

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the August 12, 2016 regular 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 Regular Business Meeting
Franklin County Extension Office
Frankfort, Kentucky
August 12, 2016**

Call to Order

Angela Blank, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:16 a.m. (EDT).

Roll Call

The following members were present: Kenneth Burdine, Wayne Hunt, Larry Jagers, Frank McAninch, Frank Penn, Linda Rumpke, John Brady (designee for Secretary William M. Landrum III), Angela Blank (designee for Commissioner Ryan Quarles).

Members absent: Westy Adams, George Begley, Doug Lawson and Aaron Miller.

Notification of Media

Ms. Blank received verification from Emily Milam, GOAP Public Relations Officer, that the media had been notified of the KAFC board meeting.

Welcome

Ms. Blank welcomed everyone to the meeting.

Ms. Blank updated the board on the activities of the Kentucky Department of Agriculture and Commissioner Ryan Quarles since the July 15, 2016 board meeting.

Approval of Minutes

Ms. Blank entertained a motion to approve the minutes of the July 15, 2016 KAFC board meeting.

Mr. Penn moved to approve the minutes, as presented; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Ms. Blank yielded the floor to Warren Beeler, GOAP Executive Director, to report to the board.

Mr. Beeler updated the board on his activities since the July 15, 2016 board meeting.

Deputy Executive Director's Report

Ms. Blank yielded the floor to Bill McCloskey, GOAP Deputy Executive Director, to report to the board.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of August 2, 2016.

McCloskey yielded the floor to Beth Herbert, KAFC Loan Program Manager, to report on the KAFC loan portfolio (*on file*).

The board discussed risk management and diversification of the portfolio as well as the need for a policy discussion to determine how and when the Board takes any formal action on distressed loans.

Ms. Rumpke moved to take the discussion to the Operations Committee, Mr. McAninch seconded.

VOTE: Motion Passed; Unanimous.

Mr. McCloskey reviewed the KAFC Statement of Financial Position (*on file*) as of July 31, 2016.

| KAFC Statement of Financial Position | |
|---------------------------------------------------|----------------------|
| As of July 31, 2016 | |
| Assets | |
| Cash KAFC Accounts | \$ 16,692,050 |
| Loan Payments Due KAFC | |
| Category A | \$ 43,554,288 |
| Category B | \$ 615,771 |
| Category C | \$ 87,500 |
| | \$ 44,257,559 |
| Total Assets | \$ 60,949,609 |
| Liabilities | |
| KAFC loans approved not closed | \$ 11,878,295 |
| Loans Outstanding | \$ 44,257,559 |
| Total Liabilities | \$ 56,135,853 |
| Unobligated Assets | \$ 4,813,756 |
| Total Liabilities & Unobligated Assets | \$ 60,949,609 |

Ms. Rumpke moved to approve the KAFC Statement of Financial Position; Mr. McAninch seconded the motion.

VOTE: Motion Passed; Unanimous.

Loan Review Committee

Ms. Blank asked Mr. McCloskey to provide a brief overview of the applications reviewed.

Ms. Blank called on Ms. Rumpke to give the Loan Review Committee report to the board.

Ms. Rumpke reported that the Loan Review Committee met at 9 a.m. in Room C of the Extension Office. Ms. Rumpke requested that the reviewed loans be presented in the order of the agenda (*on file*).

New Business

Agricultural Processing Loan Program (APLP)

AF16-0074 Hill, Virginia “Carol”

Applicant requested \$250,000 for investment into a high technology greenhouse operation in Lincoln County. Farm Credit Mid-America in Louisville, KY is the participating lender.

The Loan Review Committee reviewed the loan and recommended bringing it to the full KAFC board for discussion.

Ms. Blank expressed KDA concerns about farmer impact and the intent of KAFC loan programs.

Mr. McAninch made a motion to approve the loan; Mr. Penn seconded the motion.

VOTE: Motion Passed, Unanimous.

Beginning Farmer Loan Program (BFLP)

AF16-0060 Cooper, Jeremy

Applicants requested \$250,000 for the construction of two Perdue breeder barns in Butler County. Farm Credit Mid-America in Bowling Green, KY is the participating lender.

The Loan Review Committee recommended loan approval contingent on documentation of use of the \$60,000 bonus provided by Perdue. The committee requested further detail of the mechanics of the sign-on bonus.

Ms. Rumpke moved to approve the committee recommendation, as presented, pending fund availability; Dr. Burdine seconded the motion.

VOTE: Motion Passed, Unanimous.

AF16-0071 Payne, Cody

Applicant requested \$250,000 for the construction of two Pilgrim's Pride mega broiler barns in Graves County. River Valley AgCredit in Mayfield, KY is the participating lender.

Staff recommended loan approval.

