adequate time for cattle to be purchased and closing to be complete. The new expiration date will be April 14, 2019.

Approved by Operations Committee.

AF18-0157 Neltner, Brian

This request is for a thirty (30) day extension to ensure time for FSA documentation to be received and closing to be complete. The new expiration date will be April 14, 2019.

Approved by Operations Committee.

A198-0002 Souto, Melvyn

This request is for a thirty (30) day extension ensure time for FSA documentation to be received and closing to be complete. The new expiration date will be May 11, 2019.

Approved by Operations Committee.

AF19-0005 Tabor, Austin

This request is for a thirty (30) day extension to ensure adequate time for closing to be complete. The new expiration date will be May 11, 2019.

Approved by Operations Committee.

AF19-0008 Murley, Dennis

This request is for a six (6) month extension to ensure adequate time for the Murley's to purchase a home and closing to be complete. The new expiration date will be October 11, 2019.

Approved by Operations Committee.

Modifications

AF12-0014 McKay, Bradley

This modification has two (2) requests:

The first request is for KAFC to maintain its second lien position during loan restructuring by Independence Bank.

The second request is for KAFC to reamortize this loan over fifteen (15) years, beginning in 2019.

Ms. Middleton referred to Ms. Rumpke representing LRC for recommendation.

Ms. Rumpke made a motion for the applicant to do the following; 1. Refer to Aleta Botts, Executive Director for KCARD to assist to restructure for accurate cash flow. 2. Work with a mentor regarding an annual budget. 3. GOAP staff to oversee and report on regular payment monitoring. 4. Require the lender to provide financial updates two (2) time per year; Mr. Noe seconded the motion.

VOTE: Motion passed; Unanimous.

Closing Remarks

Adjournment

Commissioner Quarles entertained a motion to adjourn.

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

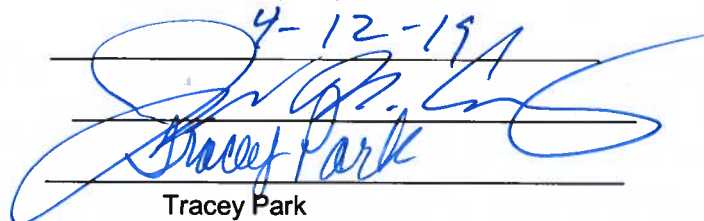
VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:46 a.m. (EST).

APPROVED DATE:

PRESIDING OFFICER:

BOARDS COORDINATOR:

4-12-19

Tracey Park