

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the November 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 (GOAP), 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 (KAFC) regular business meeting to order at 10:16 a.m. (EST).

Roll Call

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

Members absent: Doug Lawson

Notification of Media

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

Welcome

Mr. McCauley welcomed everyone to the meeting.

Mr. McCauley shared that the Commissioner was actually taking a day off since the election is over.

Approval of Minutes

Mr. McCauley entertained a motion to approve the minutes of the October 11, 2019 KAFC board meeting.

Mr. Penn moved to approve the minutes; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Mr. McCauley yielded the floor to Warren Beeler, Governor's Office of Agricultural Policy (GOAP) Executive Director, to report to the board.

Mr. Beeler welcomed everyone to the meeting.

Mr. Beeler reported that the land upon which the Consolidated Grain & Barge, Inc., grain elevator in Brandenburg, Kentucky is located has been sold to Nucor, Inc. The Meade County Judge Executive has suggested that the Kentucky Agricultural Development Board (KADB) forgive the loan.

Mr. Beeler reported that he denied the suggestion to forgive the loan. Terms and conditions for the loan are in the legal agreement;

Mr. Beeler reviewed his schedule since the last meeting.

Mr. Beeler noted that due to the change in Governor, there may be some staff changes at GOAP.

Mr. McCauley called on Mr. McCloskey to discuss the loan forgiveness request by the Grain Elevator by the Meade County Judge Executive.

Mr. Penn moved to deny the loan forgiveness request; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

Mr. McCauley called on Ms. Rumpke to give the Loan Review Committee report.

Ms. Rumpke asked Mr. McCloskey to provide an update.

Mr. McCloskey asked the board to refer to the application in the update packet.

AF13-0146 Igleheart, Christopher

Applicant requests additional funding and restructuring of existing KAFC loan.

Mr. McCloskey stated the lender requested additional funding and restructuring of the existing KAFC debt due to loss of entire turkey flock.

Ms. Rumpke made a motion to approve the request, subject to receiving the FSA guarantee as indicated in the packet and subject to the borrower providing KAFC evidence annually of the renewal of the producer contract with Farbest Foods, Inc.; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

Deputy Executive Director's Report

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

Mr. McCloskey referenced the update packet.

Mr. McCloskey referenced the Kentucky Agricultural Development Fund State Pool Tobacco Funds (*on file*) as of October 29, 2019.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund Cash Flow (*on file*) as of October 29, 2019.

Mr. McCloskey reviewed Kentucky Agricultural Development Fund County Balances (*on file*) as of October 23, 2019.

Mr. McCloskey reviewed the KAFC Statement of Financial Position (*on file*) as of October 31, 2019.

KAFC Statement of Financial Position	
As of October 31, 2019	
Assets	
Cash KAFC Accounts	\$ 14,607,545
Loan Payments Due KAFC	
Category A	\$ 72,850,706
Category B	\$ 813,900 (Foothills, Monroe, Weekly Juicery, Ellis & Bevins)
Category C	\$ 0
	\$ 73,664,606
Total Assets	\$ 88,272,151
Liabilities	
KAFC loans approved not closed	\$ 12,339,203
Principal Outstanding	\$ 71,769,902
Total Liabilities	\$ 84,109,105
Unobligated Assets	\$ 4,043,767
Total Liabilities & Unobligated Assets	\$ 88,152,872

Guidelines Committee Report

Mr. McCauley called on Mr. Hunt to provide the Guidelines Committee report.

Mr. Hunt referred to Ms. Hulett to give the report.

Ms. Hulett reported by loan program.

Agricultural Infrastructure Loan Program (AILP)

The Committee recommended to raise the loan amount to \$150,000.

Beginning Farmer Loan Program (BFLP)

The Committee recommends increasing the net worth limit to \$750,000 and increasing the off-farm income limit to \$175,000.

Diversification through Entrepreneurship in Agribusiness Loan Program (DEAL)

The Committee recommends increasing the maximum loan amount eligible to \$150,000 and maximum off-farm income to \$175,000

Large Animal Veterinary Loan Program (Vet)

The Committee recommends removing the net worth and off farm income requirements completely and increasing the maximum loan amount eligible to \$150,000

Agricultural Processing Loan Program (APLP)

The Committee recommends removing the direct loan option and remove the \$150,000 loan limit. The Committee recommends limiting the loan amount to 50% of project cost.

Mr. Hunt made a motion to approve the committee recommendations; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous

New Business

Agricultural Infrastructure Loan Program (AILP)

AF19-0114 Ellison, Robert

Applicant requested \$100,000 for the construction of a grain storage facility in Graves County. Community Financial Services Bank in Mayfield, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0115 Schneid, Thomas (SMK Farm)

Applicants requested \$100,000 for the renovation of an agritourism event building in Madison County. Central Kentucky ACA in Richmond, KY is the participating lender.

Staff recommends approval, with a C/LV no greater than 75%.

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

VOTE: Motion Passed; Unanimous.

AF19-0117 Brothers, Cody and Kelly (Brothers Farm Cattle & Grain, LLC)

Applicants requested \$100,000 for the construction of a livestock feeding barn in Nelson County. First Financial Bank in Fort Payne, AL is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF19-0110 McCubbin, Joshua

Applicant requested \$42,500 for the purchase of 44 acres in Metcalfe County. Farm Credit Mid-America in Glasgow, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0111 Settles, Jess

Applicants requested \$250,000 for the purchase of 204 acres in Daviess County. Independence Bank in Owensboro, KY is the participating lender.

Staff recommends approval, with C/LV no greater than 55%.