Mr. McAninch moved to approve the staff recommendation, as presented, pending fund availability; Mr. Hunt seconded the motion.

VOTE: Motion Passed, Unanimous

AF16-0073 Payne, Corey

Applicant requested \$250,000 for the construction of two Pilgrim's Pride mega broiler barns in Graves County. River Valley AgCredit in Mayfield, KY is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous

AF16-0075 Smith, David "Cory"

Applicant requested \$250,000 for the purchase of 25 acres with four Pilgrim's Pride broiler barns, a home and other improvements and the upgrading of three of the barns in Graves County. River Valley AgCredit in Clinton, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the RVACA and KAFC funds, KAFC funds not to exceed 50% of the eligible project cost or \$250,000, whichever is less, and CL/V not to exceed 100%.

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

VOTE: Motion Passed, Unanimous.

AF16-0076 McDonald, David

Applicants requested \$95,120 for the purchase of 135 acres in Henry County. Farm Credit Mid-America in Dry Ridge, KY is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed, Unanimous.

AF16-0077 Miller, Ronnie

Applicants requested \$250,000 for the construction of two Pilgrim's Pride broiler barns in Graves County. First Community Bank of the Heartland in Clinton, KY is the participating lender.

The Loan Review Committee recommended loan approval.

The loan office requested that co-signor (Randall Miller) be released when the applicant's credit score reaches an acceptable level of 600 and has made his debt servicing obligations for two years.

Upon 24 months of "as agreed" repayment history and a minimum credit score of 600, Randall Miller (co-signor/father) may submit a request to the KAFC Board to have his personal guarantee released. After verification of acceptable repayment history has been submitted, reviewed and approved by the KAFC Board, Mr. Miller may be released from his personal guarantee on the KAFC loan.

Ms. Rumpke moved to approve the committee recommendation, as presented, pending fund availability; Dr. Burdine

VOTE: Motion Passed, Unanimous.

AF16-0078 Bennett, Beau

Applicant requested \$200,000 for the purchase and upgrading of four Pilgrim's Pride broiler houses on 10 acres in Graves County. River Valley AgCredit in Mayfield, KY is the participating lender.

Staff recommended loan approval contingent on the approval and obligation of a 90% FSA guarantee on the RVACA and KAFC funds, and the CL/V being no worse than 100%.

Mr. McAninch moved to approve the staff recommendation, as presented, pending fund availability; Mr. Brady seconded the motion.

VOTE: Motion Passed, Unanimous.

Old Business

Amendments

AF14-0049 Spurrier, Wesley

Mr. McCloskey presented a memorandum (*on file*) regarding a reamortization request. The loan officer requested amortizing the remaining balance (\$143,308.45) over 25 years, with a balloon payment after year 15. The original maturity date will not change.

This request was reviewed by the Loan Review Committee (LRC). The LRC recommended pending the request for staff to acquire additional information.

Extension Requests

AF15-0058 Vincent, Joshua

Ms. Herbert presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for construction to be completed and permanent financing to be in place. The new expiration date would be November 7, 2016.

The extension was approved by the Operations Committee on August 5, 2016.

No action necessary.

AF16-0032 Schlosnagle, Chelsey

Ms. Herbert presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for purchase to be completed and permanent financing to be in place. The new expiration date would be October 8, 2016.

The extension was approved by the Operations Committee on August 5, 2016.

No action necessary.

AF16-0039 Abrams, Kenton

Ms. Herbert presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for title issues to be cleared up, purchase completed and permanent financing to be in place. The new expiration date would be November 13, 2016.

The extension was approved by the Operations Committee on August 5, 2016.

No action necessary.

Paid in Full

| | |
|-----------|-------------------|
| AF05-0026 | O'Donoghue, James |
| AF05-0036 | Harlin, John |
| AF06-0005 | Whittle, Gregory |
| AF06-0014 | Bertram, Joe |
| AF08-0080 | Peterson, David |
| AF11-0041 | List, Robert |

No action necessary.

Closing Remarks

Ms. Blank stated that the next K AFC Board meeting will be on Friday, September 9th, 2016 beginning at 10:00 a.m. (EDT) at the Kentucky Transportation Cabinet.

Mr. Penn remarked on the equine neglect case in Mercer County, and thanked the KDA, particularly Dr. Robert Stout, State Veterinarian, and Rusty Ford, Equine Programs Manager, for their efforts.

Adjournment

Ms. Blank entertained a motion to adjourn.

Ms. Rumpke moved to adjourn the K AFC board meeting; Mr. Brady seconded the motion.

VOTE: Motion Passed; Unanimous.

The K AFC board meeting adjourned at 11:36 a.m. (EDT).

APPROVED DATE:

Hannah E. Fort

PRESIDING OFFICER:

Ben Lamb

BOARDS COORDINATOR:

9/9/16