

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the December 9, 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
December 9, 2016**

Call to Order

Commissioner Quarles, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:15 a.m. (EST).

Roll Call

The following members were present: Frank McAninch, Westy Adams, Kenneth Burdine, Wayne Hunt, Larry Jagers, Doug Lawson, Aaron Miller, Frank Penn, Linda Rumpke, John Brady (designee for Secretary William M. Landrum III) and Commissioner Ryan Quarles.

Members absent: George Begley.

Notification of Media

Commissioner Quarles received verification from Hannah Forte, GOAP Boards Coordinator, that the media had been notified of the KAFC board meeting.

Welcome

Commissioner Quarles welcomed everyone to the meeting.

Commissioner Quarles discussed the 2017 Kentucky Agricultural Economic Outlook presented at the Kentucky Farm Bureau Annual Meeting on December 1, 2016.

Commissioner Quarles announced that certain counties in Kentucky are eligible for federal aid due to the ongoing drought. Eligible individuals should contact their local Farm Service Agency.

Commissioner Quarles encouraged those looking to buy or sell hay to utilize the Hay Hotline during the hay shortage.

Commissioner Quarles stated that the Hunger Taskforce is currently being divided into three committees which will develop recommendations for individual counties.

Commissioner Quarles stated that the hemp application period has closed, and KDA staff are currently reviewing applications. It is projected that there will be an increased number of producers and acres in 2017.

Commissioner Quarles recapped the 2016 Kentucky Farm Bureau Annual Meeting.

Commissioner Quarles reminded the board that the Veterinary Feed Directive is effective on January 1, 2017 and directed anyone with questions should contact the State Veterinarian's Office.

Commissioner Quarles announced that John McCauley will be joining KDA as the Director of Agriculture Policy. He stated that KDA is looking forward to having him in the office and utilizing his institutional knowledge of state and federal legislative processes.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the November 4, 2016 KAFC board meeting.

Mr. Jagers moved to approve the minutes, as presented; Ms. Rumpke 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 announced a new monthly message called The Beeler Report to be emailed to county extension offices. The report is part of GOAP’s continual effort to stay connected with counties.

Mr. Beeler discussed potential changes to the membership of the Tobacco Oversight Committee, and expressed his regret to lose several committee members during the last election.

Mr. Beeler updated the board on his activities since the November 4, 2016 board meeting.

Mr. Beeler reviewed his upcoming schedule.

Deputy Executive Director’s Report

Commissioner Quarles yielded the floor to Bill McCloskey, GOAP Deputy Executive Director, to report to the board.

Mr. McCloskey reviewed KADF County Balances as of November 21, 2016.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of December 6, 2016.

Mr. McCloskey reviewed the KAFC Statement of Financial Position (*on file*) as of November 30, 2016.

Mr. McCloskey reviewed the Quarterly Delinquency Report (*on file*).

KAFC Statement of Financial Position	
As of November 30, 2016	
Assets	
Cash KAFC Accounts	\$ 15,180,130
Loan Payments Due KAFC	
Category A	\$ 47,099,585
Category B	\$ 595,789
Category C	\$
	\$ 47,695,374
Total Assets	\$ 62,875,504
Liabilities	
KAFC loans approved not closed	\$ 12,098,608
Loans Outstanding	\$ 47,695,374
Total Liabilities	\$ 59,793,982
Unobligated Assets	\$ 3,081,522
Total Liabilities & Unobligated Assets	\$ 62,875,504

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

VOTE: Motion Passed; Unanimous.

Audit Committee Report

Commissioner Quarles yielded the floor to Aaron Miller to report to the board.

Mr. Miller said that the committee discussed efficient and strategic methods for reviewing loans. The committee developed a checklist and familiarized themselves with the contents of KAFC loan files. Mr. Miller stated that the committee will present a process to the board for approval at the January 13, 2017 meeting.

New Business

Agricultural Infrastructure Loan Program (AILP)

AF16-0111 Huff, Robert

Applicants requested \$100,000 for the purchase of 36 acres and the construction of two Equity mega poultry houses in Clinton County. Monticello Banking Company in Monticello, KY is the participating lender.

Staff recommended loan approval.

Mr. McAninch mentioned the impact that supply and demand has on commodity prices. He expressed his concern with continuing to fund poultry operations and requested that it be considered as an issue with the KAFC loan portfolio.

