

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the October 11, 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 10:20 a.m. (EDT).

Roll Call

The following members were present: Commissioner Quarles, Westy Adams, Donna Amburgey, Ryan Barrow (designee proxy for Secretary William Landrum III), Dr. Kenny Burdine, Wayne Hunt, Larry Jagers, Donald Mitchell, and Frank Penn.

Members absent: Doug Lawson, Jonathan Noe, and Linda Rumpke.

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 commented on drought conditions across the state.

Commissioner Quarles updated the board on USMCA and trade discussions with China.

Commissioner Quarles invited board members to the Hemp Conference on December 4, 2019 hosted by KDA at the Kentucky Exposition Center.

Commissioner Quarles commented on connectivity issues in rural Kentucky.

Commissioner Quarles stated that next week from October 14-18 is Kentucky Craft Beer Week.

Commissioner Quarles commented on KDA's legislative priorities for 2020.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the September 20, 2019 KAFC board meeting.

Mr. Hunt moved to approve the minutes; Ms. Amburgey 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.

Mr. Beeler recognized Brian Lacefield, State Executive Director of the Farm Service Agency, to update the board on the organization.

Mr. Beeler reviewed his schedule since the last meeting.

Deputy Executive Director’s Report

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

Mr. McCloskey mentioned the Mentor Committee meeting at 1 p.m. EDT following the board meeting.

Mr. McCloskey reviewed the KAFc Statement of Financial Position (*on file*) as of September 30, 2019.

Mr. McCloskey referenced the Kentucky Agricultural Development Fund State Pool Tobacco Funds (*on file*) as of September 25, 2019.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund Cash Flow (*on file*) as of September 25, 2019.

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

Mr. McCloskey reviewed the Category B loans as of September 30, 2019.

KAFc Statement of Financial Position	
As of September 30, 2019	
Assets	
Cash KAFc Accounts	\$ 15,344,386
Loan Payments Due KAFc	
Category A	\$ 72,175,508
Category B	\$ 813,900 (Foothills, Monroe, Weekly Juicery, Ellis & Bevins)
Category C	\$
	\$ 72,989,408
Total Assets	\$ 88,333,794
Liabilities	
KAFc loans approved not closed	\$ 11,745,329
Principal Outstanding	\$ 72,989,408
Total Liabilities	\$ 84,734,737
Unobligated Assets	\$ 3,599,057
Total Liabilities & Unobligated Assets	\$ 88,333,794

Mr. Penn moved to approve the KAFc Statement of Financial Position; Mr. Adams seconded the motion.
 VOTE: Motion Passed; Unanimous.

New Business

Agricultural Infrastructure Loan Program (AILP)

AF19-0105 Sumner, Alan (Sumner Dairy, LLC)

Applicant requested 96,500 for the construction of a freestall barn and renovation of a dairy parlor in Warren County. The South Central Bank of Barren County in Glasgow, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

Agricultural Processing Loan Program (APLP)

AF19-0108 Best Buds Botanicals

Applicants requested \$150,000 for the purchase of hemp processing equipment in Barren County. The South Central Bank of Barren County in Glasgow, KY is the participating lender.

The Loan Review Committee recommended to pend the application until business plan and further documentation is presented.

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF19-0104 Sharpe, John

Applicant requested \$153,750 for the purchase of fifty (50) acres in Scott County. Farm Credit Mid-America in Shelbyville, KY is the participating lender.

Staff recommends approval contingent upon the approval and obligation of a 90% FSA guarantee on FCMA 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. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

AF19-0106 Layton, Hank

Applicant requested \$200,000 for the purchase of 185 acres in Metcalfe County. South Central Bank of Barren County in Glasgow, KY is the participating lender.

The Loan Review Committee recommended to pend the application until updated balance sheet and further details are provided regarding the loan.

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

VOTE: Motion Passed; Unanimous.

AF19-0107 Baxter, Reiss

Applicants requested \$135,000 for the purchase of 76 acres in Mercer County. Central Kentucky AgCredit Agency (CKACA) in Danville, KY is the participating lender.

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

Dr. Burdine stated his relationship with Mr. Baxter as a prior professor and with Mr. Baxter's current position as a county agent.

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

VOTE: Motion Passed; Unanimous.

AF19-0109 Strader, David "Alex"

Applicant requested \$250,000 for the purchase of dairy cattle and equipment 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. Penn moved to approve staff recommendation, as presented, pending availability of funds; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous.

Old Business:

Extensions/Modifications

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 February 25, 2020.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF18-0139 Newcome, Aaron

This request is for the board to waive the FSA guarantee requirement.

The Loan Review Committee recommended approval contingent upon receiving updated financial statements and loan documentation that KAFRC funds would have priority over the Limestone Bank line of credit.

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

VOTE: Motion Passed; Unanimous.

AF18-0149 Schultz, Brett

This request is for the KAFRC board participate with Farm Credit Leasing on behalf of Mr. Schultz.

The Loan Review Committee recommended to pend the application until additional documentation is received.