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

VOTE: Motion Passed; Unanimous.

AF19-0112 Helm, Jared

Applicants requested \$50,000 for the purchase of 28 acres in Marion County. Central Kentucky ACA in Lebanon, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0113 Hart, Samuel

Applicants requested \$250,000 for the purchase of four (4) Tyson broiler houses in Webster County. Independence Bank in Providence, 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 100%.

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

VOTE: Motion Passed; Unanimous.

AF19-0116 Murray, Joseph

Applicant requested \$50,000 for the purchase of ninety (90) head of cattle in McLean County. Independence Bank in Livermore, 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; Ms. Amburgey seconded the motion.

VOTE: Motion Passed; Unanimous.

AF19-0118 Keeton, Joshua

Applicants requested \$51,000 for the purchase of 40 acres in Grant County. Farm Credit Mid-America in Lexington, KY is the participating lender.

Staff recommends approving as presented; with C/LV no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF19-0119 Stuckwisch, Curtis

Applicants requested \$148,500 for the purchase of 75 acres in LaRue County. Magnolia Bank in Elizabethtown, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0120 Peglow, Robert

Applicants requested \$74,250 for the purchase of 26 acres in Simpson County. Magnolia Bank in Elizabethtown, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

Old Business:

Extensions

AF18-0023 Smith, Roger

This request is for a three (3) month extension to allow time for the construction to be completed and the loan to be closed. The new expiration date will be February 15, 2020.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF19-0064 Hearld, Shane

This request is for a three (3) month extension to allow adequate time for a purchase to be made. The new expiration date will be March 14, 2020.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF19-0079 Williams, James "Drew"

This request is for a sixty (60) day extension to allow time for documents to be finalized. The new expiration date will be January 12, 2020.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF18-0070 Ellegood, Seth

This request is for a three (3) month extension to allow time for construction to be completed. The new expiration date will be February 8, 2020.

Approved by Operations Committee.

AF18-0072 **Wray, James**

This request is for a six (6) month extension to allow time for construction to be completed. The new expiration date will be June 9, 2020.

Approved by Operations Committee.

AF19-0087 **Troyer, Adrian**

This request is for a three (3) month extension to allow time for the FSA documents to be finalized. The new expiration date will be February 9, 2020.

Approved by Operations Committee.

Closing Remarks

Mr. McCauley informed the board that the next meeting would be on December 13, 2019 at the Franklin County Extension Office.

Adjournment

Mr. McCauley entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:30 a.m. (EST)

APPROVED DATE: 12-13-19

PRESIDING OFFICER: 

BOARDS COORDINATOR: 

Tracy Park

Appendix A: Guidelines

Committee Meeting Minutes



Meeting Date:	November 8, 2019
Meeting Location:	Franklin Co. Extension Office, Room C, Frankfort
Meeting Chair:	Wayne Hunt
Attendees:	Wayne Hunt, Frank Penn, Donna Amburgey, Kenny Burdine, John McCauley, Jonathan Noe, John Brady, Linda Rumpke, Larry Jagers. Staff: Shelby Wade, Ali Hulett, Bill McCloskey, Warren Beeler.
Minutes Issued By:	Ali Hulett, Loan Programs Manager
Meeting Call to Order:	9:03 AM
Meeting Adjourned:	9:43 AM

Agenda Items:	
1.	<p>Review current net worth guidelines in all programs.</p> <p>BFLP: The committee recommends increasing net worth limitation to \$750,000.</p> <p>AILP: The committee recommends increasing net worth limitation to \$750,000.</p> <p>VET: The committee recommends removing the net worth limitation.</p>
2.	<p>Definition of Tobacco Dependency in Agricultural Infrastructure Loan Program.</p> <p>The committee recommends removing the tobacco dependency requirement.</p>
3.	<p>Review off-farm income restriction in all programs.</p> <p>The committee recommends increasing off-farm income guideline to \$175,000 in BFLP and DEAL loan programs. The committee recommends removing the off-farm income guidelines from the VET loan program. AILP and APLP loan program off-farm income restrictions did not change.</p>
4.	<p>Review of current loan amounts eligible in all programs.</p> <p>The committee recommends increasing loan amount eligible per household or operation to \$150,000 in DEAL, VET, and AILP loan programs. APLP and BFLP loan program current loan amounts eligible did not change.</p>
5.	<p>Elimination of Agricultural Processing Direct Loan Program</p> <p>The committee recommends eliminating the APLP direct loan program and removing the \$150,000 loan limit.</p> <p>The committee recommends participating up to 50% of the project cost as a participation loan.</p>
6.	<p>Motion to Adjourn.</p>

Appendix B: Loan Review Committee Meeting Minutes



Meeting Date:	November 8, 2019
Meeting Location:	Franklin County Extension Office, Frankfort, KY Room C
Meeting Chair:	Linda Rumpke
Attendees:	Wayne Hunt, Frank Penn, Donna Amburgey, Kenny Burdine, John McCauley, Jonathan Noe, John Brady, Linda Rumpke, Larry Jagers. Staff: Shelby Wade, Ali Hulett, Bill McCloskey, Warren Beeler. Guests: Wade Walters
Minutes Issued By:	Ali Hulett, Loan Programs Manager
Meeting Call to Order:	9:45 AM
Meeting Adjourned:	10:05 AM

Agenda Items:
Old Business
1. Review of AF13-0146—Igleheart, Christopher
a. On behalf of Mr. Igleheart, the loan officer requests additional funding and re-amortization of existing KAFC debt due to loss of entire turkey flock.
b. Recommend approval, contingent upon approval and obligation of 90% FSA guarantee.