Ms. Rumpke made a motion to approve the staff recommendation, as presented, pending fund availability; Mr. Miller seconded the motion.

VOTE: Motion Passed; Mr. McAninch Opposed.

Beginning Farmer Loan Program (BFLP)

AF16-0112 Roach, Travis

Applicants requested \$120,000 for the purchase of 10 acres with four Pilgrim's Pride broiler barns in Hickman County. River Valley AgCredit in Clinton, KY is the participating lender.

Staff recommended loan approval contingent on the aggregate balance of KAFC loans with the applicants not to exceed \$250,000, the approval and obligation of 90% FSA guarantees on the RVACA and KAFC funds and the C/LV being no worse than 100%.

Dr. Burdine moved to approve staff recommendation, as presented; Mr. Lawson seconded the motion.

VOTE: Motion Passed; Unanimous.

AF16-0113 Roach, Travis

Applicants requested \$130,000 for the purchase of 10 acres with four Pilgrim's Pride broiler barns in Hickman County. River Valley AgCredit in Clinton, KY is the participating lender.

Staff recommended loan approval contingent on the aggregate balance of KAFC loans with the applicants not to exceed \$250,000, the approval and obligation of 90% FSA guarantees on the RVACA and KAFC funds and the C/LV being no worse than 100%.

Mr. Adams moved to approve staff recommendation, as presented; Mr. Miller seconded the motion.

VOTE: Motion Passed; Unanimous.

AF16-0114 Steele, Richard

Applicant requested \$66,091.50 for the purchase of 30 acres in Bourbon County. Central Kentucky ACA in Lexington, KY is the participating lender.

Staff recommended loan approval contingent on the approval and obligation of 90% FSA guarantees on the CKACA and KAFK funds and the C/LV being no worse than 100%.

Mr. Jagers moved to approve staff recommendation, as presented; Ms. Rumpke seconded the motion.

VOTE: Motion Passed; Unanimous.

AF16-0115 Scott, Delia

Applicants requested \$29,700 for the purchase of 37 acres in Garrard County. Central Kentucky ACA in Lexington, KY is the participating lender.

Staff recommended loan approval.

Mr. Penn moved to approve staff recommendation, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

Old Business

Extension Requests

AF15-0034 Hardin, Mary

Ms. Mobley 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, invoices to be submitted and permanent financing in place. The new expiration date would be March 5, 2017.

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

VOTE: Motion Passed; Unanimous.

AF15-0088 Meredith, John

Ms. Mobley 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 in place. The new expiration date would be March 4, 2017.

Approved by the Operations Committee on December 3, 2016.

No Action Necessary.

AF15-0091 Mehr, Joseph

Ms. Mobley 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 in place. The new expiration date would be March 4, 2017.

Approved by the Operations Committee on December 2, 2016.

No Action Necessary.

AF15-0096 Johnson, Charles

Ms. Mobley 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 in place. The new expiration date would be March 4, 2017.

Approved by the Operations Committee on December 3, 2016.

No Action Necessary.

AF15-0100 Howard, Nolan

Ms. Mobley 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 in place. The new expiration date would be March 4, 2017.

Approved by the Operations Committee on December 3, 2016.

No Action Necessary.

AF16-0063 Rickard, David

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for deeds and mortgages to be corrected, executed by all appropriate parties and filed. The new expiration date would be January 15, 2017.

Approved by the Operations Committee on December 5, 2016.

No Action Necessary.

Funding Discussion

Commissioner Quarles yielded the floor to Mr. McCloskey, Deputy Executive Director, and Beth Mobley, KAFC Loan Program Manager, to lead a KAFC funding discussion.

Mr. McCloskey reviewed a memo from November 28, 2016 requesting a transfer of funds from the KADB, a priority setting questionnaire distributed to the KADB and a list of state projects approved by the KADB since 2011.

Ms. Mobley reviewed the funding discussion agenda and she presented the current KAFC Loan Portfolio composition.

The board discussed the portfolio and funding options available to KAFC. It was requested that GOAP staff research additional funding opportunities.

Closing Remarks

Commissioner Quarles stated that the next KAFC Board meeting will be on Friday, January 13th, 2017 beginning at 10:00 a.m. (EST) at the State Capitol Building in Frankfort.

Adjournment

Commissioner Quarles entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 12:05 a.m. (EST).

APPROVED DATE:



PRESIDING OFFICER:

1/13/17

BOARDS COORDINATOR:


