

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the June 14, 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

John McCauley, (designee for Commissioner Quarles), presiding, called the Kentucky Agricultural Finance Corporation Board (KAFRC) regular business meeting to order at 10:04 a.m. (EDT).

Roll Call

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

Members absent: Doug Lawson and Linda Rumpke.

Notification of Media

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

Welcome

Mr. McCauley welcomed everyone to the meeting.

Mr. McCauley stated that Commissioner Quarles recently attended the Southern Association of State Departments of Agriculture (SASDA) where he was elected president.

Mr. McCauley introduced the Kentucky Department of Agriculture summer interns; Emma Lawson and Jacob Patterson.

Mr. McCauley stated the Linking Agriculture for Networking and Development (LAND) meetings will start next week.

Approval of Minutes

Mr. McCauley entertained a motion to approve the minutes of the May 10, 2019 KAFRC board meeting.

Mr. Hunt moved to approve the minutes; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Mr. McCauley yielded the floor to Warren Beeler, GOAP Executive Director, to report to the board.

Mr. Beeler welcomed everyone to the meeting.

Mr. Beeler yielded the floor to Brian Lacefield, State Executive Director of the Farm Service Agency to give an update to the board.

Mr. Beeler introduced the GOAP summer interns Lindsay Bates and Austin Thornberry to the board.

Mr. Beeler reviewed his schedule since the last meeting.

Deputy Executive Director's Report

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

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of May 31, 2019.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund Cash Flow (*on file*) as of June 2, 2019.

Mr. McCloskey referenced the Kentucky Agricultural Development Fund State Pool Tobacco Funds (*on file*) as of June 2, 2019.

Mr. McCloskey reviewed Kentucky Agricultural Development Fund County Balances (*on file*) as of May 24, 2019.

K AFC Statement of Financial Position	
As of May 31, 2019	
Assets	
Cash K AFC Accounts	\$ 18,999,082
Loan Payments Due K AFC	
Category A	\$ 67,865,387
Category B	\$ 826,886 (Foothills, Monroe, Weekly Juicery, Ellis & Bevins)
Category C	\$
	\$ 68,692,273
Total Assets	\$ 87,691,355
Liabilities	
K AFC loans approved not closed	\$ 13,001,311
Principal Outstanding	\$ 68,692,273
Total Liabilities	\$ 81,639,584
Unobligated Assets	\$ 5,997,771
Total Liabilities & Unobligated Assets	\$ 87,691,355

Mr. McCloskey addressed the update packet.

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

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

Mr. McCauley yielded the floor to Jonathan Noe to report to the board.

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

New Business

Agricultural Processing Loan Program (APLP)

AF19-0073

Halcomb, John (Memphis Junction Properties/Walnut Grove Logistics)

Applicants requested \$400,000 for the purchase of equipment and two (2) acres along a rail spur in Warren County. Franklin Bank & Trust in Franklin, KY is the participating lender.

The Loan Review Committee recommends approval.

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF19-0060 Galloway, Derrick

Applicants requested \$250,000 for the construction of four (4) Pilgrims Pride megabroiler barns in Carlisle County. River Valley AgCredit in Bardwell, KY is the participating lender.

The Loan Committee recommends approval as presented.

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

VOTE: Motion Passed; Unanimous.

AF19-0061 Aud, Dylan

Applicant requested \$36,125 for the purchase of 20 acres in Ohio County. Farm Credit Mid-America in Owensboro, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0062 Sheffield, Matthew

Applicant requested \$185,000 for the purchase of 190 acres in Barren County. Farm Credit Mid-America in Glasgow, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0063 Isaacs, Matthew

Applicants requested \$100,000 for the purchase of 67 acres in Hart County. Farm Credit Mid-America in Glasgow, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0064 Herald, Shane

Applicants requested \$85,000 for the purchase of 53 acres in Laurel County. Farm Credit Mid-America in Somerset, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0065 Snider, Jason

Applicants requested \$250,000 for the purchase of six (6) Tyson broiler barns in Graves County. River Valley AgCredit in Clinton, KY is the participating lender.

Staff recommends approval, contingent upon the approval and obligation of 90% FSA guarantee on the River Valley AgCredit and KAFC funds, with a C/LV no greater than 100% and documentation of KY driver's license.

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

VOTE: Motion Passed; Unanimous.

AF19-0066 Farmer, Zachary

Applicants requested \$250,000 for the purchase of six (6) Tyson broiler barns in Hickman County. River Valley AgCredit in Mayfield, KY is the participating lender.

The Loan Review Committee recommends approval as presented.

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

VOTE: Motion Passed; Unanimous.

AF19-0067 Shemwell, Brandon (S & S Poultry)

Applicants requested \$250,000 for the purchase of four (4) Perdue broiler barns in Muhlenberg County. Farm Credit Mid-America in Russellville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0068 Crayne, Roy

Applicant requested \$206,500 for the purchase of 170 acres in Caldwell County. River Valley AgCredit in Princeton, KY is the participating lender.

Sadie Middleton, Loan Programs Manager, directed the board to refer to the update packet.

The Loan Review Committee recommends approval, subject to FSA direct loan approval and the spouse signing as co-applicant, with a C/LV no greater than 65%.

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

VOTE: Motion Passed; Unanimous.

AF19-0069 Boaz, Greg

Applicants requested \$184,000 for the purchase of four (4) acres with two (2) Pilgrims Pride breeder barns in Hickman County. Clinton Bank in Clinton, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0070 Gooch, Shelby (Shelby Gooch Farms, LLC)

Applicant requested \$250,000 for the construction of four (4) Pilgrims Pride megabroiler barns in Graves County. Community Financial Services Bank in Mayfield, KY is the participating lender.

The Loan Review Committee recommends denying this request because the KAFC BFLP guidelines state, "Borrower may have multiple KAFC Beginning Farmer loans but is limited to an aggregate balance of \$250,000 in this program."

Mr. Noe moved to approve committee recommendation, as presented; Ms. Amburgey seconded the motion.

VOTE: Motion Passed; Unanimous.

AF19-0071 Adams, Todd (Adams Farms)

Applicants requested \$24,000 for the purchase of 30 head of cattle in Ballard County. Community Financial Services Bank in Mayfield, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

Diversification through Entrepreneurship in Agribusiness (DEAL)

AF19-0072 Clark, Justin (C & C Ag Solutions, LLC)

Applicants requested \$100,000 for the construction of a 100 x 60-office and retail shop in Graves County. Community Financial Services Bank in Mayfield, KY is the participating lender.

The Loan Review Committee recommends approval contingent upon C/LV no greater than 85% and capping the loan at \$53,500.

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

VOTE: Motion Passed; Unanimous.

Old Business:

Extensions

AF17-0086 Nightingale, Tyson

This request is for a sixty (60) day extension to allow adequate time for construction and closing to be complete. The new expiration date will be August 6, 2019.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF17-0103 Bowen, Jason

This request is for a three (3) month extension to ensure adequate time for construction to be completed. The new expiration date will be September 8, 2019.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF18-0079 Riley, Catherine

This request is for a sixty (60) day extension to allow time for the appraisal to be corrected and the loan closed. The new expiration date will be August 8, 2019.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF19-0030 Jenkins, Mitchell

This request is for a three (3) month extension to ensure adequate time for the loan to be closed. The new expiration date will be September 8, 2019.

Approved by the Operations Committee.

AF19-0038 Bowman, Elliot

This request is for a three (3) month extension to ensure adequate time for the loan to be closed. The new expiration date will be October 12, 2019.

Approved by the Operations Committee.

AF19-0039 Ebelhar, Scott

This request is for a three (3) month extension to ensure adequate time for the loan to be closed. The new expiration date will be October 12, 2019.

Approved by the Operations Committee.

Closing Remarks

Adjournment

Mr. McCauley entertained a motion to adjourn.

Ms. Amburgey moved to adjourn the KAFC board meeting; Mr. Lawson seconded the motion.