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

VOTE: Motion Passed; Unanimous.

AF19-0079 Williams, James "Drew"

This request is for a 30-day extension to allow time for documents to be finalized. The new expiration date will be November 12, 2019.

Approved by the Operations Committee.

No Action Needed.

Closing Remarks

Adjournment

Commissioner Quarles entertained a motion to adjourn.

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

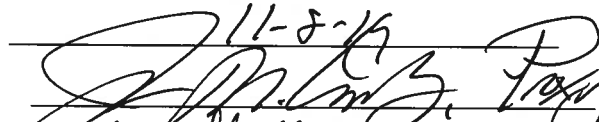
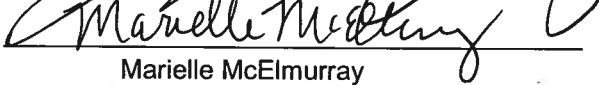
VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 12:15 p.m. (EDT)

APPROVED DATE:

PRESIDING OFFICER:

BOARDS COORDINATOR:

11-8-19


Marielle McElmurray

APPENDIX A: Loan Review Committee Meeting Minutes



Meeting Date:	October 11, 2019
Meeting Location:	Franklin County Extension Office, Frankfort, KY
Meeting Chair:	Kenny Burdine
Attendees:	Wayne Hunt, Larry Jagers, Kenny Burdine, Ryan Barrow, Frank Penn Staff: Warren Beeler, Bill McCloskey, Ali Hulett, Shelby Wade, Rob Goff Guests: Brian Lacefield, Todd Lockett, Lindsey Reynolds
Minutes Issued By:	Ali Hulett, Loan Programs Manager
Meeting Call to Order:	9:10 AM EDT
Meeting Adjourned:	10:21 AM EDT

Agenda Items:
<p>Old Business</p> <ol style="list-style-type: none"> 1. Review of AF18-0139—Newcome, Aaron <ol style="list-style-type: none"> a. Loan officer request to waive FSA guarantee requirement. b. Recommend approval, contingent upon receiving updated financial statements and loan documentation. 2. Review of AF18-0149—Schultz, Brett (K.L. Woodland Management) <ol style="list-style-type: none"> a. Loan officer request for approval modification with Farm-Credit Leasing. b. Recommend pending until additional documentation is received. <p>New Business</p> <ol style="list-style-type: none"> 1. Review of AF19-0106—Layton, Hank <ol style="list-style-type: none"> a. Discussion of net worth guideline. b. Recommended pending. 2. Review of AF19-0108—Bryant, Robert (Best Buds Botanicals) <ol style="list-style-type: none"> a. Discussion of combined loan to value concerns. b. Explanation from Todd Lockett, loan officer. c. Recommended pending until additional documentation is received.

Appendix B: Mentor Committee Meeting Minutes



Meeting Date:	October 11, 2019
Meeting Location:	Franklin County Extension Office
Meeting Chair:	Bill McCloskey
Attendees:	Kenny Burdine, Bob Coleman, Will Snell, Marybeth Shackelford, Brian Lacefield, Aleta Botts Staff: Shelby Wade, Ali Hulett, Lindsay Bates, Sandy Gardner, Bill McCloskey, Warren Beeler
Minutes Issued By:	Shelby Wade, Compliance and Loan Operations Manager
Meeting Call to Order:	1:00 PM EST
Meeting Adjourned:	2:45 PM EST

Agenda Items:	
New Business	
<ol style="list-style-type: none"> 1. Mr. McCloskey gave a brief history of KAFC and the mentor program, which lead to the discussion of the overall goal of the program moving forward. 2. Ms. Botts addressed the "Expected Role of a Beginning Farmer Mentor" form and explained that what was presented does not accurately align with the goals. The following suggestions were made: <ul style="list-style-type: none"> • Mentor should have expertise in the specific commodity of the mentee. • Mentors should have a list of resources available to give to the mentee in case they need more help in a given area. • There should be a limit to the number of mentees a mentor can have. • Prior to graduation, there should be a financial evaluation of the mentee. 3. Committee members reviewed the list of mentors and the reports. The following suggestions were made: <ul style="list-style-type: none"> • The application AF number should be added to the report form. • Mentors should have direct contact with the farmer when filling out the report. • The mentor report form should be similar to an interview with assessment questions for the mentor to ask the mentee. • The report should also include an assessment by the mentor on the areas in which the mentee may need help, based on responses during the interview. This will allow the mentor to know what resources he/she needs to provide. 4. Mr. McCloskey read the "Mentor Program Graduation Requirements" form, which lead to discussion of the changes that should be made. <ul style="list-style-type: none"> • Guidelines should be revised to allow mentees to graduate in three (3) years upon approval of mentor and a financial review. • ACTION: Number of graduated mentees to date. 5. The committee discussed the need for a mentor training to provide the necessary resources to help the mentee Ms. Shackelford suggested building a training to encompass FSA and KAFC loan recipients. Following conversation centered on funding the training and a potential request for KADF funds. 	
Adjourn	
Next Meeting Date: TBD	