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:24 a.m. (EDT)

APPROVED DATE: _____

PRESIDING OFFICER: _____

BOARDS COORDINATOR: _____


Tracey Park

APPENDIX A: Loan Review Committee Meeting Minutes



Meeting Date:	June 14, 2019
Meeting Location:	Franklin County Extension Office, Frankfort, KY
Meeting Chair:	Jonathan Noe
Attendees:	Wayne Hunt, Larry Jagers, Jonathan Noe, Kenny Burdine, John Brady, John McCauley Staff: Sadie Middleton, Warren Beeler, Bill McCloskey, Ali Hulett, Lindsay Bates, Austin Thornberry Guests: Brian Lacefield, Natasha Bruton, Warren Whitaker, Jesse Clark, Amanda Beth Freeman, Josie Lasters
Minutes Issued By:	Sadie Middleton, Loan Programs Manager
Meeting Call to Order:	8:34 AM EDT
Meeting Adjourned:	9:55 AM EDT

Agenda Items:	
New Business	
1.	Review of AF19-0060—Galloway, Derrick <ul style="list-style-type: none"> a. Loan officer requests an exception to the deed restriction guideline. b. Recommend approval, as presented.
2.	Review of AF19-0066—Farmer, Zachary <ul style="list-style-type: none"> a. Customer is purchasing a current KAFC Category B property. b. Discussion of FSA liquidation plan process. c. Recommend approval, as presented.
3.	Review of AF19-0068—Crayne, Roy <ul style="list-style-type: none"> a. Discussion of credit score and credit history. b. Applicant shows multiple late payments and a past bankruptcy. c. Recommend approval, as presented.
4.	Review of AF19-0070—Gooch, Shelby <ul style="list-style-type: none"> a. Loan officer requests an exception to the \$250,000 aggregate KAFC limit for a borrower. b. Discussion of FSA guarantee eligibility. c. Recommend denial.
5.	Review of AF19-0072—Clark, Justin <ul style="list-style-type: none"> a. Loan officer requests an exception to the \$250,000 aggregate KAFC limit for a borrower. b. Discussion of business plan and projections. c. Recommend approval, with an amended amount of \$53,500 and an updated business plan.
6.	Review of AF19-0073—Halcomb, John <ul style="list-style-type: none"> a. Discussion of \$400,000 loan request. b. Recommend approval, as presented.
Old Business	
1.	Review of AF18-0038—Bevins, Jacob <ul style="list-style-type: none"> a. Discussion of FSA liquidation plan process. b. No action necessary.

APPENDIX B: Guidelines Committee Meeting Minutes



Meeting Date:	June 14, 2019
Meeting Location:	Franklin Co. Extension Office, Frankfort, KY
Meeting Chair:	Wayne Hunt
Attendees:	Wayne Hunt, Frank Penn, Donna Amburgey, Kenny Burdine, Jonathan Noe, John McCauley (KDA Representative) Staff: Sadie Middleton, Ali Hulett, Bill McCloskey, Warren Beeler, Tracey Park, Lindsay Bates Guests: Emma Thompson (KDA) and Jacob Patterson (KDA)
Minutes Issued By:	Sadie Middleton, Loan Programs Manager
Meeting Call to Order:	12:06 PM EDT
Meeting Adjourned:	1:08 PM EDT

Agenda Items:
<ol style="list-style-type: none"> 1. Review current net worth guidelines for DEAL program <ol style="list-style-type: none"> a. Recommend raising DEAL net worth limit to \$750,000, excluding defined contribution plans. 2. Review “borrower” language, in all programs <ol style="list-style-type: none"> a. Recommend changing “borrower” to “household or operation.” 3. Review of deed limitations <ol style="list-style-type: none"> a. No recommendation. 4. Review of alternative livestock eligibility <ol style="list-style-type: none"> a. Table to next Guidelines Committee meeting. 5. Review of refinancing seller-financed loans. <ol style="list-style-type: none"> a. Recommend refinancing seller-financed transactions ONLY if the deed has not been transferred to the buyer. 6. Discussion of Large/Food Animal Veterinary Loan Program <ol style="list-style-type: none"> a. No action needed. 7. Motion to adjourn